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Balkan Update

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NR

Macedonia Developments

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International Crisis Group: "Corruption Threatens Stability in Macedonia"

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A report released yesterday by the Brussels-based International Crisis Group (ICG) highlights extensive corruption in Macedonia involving high-ranking government and party officials on both sides of the ethnic divide. The corruption is so endemic, according to ICG, that it threatens to undermine the

This report was prepared by the Office of Russian and European Analysis. Comments and queries are welcome and may be directed to the [redacted] Manager, OREA, [redacted]

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international community's efforts—outlined in the Ohrid Agreement—to promote stability through economic development and integration. ***In addition to diminishing the government's ability to provide services to its citizens, corruption and patronage undermine its credibility and deters the foreign investment that Macedonia needs to drive economic recovery.***

- Customs officials interviewed by the ICG allege that Customs Director Daravelski is coercing businesses into using a favored freight-forwarding firm or face possible shipping delays, hiked fees, or confiscations.

- Another scheme cited in the report alleges that the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity (VMRO-DPMNE) party is using the Health Insurance Fund (HIF), which controls the country's medical market, to shake down drug suppliers for a "contribution" to the party in exchange for drug sales to the HIF. One supplier told ICG staff that the "contribution" had been raised to 30 percent of the value of the goods sold "because it is an election year." [redacted]

VMRO-DPME leaders are likely to claim that the timing of the report's release is aimed at bolstering the electoral prospects of the rival Social Democratic Alliance of Macedonia (SDSM). The ICG acknowledged that the timing of the report's release would enable SDSM officials to use it for political gains in the runup to 15 September legislative elections, but warned that a regime change is unlikely to rid the government of its corrupt practices and patronage systems. The report urges the public and international community to become more involved in pressing Macedonia's officials to reform from within.

- A July survey by local media shows that the public sees agencies, such as the customs service, privatization agency, and public health system, and two of the leading political parties—the VMRO-DPMNE and the Democratic Party for Albanians

(DPA) —as institutions where corruption is most deeply rooted.

- Topping the survey's most-corrupt list was Prime Minister Georgievski, Daravelski, Development Agency Director Stankov, and DPA Chairman Thaci. [redacted]

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