



CORRUPTION AS A SECURITY ISSUE IN NORTH MACEDONIA: CAN THE COUNTRY MANIFEST RELIABILITY ON THE INTERNATIONAL STAGE?

By Misha Popovikj



**CORRUPTION AS A SECURITY
ISSUE IN NORTH MACEDONIA:
CAN THE COUNTRY MANIFEST
RELIABILITY ON
THE INTERNATIONAL STAGE?**

Corruption as a Security Issue in North Macedonia: Can the Country Manifest Reliability on the International Stage?

Copyright © 2023 International Republican Institute. All rights reserved.

Permission Statement: No part of this work may be reproduced in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system without the written permission of the International Republican Institute.

Requests for permission should include the following information:

- The title of the document for which permission to copy material is desired.
- A description of the material for which permission to copy is desired.
- The purpose for which the copied material will be used and the manner in which it will be used.
- Your name, title, company or organization name, telephone number, fax number, email address and mailing address.

Please send all requests for permission to:

Attn: Department of External Affairs
International Republican Institute
1225 Eye Street NW, Suite 800
Washington, DC 20005
info@iri.org

About the Author

Misha Popovikj is the head of the Good Governance Program at the Institute for Democracy 'Societas Civilis' in Skopje, North Macedonia. He is the CSO's Anti-corruption Platform board member in North Macedonia. Popovikj works on facilitating long-term anti-corruption strategies of public bodies and advocates for strengthening their capacities. He holds an MA in Identity, Culture and Power from UCL's School of Slavonic and East European studies.

CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION	2
INSTITUTIONAL VULNERABILITY	3
POLARIZATION	6
CAN INSTITUTIONS SOLVE CORRUPTION?	8
CONCLUSIONS AND RECOMENDATIONS	10
LIST OF REFERENCES	12

EXECUTIVE SUMMARY

Corruption seriously threatens North Macedonia's position as a reliable democratic country, particularly as it seeks to join the European Union. The country is vulnerable to state capture, weak institutions, and petty and high-level corruption pressure. The recent case of Oleksandr Onyshchenko, a former Ukrainian politician who was granted citizenship despite being on the wanted list in Ukraine for alleged corruption and money laundering, highlights the failure of protective mechanisms and the need for stronger anti-corruption efforts.

While North Macedonia has various policies and plans in place to tackle corruption, they do not go far enough in addressing the operational problems caused by corruption. They focus mainly on improving the integrity and ethics of personnel rather than safeguarding against undue influence in institutional operations. The policies also lack cohesion, with anti-corruption efforts relegated to institutional policy or the National Strategy rather than being integrated into specific operational goals.

North Macedonia is also facing political polarization that makes it vulnerable to hybrid threats. Ethnic Entrepreneurs manipulate ethnic issues to gain political power, shifting public debates away from corruption and governance issues. The political system's power-sharing between ethnic communities allows incumbents to blame governance failures on ethnic issues, exacerbating inter-ethnic hostilities and rising nationalism. Administra-

tive corruption is a proxy indicator of governance failure, leading to increased distrust in institutions and undermining the country's democratic development.

To address corruption in North Macedonia, institutional solutions are needed. However, corrupt political elites hinder meaningful reforms by maintaining patronage networks and controlling critical positions within the public sector. Vetting may not be successful in North Macedonia due to ties to political parties or indicted officials. International coordination and conditionality can be useful in signaling national anti-corruption expectations, while cutting ties with corrupt political actors and implementing sanctions can limit their power and demand better governance in key sectors.

In summary, corruption is a significant problem in North Macedonia that threatens its democratic development and position as a reliable country. While policies and plans are in place to tackle corruption, they lack cohesion and focus mainly on improving personnel integrity rather than safeguarding against operational problems caused by corruption. Political polarization exacerbates inter-ethnic hostilities and undermines democratic development, while corrupt political elites hinder meaningful reforms. Institutional solutions and international coordination are needed to address corruption and demand better governance in key sectors.



INTRODUCTION

Corruption is the essential governance weakness that threatens citizens' lives and livelihoods. It consistently undermines development and prevents efficient and effective service delivery. Persistent failures to tackle systemic corruption diminishes trust in institutions and democratization.

Corruption is, however, often a critical security issue. It produces incapacitated institutions exploitable to domestic and foreign private interests. These deficiencies are not a single layer of checks and balance failures where citizens lose equal access to rights or business opportunities in competitive markets. These weaknesses can have political consequences, permitting malign actors to push a country's decision-making toward their policy goals. Correspondingly, malign actors can exploit deficiencies to benefit the companies they control, thus infringing on markets and economic development.

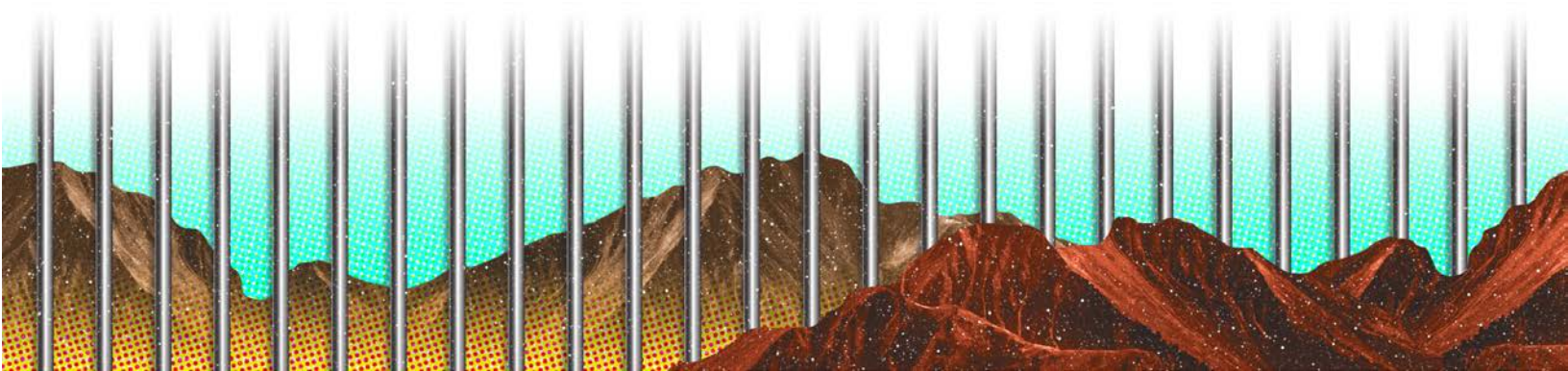
Civic mistrust in institutions exacerbates corruption's threat to security. In such circumstances, citizens sway towards populist promises and nativist sentiments, which are skeptical and disruptive of international cooperation and integration. The 2021 US Strategy on Countering Corruption recognizes this problem and has made anti-corruption a vital part of their approach to international politics. It seeks to help countries improve their efforts and curb corruption to develop reliable partners abroad. In this way, anti-corruption plays a vital role in worldwide democratization.

The necessity to be a reliable democratic country increased for North Macedonia when it became a NATO member and started EU negotiations. The seat at the table in these significant international processes emphasizes the importance of resilience to security threats and malign influences. This resilience derives from the integrity of governance.

However, North Macedonia experiences vulnerabilities of state capture, institutions of weak integrity, and rising pressure from petty and high-level corruption. The country therefore cannot completely fulfill its duty to be a reliable partner and poses a potential liability. The domestic weaknesses thus threaten to become an international problem and should be the prime focus of interest in the following period.

This paper analyzes how governance failures in the security sector result in the unreliability of North Macedonia as a partner, particularly in its newly acquired roles on the international stage. The research includes important cases, and an analysis of sectoral and institutional strategies and policies. It also relies on expert interviews to discuss ongoing developments and recommendations for improvement. The first section provides cases of institutional failure to demonstrate integrity in the security sector. It focuses on recent examples that show institutional vulnerabilities and the policy-making approach in streamlining anti-corruption on security issues.

The second section concerns political polarization and ethnic entrepreneurship as a strategy to diminish the potential of good governance reforms. It deals with broader problems of democratization, populism, and institutional mistrust as vulnerabilities to hybrid threats. The third section discusses the interdependence of institutional capacity-making and international conditionality as two models of anti-corruption reforms and their shortcomings and possibilities of improvement. The paper concludes with recommendations to various stakeholders about necessary concrete actions in the following period.



INSTITUTIONAL VULNERABILITY

In May 2022, the Government of North Macedonia granted citizenship to Oleksandr Onyshchenko, a former Ukrainian politician and Viktor Yanukovich pro-Russian party member.¹ When given Macedonian citizenship, he was already on the wanted list in Ukraine for alleged corruption and money laundering crimes. He was also under US sanctions for interference in elections and involvement in disinformation campaigns.²

Authorities in North Macedonia granted him citizenship because of his potential contribution to sports, leading the national team in equestrian sports. The Federation of Equestrian Sports and the Olympic Committee requested to grant him citizenship, and the Agency for Youth and Sports supported his request. Meanwhile, Onyshchenko was playing the typical kleptocratic playbook.³ After escaping Ukraine, he sought legitimacy by showcasing his wealth and posing alongside celebrities from fashion and pop culture.⁴ At the surface, he left politics and engaged in sports, transforming his passion in equestrianism into his primary occupation and competing in international sporting events.

Before granting citizenship, the National Security Agency (ANB)⁵ performed background checks and did not find any problems.⁶ However, a simple internet search gives all the necessary information to draw immediate attention to the possible risks of granting Onyshchenko citizenship. A subsequent internal investigation revealed that an officer at the ANB did not appropriately perform the international coordination procedure and just signed that the candidate was clear. Disciplinary action was initiated against the officer, and the Government fired the Agency's director Viktor Dimovski.

The Government withdrew the citizenship in December 2022 to manage the scandal in front of its international

partners.⁷ They never revealed details about what false documentation Onyshchenko used to apply, if any, as this is the only ground available to revoke naturalization-based citizenship. The scandal was detrimental to the career of former ANB director Viktor Dimovski, who was supposed to become ambassador to France.

While this may be a case of a single corrupt officer avoiding these protective mechanisms, the subsequent events suggest an inability to demand complete responsibility. The Government appointed Zarko Markovski as the new director, who at the time of the background check of Onyshchenko was a deputy director in charge of international cooperation. According to the parliamentary opposition, he had signed the citizenship clearance as a line manager to the responsible officer. Furthermore, Markovski appointed as chief of staff the same person who had previously served Sasho Mijalkov in that role, the former director of the previous incarnation of this Agency, the Department of Security and Counterintelligence (UBK).⁸ Under Mijalkov's management (who resigned from the post in 2015), the Department was used to conduct unlawful mass wiretapping of figures in politics, business, media, and civil society, for the benefit of the political party, VMRO-DPMNE's, then leader and prime minister, Nikola Gruevski.⁹ The abuse of UBK ultimately led to a reform in the intelligence community and the transformation into the newly established ANB. Once the Social Democrats revealed the scandal, then in opposition, the revelations of the massive abuse and state capture led to the downfall of VMRO-DPMNE in 2017.

The case of Onyshchenko is also a failure to learn from past mistakes in UBK and the security sector more broadly. It follows two previous incidents.

1 BIRN. 2022. "Fugitive Ukraine Politician Under US Sanctions Wins North Macedonia Citizenship" <https://tinyurl.com/2jxx5akc>

2 US Department of Treasury. 2021. "Foreign Interference in U.S. Election Designations" <https://tinyurl.com/y23ghamu>

3 International Republican Institute. 2021. "The Kleptocrat's Playbook: A Taxonomy of Localized and Transnational Tactics" <https://tinyurl.com/2kuhmdp3>

4 BIRN. 2022.

5 Agencija za nacionalna bezbednost (Агенција за национална безбедност)

6 BIRN. 2022.

7 BIRN. 2022. "North Macedonia Revokes Fugitive Ukrainian's Citizenship" <https://tinyurl.com/2hww05f5>

8 24 Vesti. 2022. "Novata shefitsa na kabinetot na noviot director na ANB bila i del od timot na poraneshniot director na UBK, Mijalkov" <https://tinyurl.com/2pznqap3>

9 POLITICO. 2015. "Wire-tapping scandal hits Macedonia" 2015. <https://tinyurl.com/2gby45o5>

The first is the attempt to appoint a military representative to NATO's headquarters in Brussels. Both President Pendarovski and the former Minister of Defense Shekerinska, revealed that NATO refused to clear a colonel in the Army and issue him a security certificate necessary for his appointment as a representative in the Brussels headquarters.¹⁰ The event again caused a debate between the Government and the opposition about favoritism and lack of appropriate vetting. It was more than two years later that North Macedonia sent a representative to NATO.¹¹

The second incident involved nine Ministry of Interior (Mol) officers who illegally issued passports to 215 persons, some of whom were involved in organized crime networks.¹² According to various sources, these might include Floryan Musaj (Albanian narco-clan) and Jovan Vukotic (Montenegro Shkaljar narco-clan) as well as Sedet Peker (wanted in Turkey).¹³

The Mol arrested its officers in 2021 after the opposition revealed the scheme to the media. The Mol, on the other hand, claimed that the revelation cut short an investigation that ran for several years.¹⁴

Another case is the 'Predator' spyware, which according to the Canadian Citizen Lab, has been developed by a company in North Macedonia.¹⁵ Originally found in Egyptian dissidents' smartphones, Citizen Lab found the spyware linked to infrastructure pointing to Cytrox, a company in North Macedonia linked to part of Intel-exxa, a company operating from Greece, and owned by ex-Israeli Defense Forces commander, Tal Dilian.¹⁶ Anonymous sources confirmed to BIRN that the production of the software indeed occurred in North Macedonia.¹⁷ In 2022, the spyware was found in the smartphone of a Greek member of the European Parliament and caused a

wiretapping scandal for the government in Athens.¹⁸

Since the production is in North Macedonia, the authorities have responsibility to oversee the export of such software, regardless of whether it involves sales to clients or moving to another foreign company within a supply or ownership chain.¹⁹ However, the Government of North Macedonia did not manage to prevent the export, even though it did not permit the creation and distribution of the software, and was later made aware of its distribution.²⁰ The authorities assured members of Parliament that they are investigating the case, but there seems to be no progress.²¹

To summarize, political partisanship in these institutions is a major issue of human resources.²² Both in the wiretapping scandal and in issuing passports, whistleblowers seem to be tied to political parties and send information to them rather than the media. While sending signals can be legitimate, and the wiretapping scandal resulted in toppling the VMRO-DPMNE regime, these political ties are a risk as in some cases they can be used to safeguard political figures engaged in corruption or organized crime.

The failure to enforce essential internal control mechanisms suggests institutional weaknesses that expose such corruption risks. However, the public discourse still focuses on failures done by appointed officials, and rarely extends to broader institutional deficiencies. Such an approach disregards that inadequate safeguarding procedures are not efficient and internal control fails to secure against persons abusing the system. This extends to the policy framework as well.

From a policy perspective, corruption is tackled through various strategies and plans at the national and institutional levels. On the top of the policy pyramid is the

10 360stepeni. NATO has not given a security certificate to a candidate for a military representative in the Alliance. <https://tinyurl.com/2mh6sfnj>

11 NovaTV. Ivica Ampov will be the first military representative of Macedonia in NATO. <https://tinyurl.com/2o958758>

12 BIRN. 2021. "North Macedonia Claims to Bust Police Gang Forging Passports" <https://tinyurl.com/2zwb4jth>

13 Ibid.

14 Ibid.

15 Citizen Lab. 2021. "Pegasus vs. Predator Dissident's Doubly-Infected iPhone Reveals Cytrox Mercenary Spyware" <https://tinyurl.com/y537lhqb>

16 Ibid.

17 BIRN. 2021. "Wine, Weapons and WhatsApp: A Skopje Spyware Scandal" <https://tinyurl.com/2pnkfn5>

18 Greek Reporter. 2022. "Wiretapping Scandal: Greece Sold the Predator Spyware Abroad" <https://tinyurl.com/2fogu9k>

19 IRL. 2023. "Israeli company developed spyware in Skopje, local officials looked the other way". <https://tinyurl.com/2dduguln>

20 Ibid

21 Ibid.

22 GRECO. 2019. Fifth Evaluation Report for North Macedonia. <https://tinyurl.com/27scxzvz>

National Strategy for Tackling Corruption 2021-2025.²³ Multiple institutions, such as the Ministry of Interior,²⁴ the Ministry of Defense,²⁵ and the ANB²⁶ have developed integrity policies outlining key issues that should be tackled. Sectoral strategies also mention corruption as a social issue with risks in a given area. These include the Strategy for Resilience Building and Tackling Hybrid Threats (2021),²⁷ and the Defense Strategy (2020).²⁸

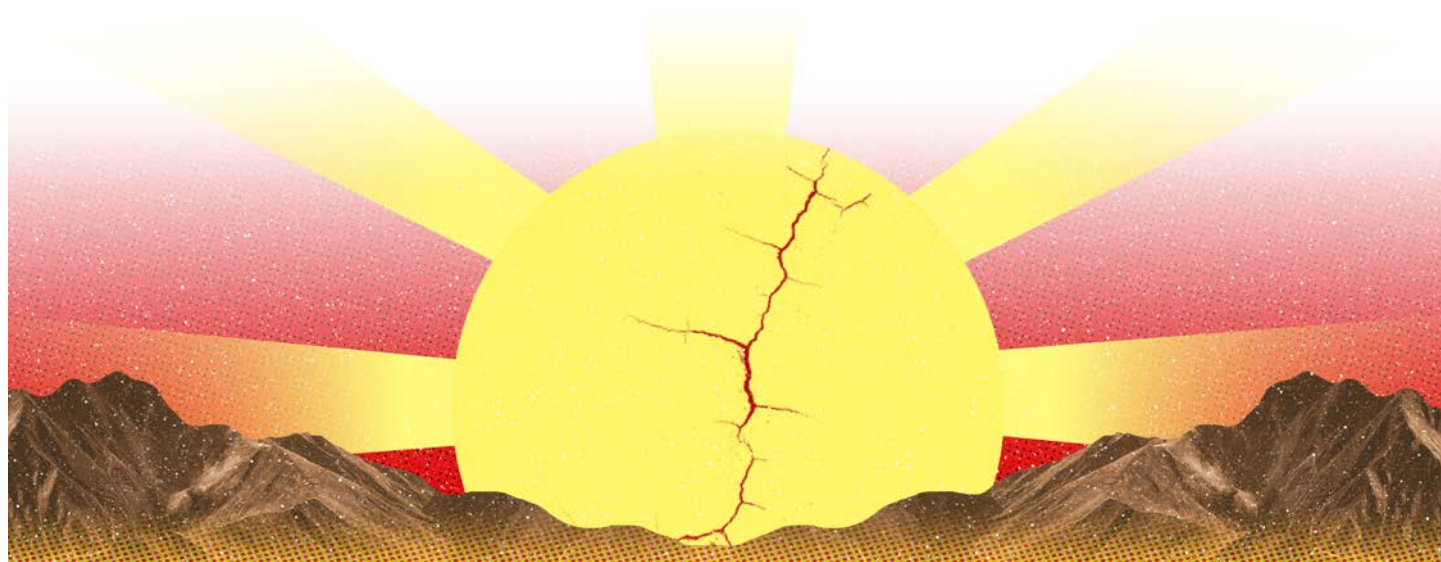
The security section in the National Strategy for Tackling Corruption is part of the Law Enforcement chapter. The focus in this respect is on human capital and the solutions typically dealing with improving the employment process of operational staff. The Strategy does not go deeper into mandating institutions to solve other operational problems caused by corruption and depends on improving the human integrity of the institutions. The Defense Strategy mentions corruption as a security risk but does not deal with it in setting anti-corruption goals. Similarly, the strategy on resilience to hybrid threats only refers to the National Anti-Corruption Strategy for a detailed list of tasks for improvement, which are, as said, limited in their scope.

On an institutional level, the Ministry of Defense has done its best in developing an integrity plan to solve

identified corruption risks. It is the first institution in the security sector to develop this plan and has published one annual progress report.

The Ministry of Interior published its integrity plan in 2023 and the ANB in July of 2022. In the ANB's plan,²⁹ abuse of office is the primary risk mentioned in the plan, and unprofessional conduct is named as the third most prominent risk. All institutions focus their attention into improving ethics, integrity and conflict of interest of their personnel. The plans also focus on securing improved recruiting procedures and ensuring employment and promotion based on merit.

The plans do not include any discussion or commitment to exploring weaknesses in procedures that safeguard against discretion, hierarchical commands and separation between political leadership and operations. Sectoral strategies, while acknowledging the social and security risks of corruption do not identify how corruption specifically prevents reaching particular strategic and operational goals. Dealing with corruption is either relegated to an institutional anti-corruption policy or referred to the National Strategy.



23 State Commission for Prevention of Corruption. 2021. "Nacionalna strategija za sprečavanje na korupcijata i sudiro na interesi 2021-2025" <https://tinyurl.com/2haoyv2d>

24 Ministry of Interior. 2023. "Anticorruption Program 2023". <https://tinyurl.com/2hbzv3xz>

25 Ministry of Defense. 2021. "Plan za integritet 2021-2024". <https://tinyurl.com/2ly7c9jt>

26 ANB. 2022. "Annual Plan of the Agency for National Security For Corruption Risk Assessment for 2022". <https://tinyurl.com/2pfoarzb>

27 Government of North Macedonia. 2021. "Strategija za gradenje na otpornost i spravuvanje so hibridni zakani" <https://tinyurl.com/2ftgvfvp>

28 President of the Republic of North Macedonia. 2020. "Defense Strategy" <https://tinyurl.com/2q9xyocq>

29 ANB. 2022

POLARIZATION

A critical setback in achieving critical mass for substantial institutional reforms is increased political polarization. Political parties are divided both within and across two ethnic blocks, which makes North Macedonia particularly vulnerable to hybrid threats. Polarization has amplified antagonistic political relations between key actors in politics. A zero-sum political game has diminished opportunities to set a long, sustainable path in rule of law reforms.

IRI's latest public polling shows that 58% of the population thinks that the country is moving in the wrong direction.³⁰ Amidst recent overlapping economic and energy crises and deemed as the primary issues citizens face, only about a quarter of people thought the Government focused on solving these issues.³¹ Compared to previous polling, more than half of respondents felt their quality of life worsened.³²

Administrative corruption is a good proxy indicator for governance failures that leads to these sentiments. Citizens' exposure to administrative corruption in everyday life signals that the institutions provide discriminative access in delivering services, thus lowering their trust. Polling shows that in 2021, 34% of citizens in North Macedonia had an experience where administrators demanded gifts, cash or favors in exchange a public service.³³ This is a rise of about five points compared to the same research in 2019.³⁴

The failure to demonstrate improved resolution of essential issues with good governance turned many citizens into skeptics regarding how the country is run in general. Around 86% of the population think that politi-

cians and the elite often fail the people.³⁵ There is significant distrust in institutions, with 28% of citizens trusting the Government, 25% for the Parliament, and 23% for the Judiciary.³⁶ This distrust in the political establishment has allowed new actors to enter politics, such as Levisa. In hypothetical elections, 42% of the population would vote for an outsider in politics compared to 31% opting for an insider in a survey-based experiment where all else regarding the proposed hypothetical candidates remained constant.³⁷

Experts point out that ethnic polarization is a vehicle towards continuous reproduction and justification of bad governance.³⁸ Ethnic entrepreneurs conflate bad governance with ethnic issues and benefit in increasing their popularity and political power. Political elites exploit inter-ethnic division shifting the public debate away from misuse and corruption.³⁹

North Macedonia is an ethnically diverse country consisting of multiple ethnic communities. A majority of the population are ethnic Macedonians (58%), alongside 24% ethnic Albanians as well as other ethnic communities, each of them below 5%.⁴⁰ Since independence, and particularly after the inter-ethnic conflict in 2001 and the Ohrid Framework Agreement, Macedonian politics relies on power sharing between the two largest blocs, ethnic Macedonians and ethnic Albanians. The Government is formed between a coalition of parties from each bloc. The coalition is created after elections, so incumbent political parties typically do not share responsibility for governance failures outside of their largely ethnic-based voter pools. This process permits strategies to ethnicize

30 IRI National Poll of North Macedonia September - October 2022 <https://tinyurl.com/2quucppe>

31 Ibid

32 Ibid

33 SELDI. Geopolitics, State Capture and Peak Corruption. 2022. <https://tinyurl.com/2e4jlv9w>

34 Ibid

35 The Populist Citizen: Why do the citizens support populist leaders and policies in North Macedonia? <https://tinyurl.com/2nbzecz4>

36 Ibid

37 Ibid

38 Interviewee 1. Male

39 Interviewee 2. Male

40 Census 2021, data from resident population. [https://www.stat.gov.mk/pdf/2022/2.1.22.10 Popis-mk-en.pdf](https://www.stat.gov.mk/pdf/2022/2.1.22.10%20Popis-mk-en.pdf) Other ethnic groups include Turks, Roma, Serbs, Vlachs, Bosniaks etc.

governance failures to shift blame into the ethnic domain of politics.

One notable example is the policy to achieve equitable representation in public administration. Drawing from the Ohrid Framework Agreement, the state laid down positive discrimination policies for recruitment that favors minorities during employment in the administration. These policies are perceived very differently based on ethnic communities. Ethnic Macedonians view these policies as unfair favoritism for ethnic Albanians during employment in public administration. Ethnic Albanians however, see that incumbent Albanian party members have an advantage in the same process. Thus, partisanship clientelism in employment, which is also a tool for incumbent Macedonian parties, is obfuscated by ethnic division and contributes to inter-ethnic hostilities. Conversely, any attempt to fix the process and emphasize merit in recruitment is easily constructed as a discriminatory and majoritarian attempt to subdue emancipation, or blame is shifted by pointing to the same practice in the other ethnic bloc to preserve the status quo.

Such conflation of problems causes several effects on the population. The first effect is the so-called 'sell out' where parts of the population join the mainstream political forces and participate in reproducing bad practices in good governance.⁴¹ The second effect is that parts of the population 'get out' of society by migrating elsewhere, thus depleting the necessary human capital for further economic and societal development. The third effect is the so-called 'tune out' effect where people withdraw from the political sphere and do not participate in social development. Finally, there is the 'freak out' effect, where citizens radicalize either by joining progressive movements or turn to religious or nationalist extremism.⁴²

This particular radicalization, where citizens move to nationalist extremism, is a critical spiral with a potentially detrimental effect to the country's long-term stability. One effect is that the political sphere becomes much more confrontational, and citizens understand compromise in politics as a weakness rather than an asset.⁴³ Second, quick solutions and a simplified worldview are

preferred, giving way to populist narratives that cater to these expectations. For instance, the EU conditionality on good governance is increasingly seen as disingenuous when new conditions on a compromise with Bulgaria are added to the EU package. This depletes the necessary support for reforms, as social investment in profound social change is not expected to lead to a genuine transformation into an EU member state. Increased doubts about the feasibility of the EU path of North Macedonia make the country an easy target for hybrid attacks that exploit these doubts.



⁴¹ Sell Out, Tune Out, Get Out, Or Freak Out? Understanding Corruption, State Capture, Radicalization, Pacification, Resilience, and Emigration in Bosnia and Herzegovina and North Macedonia <https://tinyurl.com/2gubvzny>

⁴² Ibid

⁴³ The Populist Citizen: Why do the citizens support populist leaders and policies in North Macedonia?

CAN INSTITUTIONS SOLVE CORRUPTION?

The international partners of North Macedonia, mainly the United States and the EU expect that the country can solve the corruption problem institutionally. Understandably authorities in North Macedonia are attempting to demonstrate, both to citizens and to their international stakeholders, an institutional path to solving the issue. In the broadest terms, this involves strategies, integrity policies, and capacity building.

The theory is that through improved capacities, institutions will be more capable of solving corruption issues and decreasing various risks. This is the state modernization method that is typically adopted in international development.⁴⁴ However, at best, this model provides incremental change and depends on political elites' will to enable institutions to work independently once capacity is increased.

The problem with the current model is that it fails to properly account for the centrality of democratic development in the success of anti-corruption. If dominant parts of the political elite are corrupt, and reformists within political parties are less successful, they will seek to impede meaningful anti-corruption reforms.⁴⁵ They will maintain patronage and clientelist networks while firmly holding the appointments of critical positions within the public sector so they control effects by securing privileges or holding off prosecutions and investigations for interested parties.

This does not mean that policy and institutional development is meaningless. The problem is how the development of anti-corruption capabilities in institutions can efficiently be leveraged against an undesirable outcome. For example, North Macedonia enforced legislation change promoting transparent ownership so that authorities can know the ultimate beneficiaries of partic-

ular businesses. In this way, the authorities can control whether particular persons of interest who are politically or criminally exposed own companies in the country. Thanks to this, for instance, two newly established companies trading in natural gas and electricity, respectively, can be traced to persons who are suspected proxies of Leonid Lebedev, a Russian politician linked to Kremlin and the owner of Sintez Group.⁴⁶ Lebedev's Sintez Group already owns a combined electric and heating power plant in North Macedonia.⁴⁷ In spite of these doubts, one of the companies won a contract with state owned electricity company, ESM, to deliver gas for heating plants in Skopje, including one owned by Sintez. Beneficial ownership lookup should have identified known proxies and flagged the increased risks for this deal. Yet, aside from ownership transparency, this capability does not directly prevent questionable deals.

Therefore, the problem is endogenous and cannot be solved by just investing in capacity building. In recent times, transnational actions against corruption have become increasingly important.⁴⁸ This model involves global efforts against corruption, such as the US Anti-Corruption Strategy, giving conditionality to developing countries, leveraging international instruments such as the United Nations Convention Against Corruption, and improving international standards and initiatives to add integrity to global trade. These instruments can be useful to push and signal to national political forces that there are international expectations about national anti-corruption efforts.

The issue of international coordination has proven to be particularly salient. In response to the aggression in Ukraine, the US, the UK, and the EU coordinated on a comprehensive sanctions regime against Russia, its oli-

44 U4 Anti-Corruption Resource Center. 2020. "How change happens in anti-corruption: A map of policy perspectives" <https://tinyurl.com/2pm8ffcy>

45 Popovikj, Misha. 2021. "Why the EU and North Macedonia should not rush reforms". Clingendael Spectator. <https://tinyurl.com/24fazed8>

46 Telma. 2023. "They work with gas, but want to work with electricity as well. "Balkan Utilities" registered a company for electricity trading two days ago" <https://tinyurl.com/2kbujutn>

47 Center for the Study of Democracy. 2018. "Assessing Russia's Economic Footprint In Macedonia" <https://tinyurl.com/2mdy3gml>

48 U4. 2020.

garchs, and high-profile politicians. A sanctions regime of this scale is unprecedented but potentially holds an important utility against actors elsewhere, who threaten to undermine democratic and economic development. The US has not hidden that this includes actors using corruption to undermine large societal change strategically.

The transnational model of conditionality is somewhat limited to the contradictory need of large international actors to cooperate with democratically elected politicians, who in turn can use corruption to gain or maintain power. This predicament is known as stabilocracy where international partners choose to cooperate with questionable national actors who can ensure peace in return for Western partners turning a blind eye to allegations of abuse of power.⁴⁹ Such a relationship perpetuates the legitimacy of corrupt actors in power in the Western Balkans and runs against the domestic efforts of reformists in political parties and civil society to re-establish the necessary political will to fight corruption.

However, the increased focus on corruption as a security problem in the period of growing division between the West and major actors such as Russia and China, might change the equilibrium between transnational good governance efforts and stabilocracy. While corrupt power holders play a dual role on national level and can ensure stability by agreeing to play a constructive role, upon entering NATO, the playing field changes. The institutional weaknesses necessary to maintain their power can trickle down and have effects on the Alliance. Thus, preserving the status quo is also exporting risks to the international community.

International engagement through conditionality is a useful model, but should be implemented more assertively.⁵⁰ It should be coupled by sanctions and cutting ties with entrenched corrupt political actors who use clientelism and ethnic entrepreneurship to maintain power. This can be particularly useful to destabilize their legitimacy. It will limit their capability to appoint loyalists in particularly vulnerable sectors and give better leverage to civil society to demand better governance in key sectors.

One often mentioned solution for the security sector and the judiciary is vetting.⁵¹ This proposed solution states that the police and judiciary undergo thorough vetting and only those who have been cleared can be reemployed in their sector. The junior coalition member of the current Government, DUI, has even extended this proposal for all potential politicians. While the proposal draws on the judiciary reform process in Albania, where prosecutors and judges had to undergo vetting, it is doubtful that under these circumstances it would be a successful approach in North Macedonia.

Experts are divided about the possible approach of vetting in the security sector. One expert interviewed by the author believes that vetting is possible with the democratization of political parties.⁵² She finds that while the public debate regularly identifies the problem of the partisan grip over institutions, the internal political life of parties has been left relatively unscrutinized. This lack of genuine interest ultimately permits a takeover of internal development of political parties by powerholders and diminishes the potential that less powerful, but more reform-oriented actors can have more meaningful impact on political decisions.

Another expert thinks that successful vetting in the security sector depends on external help.⁵³ This should be achieved by involving both civil society actors and the international community in helping with the vetting process. Such a solution will avoid the problem of existing corrupt structures within institutions, and their ties with organized crime, negatively influencing the vetting process.



⁴⁹ Solveig Richter & Natasha Wunsch. 2020. "Money, power, glory: the linkages between EU conditionality and state capture in the Western Balkans". *Journal of European Public Policy*, 27:1, 41-62, DOI: 10.1080/13501763.2019.1578815

⁵⁰ Popovikj. 2021

⁵¹ RFE. 2022. "Vetting in the judiciary is necessary, but who to do it?" <https://tinyurl.com/285urylm>

⁵² Interviewee 3. Female.

⁵³ Interviewee 4. Male

CONCLUSIONS AND RECOMENDATIONS

Corruption seriously threatens citizens' lives and livelihoods and can lead to inefficiencies in governance and service delivery. It can also undermine trust in institutions and democratization. In the case of North Macedonia, which became a NATO member and began EU negotiations, corruption threatens its position as a reliable democratic country. North Macedonia is vulnerable to state capture, institutions of weak integrity, and rising pressure from petty and high-level corruption.

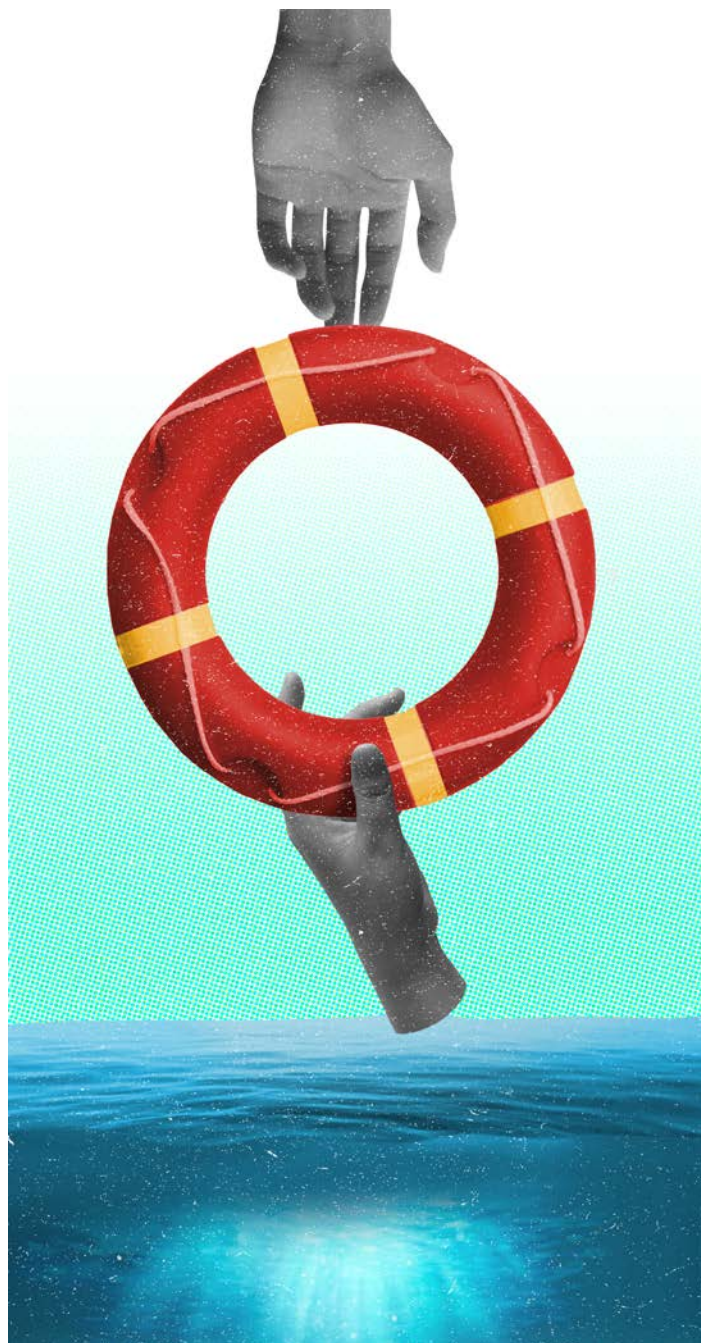
However, the current model of capacity and integrity-building policies is insufficient without democratic development. Corrupt political elites hinder meaningful anti-corruption reforms by maintaining patronage networks and controlling critical positions within the public sector. Ethnic entrepreneurs manipulate ethnic issues to gain political power and popularity and shift public debates from issues of misuse and corruption. The resulting political polarization is undermining the country's democratic development and increases vulnerability to external threats. International conditionality can change this dynamic by focusing on corruption as a security problem and rethinking ties with democratically elected, yet corrupt, political actors through implementing sanctions.

Moving forward, the reforms in North Macedonia must continue with increasing dynamics and should focus on improving governance performance to increase trust in institutions and decrease polarization. This should be done by including multiple stakeholders.

- The Ministry of Interior and ANB should do thorough corruption risk assessments, by applying a comprehensive analysis of the degree that their activities are vulnerable to corruption and the effectiveness of their internal control mechanisms.
 - Mol and ANB should leverage donor and international partner assistance, such as their DCAF project and explore the implementation of their anti-corruption procedures. These include procedures that should enforce the separation between operations and political leadership.
 - Mol should learn from past failures and improve internal procedures for checks and audit trails of its processes such as border control, the issuing of travel documents and case management.
 - ANB and Mol should ensure their oversight over security and intelligence companies is efficient, proactive and responsive, and separated from decisions by their political level leadership.
 - Comprehensive integrity plans of Mol and ANB should include solutions that safeguard against abuse of command hierarchies but also introduce effective horizontal checks and balances. Party-based appointments of middle management secure undue control of the everyday work of these institutions and should be replaced with strict recruitment from a pool of operatives.
- The Government should streamline anti-corruption directly into their revision of the Strategy for Resilience to Hybrid Threats and the forthcoming Strategy on Protecting Critical Infrastructures. Introducing the problem of corruption and identifying its direct threat to the core goals of these strategies will help move anti-corruption higher in particular action plans and integrate the issue as a core strategic goal in thematic areas and not only as institutional capacity outcomes.
- The Parliament should approach the human capital problem in public administration from a security standpoint.
 - Parliamentary committees on monitoring the security sector must introduce more stringent oversight hearings setting clear goals and expectations. The frequency of hearings must be increased.
 - At the same time, the Parliament should adopt legislation to remove employees with problematic ties and backgrounds. To avoid repeating previous failures, the Parliament should set up external structures for vetting and integrity checks, with

the help of the international community. The US and the EU must assist with their resources and help reform-minded officials properly identify and vet personnel with liabilities currently employed in the Mol and ANB.

- NATO members have interest in helping the vetting process and can properly condition this in the international fora that North Macedonia is part of, such as NATO and the EU accession process.
- Large donors of technical assistance such as the United States, the EU, and certain member states such as the Netherlands and Germany, should intensify their aid in anti-corruption capacity particularly in the security sector. Their focus should be on supporting thorough evaluations and corruption risk assessment to identify vulnerabilities and support improvement there, rather than relying on self-assessments and needs set out by national authorities, who steer away from addressing more substantial reforms.
- International partner governments such as the US, and EU member states should rethink their public diplomacy approach and be more coordinated and open in expressing their concerns against actions of high-profile political figures. This helps the domestic pressure from civil society which pushes for substantial reforms and decreases powerholders' negative impact.
- Ethnic entrepreneurship, when it happens, should be immediately condemned but also followed by practical measures such as sanctions and cutting relations. The indirect effect of such international action is the decreased pressure of powerful political figures over the independence of public institutions.



LIST OF REFERENCES

1. 24 Vesti. 2022. "Novata shefitsa na kabinetot na noviot director na ANB bila i del od timot na poraneshniot director na UBK, Mijalkov" <https://tinyurl.com/2pznqap3>
2. 360stepeni. NATO has not given a security certificate to a candidate for a military representative in the Alliance. <https://tinyurl.com/2mh6sfnj>
3. ANB. 2022. "Annual Plan of the Agency for National Security For Corruption Risk Assessment for 2022". <https://tinyurl.com/2pfoarzb>
4. BIRN. 2021. "North Macedonia Claims to Bust Police Gang Forging Passports" <https://tinyurl.com/2zwb4jth>
5. BIRN. 2021. "Wine, Weapons and WhatsApp: A Skopje Spyware Scandal" <https://tinyurl.com/2pnkjfn5>
6. BIRN. 2022. "Fugitive Ukraine Politician Under US Sanctions Wins North Macedonia Citizenship" <https://tinyurl.com/2jxx5akc>
7. BIRN. 2022. "North Macedonia Revokes Fugitive Ukrainian's Citizenship" <https://tinyurl.com/2hww05f5>
8. Center for the Study of Democracy. 2018. "Assessing Russia's Economic Footprint In Macedonia" <https://tinyurl.com/2mdy3gml>
9. Citizen Lab. 2021. "Pegasus vs. Predator Dissident's Doubly-Infected iPhone Reveals Cytrox Mercenary Spyware" <https://tinyurl.com/y537lhqb>
10. Government of North Macedonia. 2021. "Strategija za gradenje na otpornost i spravuvanje so hibridni zakani" <https://tinyurl.com/2fvtgvfp>
11. GRECO. 2019. Fifth Evaluation Report for North Macedonia. <https://tinyurl.com/27scxzvz>
12. Greek Reporter. 2022. "Wiretapping Scandal: Greece Sold the Predator Spyware Abroad" <https://tinyurl.com/2foggu9k>
13. Institute for Democracy 'Societas Civilis' Skopje. The Populist Citizen: Why do the citizens support populist leaders and policies in North Macedonia?
14. International Republican Institute. 2021. "The Kleptocrat's Playbook: A Taxonomy of Localized and Transnational Tactics" <https://tinyurl.com/2kuhmdp3>
15. IRL. 2023. "Israeli company developed spyware in Skopje, local officials looked the other way". <https://tinyurl.com/2dduguln>
16. Ministry of Defense. 2021. "Plan za integritet 2021-2024". <https://tinyurl.com/2ly7c9jt>
17. Ministry of Interior. 2023. "Anticorruption Program 2023". <https://tinyurl.com/2hbzv3xz>
18. NovaTV. Ivica Ampov will be the first military representative of Macedonia in NATO. <https://tinyurl.com/2o958758>
19. POLITICO. 2015. "Wire-tapping scandal hits Macedonia". <https://tinyurl.com/2gby45o5>
20. Popovikj, Misha. 2021. "Why the EU and North Macedonia should not rush reforms". Clingendael Spectator. <https://tinyurl.com/24fazed8>
21. President of the Republic of North Macedonia. 2020. "Defense Strategy" <https://tinyurl.com/2q9xyocq>
22. RFE. 2022. "Vetting in the judiciary is necessary, but who to do it?" <https://tinyurl.com/285urylm>
23. Eurothink. Sell Out, Tune Out, Get Out, Or Freak Out? Understanding Corruption, State Capture, Radicalization, Pacification, Resilience, and Emigration in Bosnia and Herzegovina and North Macedonia <https://tinyurl.com/2gubvzny>

24. Solveig Richter & Natasha Wunsch. 2020. "Money, power, glory: the linkages between EU conditionality and state capture in the Western Balkans". *Journal of European Public Policy*, 27:1, 41-62, DOI: 10.1080/13501763.2019.1578815
25. State Commission for Prevention of Corruption. 2021. "Nacionalna strategija za sprečavanje na korupcijata i sudirota na interesi 2021-2025" <https://tinyurl.com/2haoyv2d>
26. Telma. 2023. "They work with gas, but want to work with electricity as well. "Balkan Utilities" registered a company for electricity trading two days ago" <https://tinyurl.com/2kbujutn>
27. U4 Anti-Corruption Resource Center. 2020. "How change happens in anti-corruption: A map of policy perspectives" <https://tinyurl.com/2pm8ffcy>
28. US Department of Treasury. 2021. "Foreign Interference in U.S. Election Designations" <https://tinyurl.com/y23ghamu>

International Republican Institute

IRI.org

@IRIglobal

P: (202) 408-9450

E: info@iri.org

