

F R E E D O M H O U S E

NATIONS
IN
TRANSIT
2012

DEMOCRATIZATION

FROM

CENTRAL EUROPE

TO

EURASIA

NATIONS IN TRANSIT 2012

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Democratization from
Central Europe to Eurasia

Edited by Sylvana Habdank-Kończowska,
Katherin Machalek, and Christopher T. Walker

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This edition of *Nations in Transit* is dedicated to the memory of
Václav Havel (1936–2011), a champion of freedom
and democracy.

“I dream of a republic independent, free, and democratic, a republic economically prosperous and yet socially just; in short, a humane republic that serves the individual and that therefore holds the hope that the individual will serve it in turn. A republic of well-rounded people, because without such people it is impossible to solve any of our problems—human, economic, ecological, social, or political.”

—New Year’s Address to the Nation, 1 January 1990

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Methodology

N*ations in Transit 2012* measures progress and setbacks in democratization in 29 countries from Central Europe to Central Asia. This volume, which covers events from 1 January through 31 December 2011, is an updated edition of surveys published in 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, 2000, 1998, 1997, and 1995.

Country Reports

The country reports in *Nations in Transit 2012* follow an essay format that allowed the report authors to provide a broad analysis of the progress of democratic change in their country of expertise. Freedom House provided them with guidelines for ratings and a checklist of questions covering seven categories: electoral process, civil society, independent media, national democratic governance, local democratic governance, judicial framework and independence, and corruption. Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects. Previous editions included only one governance category. The ratings for all categories reflect the consensus of Freedom House, the *Nations in Transit* advisers, and the report authors.

Each country report is organized according to the following:

- **National Democratic Governance.** Considers the democratic character and stability of the governmental system; the independence, effectiveness, and accountability of legislative and executive branches; and the democratic oversight of military and security services.
- **Electoral Process.** Examines national executive and legislative elections, electoral processes, the development of multiparty systems, and popular participation in the political process.

- **Civil Society.** Assesses the growth of nongovernmental organizations (NGOs), their organizational capacity and financial sustainability, and the legal and political environment in which they function; the development of free trade unions; and interest group participation in the policy process.
- **Independent Media.** Addresses the current state of press freedom, including libel laws, harassment of journalists, and editorial independence; the emergence of a financially viable private press; and internet access for private citizens.
- **Local Democratic Governance.** Considers the decentralization of power; the responsibilities, election, and capacity of local governmental bodies; and the transparency and accountability of local authorities.
- **Judicial Framework and Independence.** Highlights constitutional reform, human rights protections, criminal code reform, judicial independence, the status of ethnic minority rights, guarantees of equality before the law, treatment of suspects and prisoners, and compliance with judicial decisions.
- **Corruption.** Looks at public perceptions of corruption, the business interests of top policymakers, laws on financial disclosure and conflict of interest, and the efficacy of anticorruption initiatives.

Ratings and Scores

For all 29 countries in *Nations in Transit 2012*, Freedom House—in consultation with the report authors, a panel of academic advisers, and a group of regional expert reviewers—has provided numerical ratings in the seven categories listed above. The ratings are based on a scale of 1 to 7, with 1 representing the highest and 7 the lowest level of democratic progress.

The ratings follow a quarter-point scale. Minor to moderate developments typically warrant a positive or negative change of a quarter point (0.25), while significant developments warrant a half point (0.50). It is rare for any category to fluctuate more than a half point in a single year.

The ratings process for *Nations in Transit 2012* involves four steps:

1. Authors of individual country reports suggests preliminary ratings in all seven categories covered by the study, ensuring that substantial evidence is provided where a score change is proposed.
2. Each draft report is then sent to several regional expert reviewers, who provide comment on both the score change and the quality of its justification in the report's text.

3. Over the course of a two-day meeting, Freedom House's academic advisory board discusses and evaluates all ratings.
4. Report authors are given the opportunity to dispute any revised rating that differs from the original by more than 0.50 points. Final editorial authority for the ratings rests with Freedom House.

Nations in Transit does not rate governments per se, nor does it rate countries based on governmental intentions or legislation alone. Rather, a country's ratings are determined by considering the practical effect of the state and nongovernmental actors on an individual's rights and freedoms.

Nations in Transit ratings, which should not be taken as absolute indicators of the situation in a given country, are valuable for making general assessments of how democratic or authoritarian a country is. They also allow for comparative analysis of reforms among the countries examined and for analysis of long-term developments in a particular country.

***Nations in Transit* 2012 Checklist of Questions**

National Democratic Governance

1. Is the country's governmental system democratic?
 - ♦ Does the Constitution or other national legislation enshrine the principles of democratic government?
 - ♦ Is the government open to meaningful citizen participation in political processes and decision-making in practice?
 - ♦ Is there an effective system of checks and balances between legislative, executive, and judicial authority?
 - ♦ Does a freedom of information act or similar legislation ensure access to government information by citizens and the media?
 - ♦ Is the economy free of government domination?
2. Is the country's governmental system stable?
 - ♦ Is there consensus among political groups and citizens on democracy as the basis of the country's political system?
 - ♦ Is stability of the governmental system achieved without coercion, violence, or other abuses of basic rights and civil liberties by state or non-state actors?
 - ♦ Do citizens recognize the legitimacy of national authorities and the laws and policies that govern them?
 - ♦ Does the government's authority extend over the full territory of the country?

- ♦ Is the governmental system free of threats to stability such as war, insurgencies, and domination by the military, foreign powers, or other powerful groups?
3. Is the legislature independent, effective, and accountable to the public?
 - ♦ Does the legislature have autonomy from the executive branch?
 - ♦ Does the legislature have the resources and capacity it needs to fulfill its lawmaking and investigative responsibilities? (consider financial resources, professional staffs, democratic management structures, etc.)
 - ♦ Do citizens and the media have regular access to legislators and the legislative process through public hearings, town meetings, published congressional records, etc.?
 - ♦ Do legislative bodies operate under effective audit and investigative rules that are free of political influence?
 - ♦ Does the legislature provide leadership and reflect societal preferences by providing a forum for the peaceful and democratic resolution of differences?
 4. Is the executive branch independent, effective, and accountable to the public?
 - ♦ Is the executive branch's role in policy making clearly defined vis-à-vis other branches of government?
 - ♦ Does the executive branch have the resources and capacity it needs to formulate and implement policies?
 - ♦ Do citizens and the media have regular access to the executive branch to comment on the formulation and implementation of policies?
 - ♦ Does a competent and professional civil service function according to democratic standards and practices?
 - ♦ Do executive bodies operate under effective audit and investigative rules that are free of political influence?
 - ♦ Does the executive branch provide leadership and reflect societal preferences in resolving conflicts and supporting democratic development?
 5. Are the military and security services subject to democratic oversight?
 - ♦ Does the Constitution or other legislation provide for democratic oversight and civilian authority over the military and security services?
 - ♦ Is there sufficient judicial oversight of the military and security services to prevent impunity?
 - ♦ Does the legislature have transparent oversight of military and security budgets and spending?

- ♦ Do legislators, the media, and civil society groups have sufficient information on military and security matters to provide oversight of the military and security services?
- ♦ Does the government provide the public with accurate and timely information about the military, the security services, and their roles?

Electoral Process

1. Is the authority of government based upon universal and equal suffrage and the will of the people as expressed by regular, free, and fair elections conducted by secret ballot?
2. Are there fair electoral laws, equal campaigning opportunities, fair polling, and honest tabulation of ballots?
3. Is the electoral system free of significant barriers to political organization and registration?
4. Is the electoral system multiparty based, with viable political parties, including an opposition party, functioning at all levels of government?
5. Is the public engaged in the political life of the country, as evidenced by membership in political parties, voter turnout for elections, or other factors?
6. Do ethnic and other minority groups have sufficient openings to participate in the political process?
7. Is there opportunity for the effective rotation of power among a range of different political parties representing competing interests and policy options?
8. Are the people's choices free from domination by the specific interests of power groups (the military, foreign powers, totalitarian parties, regional hierarchies, and/or economic oligarchies)?
9. Were the most recent national legislative elections judged free and fair by domestic and international election-monitoring organizations?
10. Were the most recent presidential elections judged free and fair by domestic and international election-monitoring organizations?

Civil Society

1. Does the state protect the rights of the independent civic sector?
2. Is the civil society vibrant? (Consider growth in the number of charitable, nonprofit, and nongovernmental organizations; improvements in the quality of performance of civil society groups; locally led efforts to increase philanthropy and volunteerism; the public's active participation in private

- voluntary activity; the presence of effective civic and cultural organizations for women and ethnic groups; the participation of religious groups in charitable activity; or other factors.)
3. Is society free of excessive influence from extremist and intolerant nongovernmental institutions and organizations? (Consider racists, groups advocating violence or terrorism, xenophobes, private militias and vigilante groups, or other groups whose actions threaten political and social stability and the transition to democracy.)
 4. Is the legal and regulatory environment for civil society groups free of excessive state pressures and bureaucracy? (Consider ease of registration, legal rights, government regulation, fund-raising, taxation, procurement, and access-to-information issues.)
 5. Do civil society groups have sufficient organizational capacity to sustain their work? (Consider management structures with clearly delineated authority and responsibility; a core of experienced practitioners, trainers, and the like; access to information on NGO management issues in the native language; and so forth.)
 6. Are civil society groups financially viable, with adequate conditions and opportunities for raising funds that sustain their work? (Consider sufficient organizational capacity to raise funds; option of nonprofit tax status; freedom to raise funds from domestic or foreign sources; legal or tax environment that encourages private sector support; ability to compete for government procurement opportunities; ability to earn income or collect cost recovery fees.)
 7. Is the government receptive to policy advocacy by interest groups, public policy research groups, and other nonprofit organizations? Do government officials engage civil society groups by inviting them to testify, comment on, and influence pending policies or legislation?
 8. Are the media receptive to civil society groups as independent and reliable sources of information and commentary? Are they positive contributors to the country's civic life?
 9. Does the state respect the right to form and join free trade unions?
 10. Is the education system free of political influence and propaganda?

Independent Media

1. Are there legal protections for press freedom?
2. Are journalists, especially investigative reporters, protected from victimization by powerful state or non-state actors?
3. Does the state oppose onerous libel laws and other excessive legal penalties for "irresponsible" journalism?

4. Are the media's editorial independence and news-gathering functions free of interference from the government or private owners?
5. Does the public enjoy a diverse selection of print and electronic sources of information, at both the national and local level, that represent a range of political viewpoints?
6. Are the majority of print and electronic media privately owned and free of excessive ownership concentration?
7. Is the private media's financial viability subject only to market forces (that is, is it free of political or other influences)?
8. Is the distribution of newspapers privately controlled?
9. Are journalists and media outlets able to form their own viable professional associations?
10. Does society enjoy free access to and use of the internet, is diversity of opinion available through online sources, and does government make no attempt to control the internet?

Local Democratic Governance

1. Are the principles of local democratic government enshrined in law and respected in practice?
 - ♦ Does the Constitution or other national legislation provide a framework for democratic local self-government?
 - ♦ Have substantial government powers and responsibilities been decentralized in practice?
 - ♦ Are local authorities free to design and adopt institutions and processes of governance that reflect local needs and conditions?
 - ♦ Do central authorities consult local governments in planning and decision-making processes that directly affect the local level?
2. Are citizens able to choose their local leaders in free and fair elections?
 - ♦ Does the Constitution or other national legislation provide for local elections held on the basis of universal, equal, and direct suffrage by secret ballot?
 - ♦ Do local governments derive their power on the basis of regular, free, and fair local elections (either through direct election or through election by local assemblies or councils)?
 - ♦ Are free and fair local elections held at regular intervals and subject to independent monitoring and oversight?
 - ♦ Do multiple candidates representing a range of views participate in local elections and in local government bodies?

- ♦ Are voters' choices in local elections free from domination by power groups such as national political parties, central authorities, economic oligarchies, etc?
 - ♦ Are citizens engaged in local electoral processes, as evidenced by party membership, voter turnout, or other factors?
3. Are citizens ensured meaningful participation in local government decision-making?
- ♦ Do local governments invite input from civil society, business, trade unions, and other groups on important policy issues before decisions are made and implemented?
 - ♦ Do local governments initiate committees, focus groups, or other partnerships with civil society to address common concerns and needs?
 - ♦ Are individuals and civil society groups free to submit petitions, organize demonstrations, or initiate other activities that influence local decision-making?
 - ♦ Do women, ethnic groups, and other minorities participate in local government?
 - ♦ Do the media regularly report the views of local civic groups, the private business sector, and other nongovernmental entities about local government policy and performance?
4. Do democratically elected local authorities exercise their powers freely and autonomously?
- ♦ Do central authorities respect local decision-making authority and independence?
 - ♦ Are local governments free to pass and enforce laws needed to fulfill their responsibilities?
 - ♦ Do local authorities have the right to judicial remedy to protect their powers?
 - ♦ Do local governments have the right to form associations at the domestic and international level for protecting and promoting their interests?
5. Do democratically elected local authorities have the resources and capacity needed to fulfill their responsibilities?
- ♦ Are local governments free to collect taxes, fees, and other revenues commensurate with their responsibilities?
 - ♦ Do local governments automatically and regularly receive resources that are due from central authorities?

- ♦ Do local governments set budgets and allocate resources free of excessive political influences and central controls?
 - ♦ Are local authorities empowered to set staff salaries, staff size and staffing patterns, and is recruitment based on merit and experience?
 - ♦ Do local governments have the resources (material, financial, and human) to provide quality services, ensure a safe local environment, and implement sound policies in practice?
6. Do democratically elected local authorities operate with transparency and accountability to citizens?
- ♦ Are local authorities subject to clear and consistent standards of disclosure, oversight, and accountability?
 - ♦ Are local authorities free from domination by power groups (economic oligarchies, organized crime, etc) that prevent them from representing the views and needs of the citizens who elected them?
 - ♦ Are public meetings mandated by law and held at regular intervals?
 - ♦ Do citizens and the media have regular access to public records and information?
 - ♦ Are media free to investigate and report on local politics and government without fear of victimization?

Judicial Framework and Independence

1. Does the constitutional or other national legislation provide protections for fundamental political, civil, and human rights? (Includes freedom of expression, freedom of conscience and religion, freedom of association, and business and property rights.)
2. Do the state and nongovernmental actors respect fundamental political, civil, and human rights in practice?
3. Is there independence and impartiality in the interpretation and enforcement of the constitution?
4. Is there equality before the law?
5. Has there been effective reform of the criminal code/criminal law? (Consider presumption of innocence until proven guilty, access to a fair and public hearing, introduction of jury trials, access to independent counsel/public defender, independence of prosecutors, and so forth.)
6. Are suspects and prisoners protected in practice against arbitrary arrest, detention without trial, searches without warrants, torture and abuse, and excessive delays in the criminal justice system?
7. Are judges appointed in a fair and unbiased manner, and do they have adequate legal training before assuming the bench?

8. Do judges rule fairly and impartially, and are courts free of political control and influence?
9. Do legislative, executive, and other governmental authorities comply with judicial decisions, and are judicial decisions effectively enforced?

Corruption

1. Has the government implemented effective anticorruption initiatives?
2. Is the country's economy free of excessive state involvement?
3. Is the government free from excessive bureaucratic regulations, registration requirements, and other controls that increase opportunities for corruption?
4. Are there significant limitations on the participation of government officials in economic life?
5. Are there adequate laws requiring financial disclosure and disallowing conflict of interest?
6. Does the government advertise jobs and contracts?
7. Does the state enforce an effective legislative or administrative process—particularly one that is free of prejudice against one's political opponents—to prevent, investigate, and prosecute the corruption of government officials and civil servants?
8. Do whistleblowers, anticorruption activists, investigators, and journalists enjoy legal protections that make them feel secure about reporting cases of bribery and corruption?
9. Are allegations of corruption given wide and extensive airing in the media?
10. Does the public display a high intolerance for official corruption?

Democracy Score

Freedom House introduced a Democracy Score—a straight average of the ratings for all categories covered by *Nations in Transit*—beginning with the 2004 edition. Freedom House provided this aggregate for comparative and interpretive purposes of evaluating progress and setbacks in the countries under study.

Background note: In the years before the 2004 edition, Freedom House used two aggregate scores to assist in the analysis of reform in the countries covered by the *Nations in Transit* study. These were *Democratization* (average of electoral process, civil society, independent media, and governance) and *Rule of Law* (average of corruption and constitutional, legislative, and judicial framework). Analysis showed a high level of correlation between the previous scoring categories and the Democracy Score.

For *Nations in Transit 2012*, Freedom House once again uses the Democracy Score. Based on the Democracy Score and its scale of 1 to 7, Freedom House defined the following regime types:

Democracy Score	Regime Type
1–2	Consolidated Democracy
3	Semi-consolidated Democracy
4	Transitional Government or Hybrid Regime
5	Semi-consolidated Authoritarian Regime
6–7	Consolidated Authoritarian Regime

Ratings and Democracy Score Guidelines

Beginning with the 2006 edition, the following guidelines were used to assist Freedom House staff and consultants in determining the ratings for electoral process; civil society; independent media; national democratic governance; local democratic governance; judicial framework and independence; and corruption. Based on the aggregate Democracy Scores, the descriptions are intended to explain generally the conditions of democratic institutions in the different regime classifications.

1.00–2.99 Consolidated Democracies

1.00–1.99 Countries receiving a Democracy Score of 1.00–1.99 closely embody the best policies and practices of liberal democracy.

- The authority of government is based on universal and equal suffrage as expressed in regular, free, and fair elections conducted by secret ballot. Elections are competitive, and power rotates among a range of different political parties.
- Civil society is independent, vibrant, and sustainable. Rights of assembly and association are protected and free of excessive state pressures and bureaucracy.
- Media are independent, diverse, and sustainable. Freedom of expression is protected, and journalists are free from excessive interference by powerful political and economic interests.
- National and local governmental systems are stable, democratic, and accountable to the public. Central branches of government are independent, and an effective system of checks and balances exists. Local authorities exercise their powers freely and autonomously of the central government.

- The judiciary is independent, impartial, timely, and able to defend fundamental political, civil, and human rights. There is equality before the law, and judicial decisions are enforced.
- Government, the economy, and society are free of excessive corruption. Legislative framework, including strong conflict-of-interest protection, is in place so that journalists and other citizens feel secure to investigate, provide media coverage of, and prosecute allegations of corruption.

2.00–2.99 Countries receiving a Democracy Score of 2.00–2.99 closely embody the best policies and practices of liberal democracy. However, challenges largely associated with corruption contribute to a slightly lower score.

- The authority of government is based on universal and equal suffrage as expressed in regular, free, and fair elections conducted by secret ballot. Elections are competitive, and power rotates among a range of different political parties.
- Civil society is independent, vibrant, and sustainable. Rights of assembly and association are protected and free of excessive state pressures and bureaucracy.
- Media are independent, diverse, and sustainable. Freedom of expression is protected, and journalists are free from excessive interference by powerful political or economic interests.
- National and local governmental systems are stable, democratic, and accountable to the public. Central branches of government are independent, and an effective system of checks and balances exists. Local authorities exercise their powers freely and autonomously of the central government.
- The judiciary is independent, impartial, and able to defend fundamental political, civil, and human rights. There is equality before the law, and judicial decisions are enforced, though timeliness remains an area of concern.
- While government, the economy, and society are increasingly free of corruption, implementation of effective anticorruption programs may be slow and revelations of high-level corruption may be frequent.

3.00–3.99 Semi-Consolidated Democracies

Countries receiving a Democracy Score of 3.00–3.99 are electoral democracies that meet relatively high standards for the selection of national leaders but exhibit some weaknesses in their defense of political rights and civil liberties.

- The authority of government is based on universal and equal suffrage as expressed in regular elections conducted by secret ballot. While elections are typically free, fair, and competitive, irregularities may occur. Power rotates among a range of different political parties.

- Civil society is independent and active. Rights of assembly and association are protected. However, the organizational capacity of groups remains limited and dependence on foreign funding is a barrier to long-term sustainability. Groups may be susceptible to some political or economic pressure.
- Media are generally independent and diverse, and freedom of expression is largely protected in legislative framework and in practice. However, special interests—both political and economic—do exert influence on reporting and editorial independence and may lead to self-censorship. While print media are largely free of government influence and control, electronic media are not.
- National and local systems of government are stable and democratic. While laws and structures are in place to promote government transparency and accountability, implementation is lacking. The system of checks and balances may be weak, and decentralization of powers and resources to local self-governments incomplete.
- The framework for an independent judiciary is in place. However, judicial independence and the protection of basic rights, especially those of ethnic and religious minorities, are weak. Judicial processes are slow, inconsistent, and open to abuse.
- Corruption is widespread and state capacities to investigate and prosecute corruption are weak. Efforts to combat the problem produce limited results.

4.00–4.99 Transitional or Hybrid Regimes

Countries receiving a Democracy Score of 4.00–4.99 are typically electoral democracies that meet only minimum standards for the selection of national leaders. Democratic institutions are fragile and substantial challenges to the protection of political rights and civil liberties exist. The potential for sustainable, liberal democracy is unclear.

- National elections are regular and competitive, but substantial irregularities may prevent them from being free and fair. Government pressure on opposition parties and candidates may be common.
- Civil society is independent and growing, and rights of assembly and association are generally protected. However, philanthropy and volunteerism are weak, and dependence on foreign funding is a barrier to long-term sustainability. Democratically oriented NGOs are the most visible and active groups, especially during election seasons, and may be subject to government pressure.
- Media are generally independent and diverse. Legislative framework to protect media may be in place but is not matched by practice. Special

interests—both political and economic—exert influence on reporting and editorial independence, and may lead to self-censorship. Harassment of and pressure on journalists may occur.

- National and local systems of government are weak and lacking in transparency. While the balance of power is fragile, a vocal yet fractionalized opposition may be present in parliament. Governance may remain highly centralized. Local self-government is not fully in place, with some local or regional authorities owing allegiance to the central authorities who appointed them.
- The judiciary struggles to maintain its independence from the government. Respect for basic political, civil, and human rights is selective, and equality before the law is not guaranteed. In addition to the judiciary being slow, abuses occur. Use of torture in prisons may be a problem.
- Corruption is widespread and presents a major impediment to political and economic development. Anticorruption efforts are inconsistent.

5.00–5.99 Semi-Consolidated Authoritarian Regimes

Countries receiving a Democracy Score of 5.00–5.99 attempt to mask authoritarianism or rely on external power structures with limited respect for the institutions and practices of democracy. They typically fail to meet even the minimum standards of electoral democracy.

- While national elections may be held at regular intervals and contested by opposition parties and candidates, they are marred by irregularities and deemed undemocratic by international observers. Public resources and state employees are used to guarantee incumbent victories. Political power may change hands, yet turnovers in the executive are well orchestrated and may fail to reflect voter preferences.
- Power is highly centralized, and national and local levels of government are neither democratic nor accountable to citizens. Meaningful checks on executive power do not exist, and stability is achieved by undemocratic means.
- Space for independent civil society is narrow. While governments encourage nongovernmental organizations that perform important social functions, they are hostile to groups that challenge state policy. Institutional weaknesses and insufficient funding, save international support, also contribute to the limited impact of politically oriented groups.
- While independent media exist, they operate under government pressure and risk harassment for reporting that is critical of the regime. Investigative reporting on corruption and organized crime is especially risky. Harsh libel laws sustain a culture of self-censorship. Most media, particularly radio and television, are controlled or co-opted by the state.

- The judiciary is restrained in its ability to act independently of the executive, and equality before the law is not guaranteed. The judiciary is frequently co-opted as a tool to silence opposition figures and has limited ability to protect the basic rights and liberties of citizens.
- State involvement in the economic sector is sizable and corruption is widespread. Efforts to combat corruption are usually politically motivated.

6.00–7.00 Consolidated Authoritarian Regimes

Countries receiving a Democracy Score of 6.00–7.00 are closed societies in which dictators prevent political competition and pluralism and are responsible for widespread violations of basic political, civil, and human rights.

- Elections serve to reinforce the rule of dictators who enjoy unlimited authority for prolonged periods of time. Pro-governmental parties and candidates dominate elections, while an independent opposition is typically barred from seeking office. Rotations of executive power are unlikely absent death or revolution.
- Power is highly centralized, and the country's national and local governmental systems are neither democratic nor accountable to the public.
- Civil society faces excessive government restrictions and repression. A formal state ideology, or cult of personality, may dominate society and serve to justify the regime.
- Freedom of expression is stifled, and independent media are virtually nonexistent. Media are typically state-owned or controlled by individuals connected to the regime. Censorship is pervasive, and repression for independent reporting or criticism of the government is severe.
- The rule of law is subordinate to the regime, and violations of basic political, civil, and human rights are widespread. Courts are used to harass members of the opposition.
- Corruption and state involvement in the economy are excessive. Allegations of corruption are usually intended to silence political opponents of the regime.

Research Team and Data Sources

Freedom House developed the initial survey and subsequent editions after consultations with the U.S. Agency for International Development. Freedom House staff members and consultants researched and wrote the country reports. Consultants are regional or country specialists recommended by recognized authorities. The research team used a wide variety of sources in writing the reports,

including information from nongovernmental organizations, multilateral lending institutions and other international organizations, local newspapers and magazines, and select government data.

The economic and social data contained in the country header pages of the 2012 edition were provided by The World Bank, *World Development Indicators 2012* (Washington, D.C.: World Bank, April 2012).

Nations in Transit 2012:

Fragile Frontier:

Democracy's Growing Vulnerability in Central and Southeastern Europe

Christopher T. Walker and Sylvana Habdank-Kołodczkowska

The failure of virtually any of the countries of Eurasia to shed old governance habits and end monopolies on political and economic power has been one of the greatest disappointments of the past two decades. Regimes in countries as diverse as Azerbaijan, Belarus, Russia, and Uzbekistan have taken steps—some brutal, others more subtle—to adapt to new circumstances and maintain power. It was widely understood from the outset, however, that these countries faced far steeper climbs toward democratic governance, given their far less enviable starting points, than the former Soviet satellites of Central Europe and the successor states of the former Yugoslavia.

It should therefore be all the more worrisome that the very countries which have achieved the greatest success in the past two decades are now displaying serious vulnerabilities in their still young democratic systems. Over the past five years, *Nations in Transit* findings have shown a clear backsliding in key governance institutions across this subset of countries.

Hungary's precipitous descent is the most glaring example among the newer European Union (EU) members. Its deterioration over the past five years has affected institutions that form the bedrock of democratically accountable systems, including independent courts and media. Hungary's negative trajectory predated the current government of Prime Minister Viktor Orbán, but his drive to concentrate power over the past two years has forcefully propelled the trend. In this edition of *Nations in Transit*, which covers calendar year 2011, the country suffered declines in every category, a rare occurrence in the history of the report.

To be sure, the swift dismantling of democratic checks has been made easier by Hungary's particular political circumstances, among them a weak opposition and an illiberal ruling party with an unusual parliamentary supermajority. But the

Hungarian example has raised new questions about the vulnerabilities of other young democracies in the region, where the combination of poorly rooted traditions of democratic practice, resilient networks of corruption and clientelism, low levels of public trust and engagement, and shaky economic conditions have hampered the achievement of indelible democratic reforms.

In addition to Hungary, five of the region's EU member states—Bulgaria, the Czech Republic, Lithuania, Romania, and Slovakia—have experienced net declines over the past five years in the category of independent media. Other categories that have featured erosion during this period are electoral process, civil society, and national democratic governance. Stagnation and decline have also become more apparent in the parts of Southeastern Europe that lie outside the EU. Albania, Bosnia and Herzegovina, Croatia, Kosovo, and Macedonia have all suffered declines in national democratic governance over the past five years, driven in part by the overlap between business and political interests and the nagging problem of organized crime. And the media landscape of this area has been adversely affected by factors including nontransparent media ownership and the physical intimidation of journalists.

Meanwhile, Ukraine, an erstwhile democratic hopeful that holds a pivotal geographical and political position between the EU and Russia, has likewise experienced a sharp, multiyear decline that has accelerated over the past two years. In this edition, its scores have worsened in five of the seven *Nations in Transit* categories. As in Hungary, its neighbor to the west, the current authorities in Ukraine have undertaken a broad assault on institutional accountability and transparency. Most conspicuously, President Viktor Yanukovich's administration has targeted the country's already weak judicial independence. The courts are increasingly becoming an instrument for attacking the political opposition and otherwise pursuing the preferences of the executive branch and its supporters. The encroachment on the judiciary, however, is only one part of a wider effort; the authorities in Ukraine are seeking to impose dominance over other critical institutions ranging from academia to the news media. The crossover to digital broadcasting—planned for completion in 2015—offers the regime an opportunity to acquire systematic control over the flow of information, especially via television stations from which most Ukrainians receive news and information.

Both Orbán and Yanukovich have been accused of pursuing the “Putinization” of their countries. This is ironic, considering that Putinism in Russia itself has been largely discredited over the past year, as ordinary Russians increasingly seek the very guarantees of government accountability and transparency that the leaders of Hungary and Ukraine are busy dismantling. Since the onset of public protests in December 2011, portions of Russian society have signaled an interest in reclaiming the public space that has been systematically taken from them over the past 12 years under Vladimir Putin. But the Kremlin is clearly disinclined to enact reforms that would meet the changing societal demands, setting the stage for a potentially lengthy battle of wills. To date, the state's ability to both coerce and coopt has allowed it to prevail, but it may be forced to lean more heavily on coercion as

Putin's extensive campaign promises run up against budgetary realities and Russia's dependence on high world energy prices.

Main Findings and Notable Trends

- **Reverberations of the Arab Spring in Authoritarian States:** The overall democracy scores of most Eurasian countries either declined or remained unchanged. Fearing the demonstration effect of the uprisings in the Arab Middle East, authoritarian regimes in Belarus, Azerbaijan, and Kazakhstan cracked down hard on protesters in 2011, using the full weight of their pliant judiciaries to preempt and punish dissent. In Russia, where fraudulent parliamentary elections and the promise of a predetermined presidential succession sparked widespread demonstrations in December, the authorities refrained from massive crackdowns against civil society. However, the regime continued to use the judiciary as a means of intimidating and persecuting activists, and to defend or deny law enforcement's role in the 2009 death of whistleblowing lawyer Sergey Magnitsky.
- **Deteriorating Judicial Independence in All Subregions:** Declines were most numerous in the judicial framework and independence category in 2011, appearing in every subregion covered by *Nations in Transit*. A total of eight countries—Albania, Azerbaijan, Belarus, Bulgaria, Hungary, Kazakhstan, Russia, and Ukraine—regressed on this indicator. The largest declines occurred in Albania, where the assassination of a respected judge highlighted the undue pressures on judicial independence; in Hungary, where a major overhaul of the judicial administration cleared the way for more direct political manipulation of the courts; and in Ukraine, where the Yanukovich administration presided over the use of the law enforcement system to persecute political opponents and the increasing intrusion of the security service into civic life.
- **Democratic Declines Gain Momentum in Ukraine and Hungary:** In an alarmingly short period of time, the Yanukovich government in Ukraine has closed the democratic space that was opened after the Orange Revolution of late 2004. Ukraine's ratings worsened in five categories for developments in 2011, with a steep, half-point decline in judicial framework and independence. For the second consecutive year, Hungary—once among the strongest performers in the study—experienced sharp declines in four categories, including half-point drops in electoral process, national democratic governance, and judicial framework and independence. Hungary's media climate also grew more restrictive thanks to new legislation that gives government appointees considerable power to limit freedom of expression and punish perceived violations.

- **Challenges to Reform in the Balkans:** Critical reforms stalled in nearly all Balkan states in 2011. While Croatia demonstrated its commitment to winning EU membership by cooperating with high-profile anticorruption investigations, four other Balkan countries experienced declines in the areas of electoral process, national democratic governance, judicial framework and independence, and independent media. Poorly conducted elections in Albania and Kosovo revealed the fragility of electoral reform in the absence of judicial independence and accountability. In Macedonia, the coalition government led by Prime Minister Nikola Gruevski pursued a politically fraught tax case against the owner of a leading media enterprise, and took advantage of a months-long parliamentary boycott by the opposition to pass controversial legislation that, among other things, created more seats in the parliament to represent Macedonians living abroad, a group that consistently votes for the ruling coalition.

Eastern Europe and Eurasia

Large-scale antigovernment protests across the Arab world during 2011 helped to inspire demonstrations in a number of authoritarian countries in the former Soviet region. Security forces responded aggressively, using brute force and harsh legal penalties to deter further unrest. By year's end, these methods had apparently succeeded in quashing open dissent, but the underlying grievances in these societies remain unaddressed, meaning more instability is undoubtedly in store.

In **Azerbaijan**, opposition and youth activists organized a string of anti-government demonstrations in March and April 2011. Due to government intimidation and preemptive arrests, most of the events were sparsely attended. Those with significant public participation ended in mass arrests, followed by a series of deeply flawed trials in which both defendants and their lawyers were subjected to threats. The suppression of **Belarus's** political opposition after a fraudulent presidential election in December 2010 continued in 2011, as hundreds of participants in and alleged instigators of postelection protests were harassed, detained, and sentenced. In June and July, the regime responded with extreme force to a new series of demonstrations that adopted deliberately innocuous tactics like wordless clapping. This second wave of repression, accompanied by the politically motivated arrest and sentencing of well-known human rights activist Ales Bialiatski, had driven Belarus's remaining activists deep underground by year's end.

In **Kazakhstan**, protests emerged in response to brutal working conditions, a high cost of living, and weak labor protections in the country's oilfields. Central and local authorities alike ignored the labor dispute until police opened fire on a crowd of unarmed protesters in December, killing at least 15 people and drawing international attention. Although the government of President Nursultan Nazarbayev promised an independent investigation into the events, no such inquiry had been initiated at year's end, and Natalya Sokolova, the union lawyer representing 2,000 fired oilfield workers, remained in prison for "inciting social

discord.” (Sokolova’s sentence was commuted from six years’ imprisonment to a three-year suspended term in March 2012. She was released, but is barred from “civic” activity or holding office in a public association.)

Throughout 2011, state-controlled broadcast media in **Russia** worked to associate the Arab uprisings with violence and disorder so as to dissuade the domestic audience from pursuing their own demands for political reform. Nevertheless, tens of thousands of protesters took to the streets in December in response to fraud in the parliamentary elections and Putin’s plans to return to the presidency, which raised the prospect of 12 more years without a meaningful rotation of power. Although the Russian authorities refrained from massive crackdowns against protesters, there were episodes of police brutality, and the politically controlled judiciary continued to persecute activists and cover up official abuses.

In **Ukraine**, President Yanukovich further concentrated power in the executive branch while going after his political opponents with the help of the judicial system. In December, the parliament introduced legal changes that broadened the powers of the Security Service of Ukraine (SBU) to investigate actions that fall under the criminal category of “mass riots.” A deterioration in media pluralism was also in evidence, as journalists and editors treaded more carefully around politically sensitive topics. Ukraine’s overall democracy score is rapidly approaching its pre-Orange Revolution level.

The year was not without successes for the former Soviet region. In **Moldova**, the media environment continued to benefit from an increased diversity of outlets and a more professional public broadcaster. And the introduction of e-government services in **Georgia** and **Armenia** was seen as a positive step in the effort to address low-level corruption.

Kyrgyzstan’s October presidential election was the freest and fairest in Central Asia’s history, ushering in the subregion’s first peaceful transfer of power since the end of Soviet rule. The country’s media also showed a greater degree of independence and pluralism in 2011. However, such positive developments continue to be tempered by the impunity of those responsible for bloody ethnic clashes that broke out in the south of the country in June 2010. Hope for a durable democratic transition ultimately depends on a successful reconciliation process with Kyrgyzstan’s sizeable ethnic Uzbek minority.

New EU States

On the whole, the 10 new EU member states have performed very well on *Nations in Transit* democracy indicators, but reform efforts have flagged in recent years. Elections are free and fair, news media generally operate without interference, and civil society is able to actively participate in policy discussions. However, the role of money in politics and economically weakening media sectors are among the issues that should raise concern about the depth and durability of democracy in the region. The ongoing economic crisis caused marked instability among governments in Central and Eastern Europe in 2011, as ruling parties struggled to remain in

office while imposing unpopular austerity measures. Three new EU states—Latvia, Slovakia, and Slovenia—experienced either the fall of the government or the dissolution of parliament in 2011; the Romanian government and the Lithuanian parliament narrowly escaped the same fate. Such disturbances, though within the bounds of normal political procedure, ultimately stalled progress on reforms and prevented several countries from further consolidating their democratic transitions. Meanwhile, political and economic pressures on the media grew stronger, especially in Hungary, where the Orbán government continued its consolidation of power over nominally independent regulatory and judicial bodies.

In **Latvia**, frustration with the state of the economy crystallized around the issue of corruption, symbolized by the presence of several powerful and reputedly corrupt “oligarchs” in the parliament. The legislature’s refusal to assist a highly publicized anticorruption investigation by lifting the immunity of a wealthy and influential deputy gave outgoing president Valdis Zatlers an opportunity to call a referendum on the parliament’s dissolution, which passed with 94 percent support. The new chamber elected in September appears to have strong anticorruption credentials, and does not include the parties of two notorious oligarchs that won seats in the previous elections. The severe austerity measures enacted by the government to ameliorate the country’s fiscal crisis have among other things triggered a mass outmigration, such that Latvia’s population has shrunk to just under 2 million people, from 2.4 million a decade ago.

Since coming to office in mid-2010, **Slovakia’s** center-right prime minister, Iveta Radičová, has introduced several changes to legislation and policy aimed at increasing transparency and accountability in government, as well as reversing deeply unpopular media legislation passed under the previous administration. However, in October 2011, tensions within the government came to a head when the parliament was asked to support the European Financial Stability Facility (EFSF) bailout fund using taxes paid by Slovak citizens. In a desperate attempt to reach consensus on the issue, Radičová attached a no-confidence vote to the measure, which failed, causing the government to collapse.

Unpopular public spending cuts in **Romania** caused the government’s popularity to plummet and the ruling coalition to quarrel over the continuation of strict austerity policies. In December, the coalition advanced plans, with little public consultation, to postpone the June 2012 local elections, allegedly to gain a partisan advantage. This attempted manipulation caused Romania’s electoral process score to decline and fueled the opposition’s calls for the dissolution of the existing government.

Prolonged economic decline has negatively affected the media market in new EU states, particularly in the Baltics. The shrinking advertising budgets of private companies put financial pressure on mass media in **Lithuania**, which became increasingly dependent on state institutions for support. Allegations also arose of media outlets engaging in extortion schemes in which businesses and politicians were threatened with fabricated negative publicity if they refused to purchase advertising contracts. In **Latvia**, a lack of ownership transparency caused suspicions

that oligarchs were consolidating control over media enterprises. Both **Latvia** and **Estonia** have suffered cutbacks in media personnel, affecting the quality and scope of press coverage.

Events in **Hungary** in 2011 once again demonstrated that the positive trajectory of democratic development cannot be taken for granted, even within the EU. Hungary experienced the most declines of any country in the region for a second year in a row, and the greatest net decline of all the countries covered in this edition of the study, with half-point downgrades in national democratic governance, electoral process, and judicial framework and independence, as well as a smaller downgrade reflecting the new media law that took effect in January 2011. Prime Minister Orbán's Fidesz party used its parliamentary supermajority to push through a new constitution and changes to the judiciary during the year, further weakening the country's system of checks and balances. Moreover, a new electoral law redrew parliamentary districts to favor the ruling party, and introduced restrictions that will weaken its opponents, effectively ensuring Fidesz's continued hold on power. Hungary's democracy score has steadily declined over the past several years, bringing it closer to Romania and Bulgaria in the category of semiconsolidated democracies.

Despite the challenges to democratic development in the new EU states in 2011, **Slovenia** and **Latvia** experienced modest improvements in taking on corruption, and **Slovakia** improved its independent media score through the aforementioned amendments to its widely criticized Press Act. **Poland** posted the greatest net improvement, with score increases in national democratic governance and electoral process. In October, for the first time in Poland's postcommunist history, the incumbent government was reelected, signaling a more stable and mature political system.

Balkans

The EU continues to exert a positive influence in the western Balkans, with the prospect of EU accession arguably serving as the single greatest motivation for democratic reform in these countries. The candidacy process follows a series of formal steps that gauge the success of efforts to establish democratic institutions and a functioning market economy. However, despite public aspirations for integration, most reforms stagnated in the Balkans during 2011, with multiple declines in Albania, Bosnia and Herzegovina, Kosovo, and Macedonia.

Croatia finalized accession requirements in late 2011 and is on track to join the union in 2013. A controversial new law that bans Serbia from investigating suspected Croatian war criminals, and angry public reactions to an international tribunal's stiff prison sentences for former Croatian generals Ante Gotovina and Mladen Markač, suggest that the country's strong nationalist tendencies are somewhat at odds with the rule of law. Nevertheless, Croatia's corruption score improved due to the active prosecution of high-level officials within the ruling

party. At the close of 2011, **Serbia's** progress was also viewed positively by the EU, which linked the country's candidacy status to cooperation in the pursuit of accused war criminals, particularly the last remaining fugitives sought by the international tribunal, Ratko Mladić and Goran Hadžić, both of whom were arrested during the year. However, neither Serbia nor **Montenegro** registered any score changes in *Nations in Transit* for 2011.

Nearly two decades after the disintegration of the Socialist Federal Republic of Yugoslavia and the wars that ensued, ethnic tensions and sovereignty disputes still handicap the stabilization of national democratic governance in several countries in the region, hindering advancements in other areas of reform. **Bosnia and Herzegovina** marked its fourth straight year of score deterioration, this time for the parliamentary parties' persistent failure to form a government. One of the country's two main constituent entities, the Republika Srpska, continues to deny the legitimacy of central government institutions. **Macedonia's** score for national democratic governance also dropped after a year dominated by disputes over the country's name, the controversial "Skopje 2014" construction projects in the capital, an opposition boycott of the parliament, and stagnation on reforms necessary for EU and North Atlantic Treaty Organization accession. Political pressure on and intimidation of the media continued in 2011, pushing down Macedonia's score for that category as well.

Kosovo experienced a major setback in electoral process due to December 2010 elections that were marred by fraud and 2011 reruns that were boycotted by the majority of voters, demonstrating their lack of trust in the political system. However, Kosovo did improve in the local democratic governance category for its creation of new municipalities, a framework for more sustainable funding sources, and better conditions for the readmission and integration of returnees, which has played a crucial role in advancing talks with the EU on visa liberalization. Reforms introducing a more functional legal basis for the court system improved Kosovo's score for judicial framework and independence.

No progress was seen in 2011 for **Albania**, whose tumultuous year seemed to lead it further away from EU candidacy. A high-profile corruption scandal implicating the deputy prime minister triggered antigovernment protests, in which security forces shot and killed four people. Local elections were marred by widespread violations, and a court settlement was required to resolve a partisan dispute over the Tirana mayoral vote, causing Albania's electoral process score to decline. The score for judicial framework and independence also worsened due to corrosive political influence and the first assassination of a judge in the country's history.

Conclusion

Since the fall of the Berlin Wall, three distinct narratives have taken shape in the geographic space between Western Europe and Asia. The first is that of the successful new democracies of Central Europe and the Baltic region. The second pertains to

the slowly improving, middle-performing democratic hopefuls in the Balkans. The third, least positive narrative is that of the reconstituted authoritarian regimes of Eurasia, which have adapted themselves to a post-Soviet world while maintaining an effective monopoly on political and economic power. A small subset of countries in this region—Moldova, Georgia, and Ukraine—have demonstrated democratic ambitions but have struggled to construct durable democratic institutions. Ukraine, for its part, now appears poised to leave this group.

The deepening repression in autocratic Eurasian states such as Azerbaijan, Kazakhstan, and Russia is no longer surprising. Much more worrisome is the multiyear stagnation and increasing reversals in the countries that had presumably crossed a threshold and joined the ranks of established democracies. Hungary is now sorely testing the assumption that such transformations are irreversible, and its experience has cast doubt on the future of potentially more vulnerable states like Latvia, which faces particularly acute economic challenges and ongoing pressure from external powers, and Bulgaria and Romania, which have yet to root out entrenched corruption and continue to confront deep economic and other challenges to consolidating democratic institutions.

There is still a considerable “democracy gap” between the Central European and Baltic states on the one hand, and the authoritarian regimes of Eurasia on the other. And those involved in supporting democracy and human rights have understandably focused their attention on the most execrable abusers of those rights. But now that the high achievers of the past two decades are showing signs of trouble, it is time to take a fresh, clear-eyed look at the deepening challenges to democratic consolidation in Central and Southeastern Europe.

The lessons learned from an effort to return these countries to their former paths would no doubt prove valuable in the event of a future opening among the current autocracies to the east. Perhaps more importantly, such an effort would prevent the tarnishing of the European model and its role in ensuring peace, prosperity, and freedom on the continent. The European idea is already under assault on a number of fronts, and founding EU members are preoccupied with the eurozone’s financial crisis. But a much broader spectrum of threats could emerge if the democratic credentials of the union’s newer and prospective members are allowed to slip much further.

Overview of Ratings Changes

Electoral Process

- ↓ 6 declines: Albania, Bulgaria, Hungary, Kosovo, Romania, Ukraine
- ↑ 2 improvements: Kyrgyzstan, Poland

Civil Society

- ↓ 3 declines: Azerbaijan, Belarus, Kazakhstan
- ↑ 1 improvement: Russia

Independent Media

- ↓ 5 declines: Hungary, Lithuania, Macedonia, Tajikistan, Ukraine
- ↑ 3 improvements: Kyrgyzstan, Moldova, Slovakia

National Democratic Governance

- ↓ 5 declines: Azerbaijan, Bosnia and Herzegovina, Hungary, Macedonia, Ukraine
- ↑ 1 improvement: Poland

Local Democratic Governance

- ↓ 1 decline: Kazakhstan
- ↑ 1 improvement: Kosovo

Judicial Framework and Independence

- ↓ 8 declines: Albania, Azerbaijan, Belarus, Bulgaria, Hungary, Kazakhstan, Russia, Ukraine
- ↑ 2 improvements: Kosovo, Romania

Corruption

- ↓ 2 declines: Belarus, Ukraine
- ↑ 5 improvements: Armenia, Croatia, Georgia, Latvia, Slovenia

Democracy Score

- ↓ 11 declines: Albania, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Hungary, Kazakhstan, Lithuania, Macedonia, Tajikistan, Ukraine
- ↑ 9 improvements: Armenia, Croatia, Georgia, Kyrgyzstan, Latvia, Moldova, Poland, Slovakia, Slovenia

Tables

Table 1. Nations in Transit 2012
Ratings and Democracy Score Summary

Country	EP	CS	IM	NGOV	LGOV	JFI	CO	DS
Albania	4.25	3.00	4.00	4.75	3.25	4.75	5.00	4.14
Armenia	5.75	3.75	6.00	5.75	5.75	5.50	5.25	5.39
Azerbaijan	7.00	6.00	6.75	6.75	6.50	6.50	6.50	6.57
Belarus	7.00	6.25	6.75	6.75	6.75	7.00	6.25	6.68
Bosnia	3.25	3.50	4.75	5.50	4.75	4.25	4.50	4.36
Bulgaria	2.00	2.50	3.75	3.50	3.00	3.25	4.00	3.14
Croatia	3.25	2.50	4.00	3.50	3.75	4.25	4.00	3.61
Czech Republic	1.25	1.75	2.50	2.75	1.75	2.00	3.25	2.18
Estonia	1.75	1.75	1.50	2.25	2.50	1.50	2.25	1.93
Georgia	5.00	3.75	4.25	5.75	5.50	5.00	4.50	4.82
Hungary	2.25	2.00	3.50	3.50	2.50	2.75	3.50	2.86
Kazakhstan	6.75	6.00	6.75	6.75	6.50	6.50	6.50	6.54
Kosovo	5.00	3.75	5.75	5.75	4.75	5.50	5.75	5.18
Kyrgyzstan	5.50	4.75	6.25	6.50	6.50	6.25	6.25	6.00
Latvia	1.75	1.75	1.75	2.25	2.25	1.75	3.25	2.11
Lithuania	1.75	1.75	2.00	2.75	2.50	1.75	3.50	2.29
Macedonia	3.25	3.25	4.75	4.25	3.75	4.00	4.00	3.89
Moldova	4.00	3.25	5.00	5.75	5.75	4.50	6.00	4.89
Montenegro	3.25	2.75	4.25	4.25	3.25	4.00	5.00	3.82
Poland	1.25	1.50	2.25	2.50	1.75	2.50	3.25	2.14
Romania	3.00	2.50	4.00	3.75	3.00	3.75	4.00	3.43
Russia	6.75	5.25	6.25	6.50	6.00	6.00	6.50	6.18
Serbia	3.25	2.25	4.00	3.75	3.50	4.50	4.25	3.64
Slovakia	1.50	1.75	2.75	2.75	2.50	2.75	3.50	2.50
Slovenia	1.50	2.00	2.25	2.00	1.50	1.75	2.25	1.89
Tajikistan	6.50	6.00	6.00	6.25	6.00	6.25	6.25	6.18
Turkmenistan	7.00	7.00	7.00	7.00	6.75	7.00	6.75	6.93
Ukraine	3.75	2.75	4.00	5.75	5.50	6.00	6.00	4.82
Uzbekistan	7.00	7.00	7.00	7.00	6.75	7.00	6.75	6.93
Average	3.98	3.52	4.47	4.70	4.29	4.43	4.78	4.31
Median	3.25	3.00	4.25	4.75	3.75	4.50	4.50	4.14

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

The Democracy Score is an average of ratings for Electoral Process (EP); Civil Society (CS); Independent Media (IM); National Democratic Governance (NGOV); Local Democratic Governance (LGOV); Judicial Framework and Independence (JFI); and Corruption (CO).

Table 2. Electoral Process
Ratings History and Regional Breakdown

	2003	2004	2004	2006	2007	2008	2009	2010	2011	2012	Change
New EU Members											
Bulgaria	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	▼
Czech Rep.	2.00	2.00	2.00	2.00	1.75	1.75	1.50	1.50	1.25	1.25	
Estonia	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75	
Hungary	1.25	1.25	1.25	1.25	1.75	1.75	1.75	1.75	1.75	2.25	▼
Latvia	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00	1.75	1.75	
Lithuania	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	
Poland	1.50	1.50	1.75	1.75	2.00	2.00	2.00	1.75	1.50	1.25	▲
Romania	2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.75	2.75	3.00	▼
Slovakia	1.50	1.50	1.25	1.25	1.50	1.50	1.50	1.75	1.50	1.50	
Slovenia	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	
Average	1.78	1.73	1.73	1.73	1.83	1.83	1.78	1.83	1.73	1.80	
Median	1.75	1.63	1.75								
The Balkans											
Albania	3.75	3.75	3.75	3.50	4.00	4.00	3.75	3.75	4.00	4.25	▼
Bosnia	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.25	3.25	3.25	
Croatia	3.25	3.25	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25	
Macedonia	3.50	3.50	3.00	3.25	3.25	3.25	3.50	3.25	3.25	3.25	
Yugoslavia	3.75	n/a									
Serbia	n/a	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	
Montenegro	n/a	3.50	3.25	3.50	3.50	3.25	3.25	3.25	3.25	3.25	
Kosovo	n/a	5.25	4.75	4.75	4.75	4.50	4.50	4.25	4.50	5.00	▼
Average	3.60	3.75	3.46	3.50	3.57	3.50	3.50	3.46	3.54	3.64	
Median	3.75	3.50	3.25								
Non-Baltic Former Soviet States											
Armenia	5.50	5.75	5.75	5.75	5.75	5.50	5.75	5.75	5.75	5.75	
Azerbaijan	5.75	6.00	6.25	6.50	6.50	6.50	6.75	6.75	7.00	7.00	
Belarus	6.75	6.75	7.00	7.00	7.00	7.00	6.75	6.75	7.00	7.00	
Georgia	5.25	5.25	4.75	4.75	4.50	4.75	5.25	5.25	5.00	5.00	
Kazakhstan	6.50	6.50	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.75	
Kyrgyzstan	6.00	6.00	6.00	5.75	5.75	6.00	6.00	6.25	6.00	5.50	▲
Moldova	3.75	4.00	4.00	3.75	3.75	3.75	4.00	4.25	4.00	4.00	
Russia	4.75	5.50	6.00	6.25	6.50	6.75	6.75	6.75	6.75	6.75	
Tajikistan	5.25	5.75	6.00	6.25	6.50	6.50	6.50	6.50	6.50	6.50	
Turkmenistan	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Ukraine	4.00	4.25	3.50	3.25	3.00	3.00	3.50	3.50	3.50	3.75	▼
Uzbekistan	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00	7.00	7.00	
Average	5.60	5.79	5.79	5.79	5.79	5.88	6.00	6.04	6.02	6.00	
Median	5.63	5.88	6.00	6.25	6.50	6.50	6.63	6.63	6.63	6.63	

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

Table 3. Civil Society
Ratings History and Regional Breakdown

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
New EU Members											
Bulgaria	3.25	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Czech Rep.	1.50	1.50	1.50	1.50	1.50	1.25	1.50	1.75	1.75	1.75	1.75
Estonia	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Hungary	1.25	1.25	1.25	1.25	1.50	1.50	1.75	1.75	2.00	2.00	2.00
Latvia	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Lithuania	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Poland	1.25	1.25	1.25	1.25	1.50	1.25	1.50	1.50	1.50	1.50	1.50
Romania	2.75	2.50	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50
Slovakia	1.50	1.25	1.25	1.25	1.50	1.50	1.75	1.75	1.75	1.75	1.75
Slovenia	1.50	1.50	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Average	1.85	1.78	1.73	1.73	1.83	1.75	1.88	1.90	1.93	1.93	
Median	1.50	1.50	1.63	1.63	1.75	1.75	1.75	1.75	1.75	1.75	
The Balkans											
Albania	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Bosnia	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Croatia	3.00	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.50	2.50	2.50
Macedonia	3.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Yugoslavia	2.75	n/a	n/a								
Serbia	n/a	2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.25	2.25	2.25
Montenegro	n/a	2.75	2.50	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.75
Kosovo	n/a	4.25	4.00	4.25	4.25	4.00	4.00	3.75	3.75	3.75	3.75
Average	3.45	3.32	3.21	3.25	3.21	3.14	3.14	3.07	3.00	3.00	
Median	3.75	3.25	3.25	3.00							
Non-Baltic Former Soviet States											
Armenia	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75	3.75
Azerbaijan	4.25	4.50	4.75	5.00	5.25	5.25	5.50	5.75	5.75	5.75	6.00 ▼
Belarus	6.50	6.75	6.75	6.75	6.50	6.50	6.25	6.00	6.00	6.25	6.25 ▼
Georgia	4.00	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75	3.75
Kazakhstan	5.50	5.50	5.50	5.75	5.75	5.50	5.50	5.75	5.75	6.00	6.00 ▼
Kyrgyzstan	4.50	4.50	4.50	4.50	4.50	4.50	4.75	5.00	4.75	4.75	4.75
Moldova	3.75	4.00	4.00	4.00	3.75	3.75	3.75	3.50	3.25	3.25	3.25
Russia	4.25	4.50	4.75	5.00	5.25	5.50	5.75	5.75	5.50	5.25	5.25 ▲
Tajikistan	5.00	5.00	4.75	5.00	5.00	5.50	5.75	6.00	6.00	6.00	6.00
Turkmenistan	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Ukraine	3.50	3.75	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Uzbekistan	6.50	6.50	6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Average	4.85	4.92	4.88	4.98	4.98	5.02	5.13	5.17	5.10	5.15	
Median	4.38	4.50	4.75	5.00	5.13	5.38	5.50	5.75	5.63	5.63	

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

Table 4. Independent Media
Ratings History and Regional Breakdown

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
New EU Members											
Bulgaria	3.50	3.50	3.50	3.25	3.50	3.50	3.75	3.75	3.75	3.75	
Czech Rep.	2.25	2.25	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.50	
Estonia	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	
Hungary	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.75	3.25	3.50	▼
Latvia	1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75	
Lithuania	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	▼
Poland	1.75	1.75	1.50	1.75	2.25	2.25	2.00	2.25	2.25	2.25	
Romania	3.75	3.75	4.00	4.00	3.75	3.75	3.75	4.00	4.00	4.00	
Slovakia	2.00	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.00	2.75	▲
Slovenia	1.75	1.75	1.50	1.75	2.00	2.25	2.25	2.25	2.25	2.25	
Average	2.25	2.23	2.20	2.23	2.33	2.40	2.43	2.55	2.60	2.63	
Median	1.88	2.00	1.88	1.88	2.25	2.25	2.25	2.38	2.38	2.38	
The Balkans											
Albania	4.00	3.75	4.00	3.75	3.75	3.75	3.75	4.00	4.00	4.00	
Bosnia	4.25	4.25	4.00	4.00	4.00	4.25	4.50	4.50	4.75	4.75	
Croatia	3.75	3.75	3.75	3.75	4.00	3.75	4.00	4.00	4.00	4.00	
Macedonia	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.50	4.75	▼
Yugoslavia	3.25	n/a									
Serbia	n/a	3.50	3.25	3.25	3.50	3.75	3.75	4.00	4.00	4.00	
Montenegro	n/a	3.25	3.25	3.25	3.50	3.75	3.75	4.00	4.25	4.25	
Kosovo	n/a	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75	
Average	3.85	4.04	4.00	3.96	4.07	4.14	4.21	4.32	4.46	4.50	
Median	4.00	3.75	4.00	3.75	4.00	3.75	4.00	4.00	4.25	4.25	
Non-Baltic Former Soviet States											
Armenia	5.00	5.25	5.50	5.50	5.75	5.75	6.00	6.00	6.00	6.00	
Azerbaijan	5.50	5.75	6.00	6.00	6.25	6.25	6.75	6.75	6.75	6.75	
Belarus	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.50	6.75	6.75	
Georgia	4.00	4.00	4.25	4.25	4.00	4.25	4.25	4.25	4.25	4.25	
Kazakhstan	6.25	6.50	6.50	6.75	6.75	6.75	6.50	6.75	6.75	6.75	
Kyrgyzstan	6.00	6.00	5.75	5.75	5.75	6.00	6.25	6.50	6.50	6.25	▲
Moldova	4.75	5.00	5.00	5.00	5.25	5.50	5.75	5.75	5.50	5.00	▲
Russia	5.50	5.75	6.00	6.00	6.25	6.25	6.25	6.25	6.25	6.25	
Tajikistan	5.75	5.75	6.00	6.25	6.25	6.00	6.00	5.75	5.75	6.00	▼
Turkmenistan	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Ukraine	5.50	5.50	4.75	3.75	3.75	3.50	3.50	3.50	3.75	4.00	▼
Uzbekistan	6.75	6.75	6.75	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Average	5.73	5.83	5.85	5.83	5.90	5.92	6.00	6.00	6.02	6.00	
Median	5.63	5.75	6.00	6.00	6.25	6.13	6.25	6.38	6.38	6.25	

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

Table 5. National Democratic Governance
Ratings History and Regional Breakdown

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
	GOV	GOV	NGOV								
New EU Members											
Bulgaria	3.75	3.75	3.50	3.00	3.00	3.00	3.25	3.25	3.50	3.50	
Czech Rep.	2.25	2.25	2.50	2.50	3.00	2.75	2.75	2.75	2.75	2.75	
Estonia	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	
Hungary	2.50	2.50	2.00	2.00	2.25	2.25	2.50	2.50	3.00	3.50	▼
Latvia	2.25	2.25	2.25	2.00	2.00	2.00	2.50	2.50	2.25	2.25	
Lithuania	2.50	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	
Poland	2.00	2.00	2.50	2.75	3.25	3.50	3.25	3.25	2.75	2.50	▲
Romania	3.75	3.75	3.50	3.50	3.50	3.75	3.75	4.00	3.75	3.75	
Slovakia	2.25	2.25	2.00	2.00	2.25	2.50	2.75	3.00	2.75	2.75	
Slovenia	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
Average	2.58	2.55	2.50	2.45	2.60	2.65	2.78	2.85	2.78	2.80	
Median	2.25	2.25	2.38	2.38	2.38	2.50	2.75	2.75	2.75	2.75	
The Balkans											
Albania	4.25	4.25	4.25	4.00	4.25	4.25	4.25	4.50	4.75	4.75	
Bosnia	5.25	5.00	4.75	4.75	4.75	5.00	5.00	5.25	5.25	5.50	▼
Croatia	3.75	3.75	3.50	3.50	3.50	3.25	3.50	3.50	3.50	3.50	
Macedonia	4.50	4.00	4.00	3.75	3.75	4.00	4.00	4.00	4.00	4.25	▼
Yugoslavia	4.25	n/a									
Serbia	n/a	4.00	4.00	4.00	3.75	4.00	4.00	3.75	3.75	3.75	
Montenegro	n/a	4.00	4.50	4.50	4.50	4.25	4.25	4.25	4.25	4.25	
Kosovo	n/a	6.00	5.75	5.75	5.75	5.50	5.25	5.50	5.75	5.75	
Average	4.40	4.43	4.39	4.32	4.32	4.32	4.32	4.39	4.46	4.54	
Median	4.25	4.00	4.25	4.00	4.25	4.25	4.25	4.25	4.36	4.25	
Non-Baltic Former Soviet States											
Armenia	4.75	4.75	5.00	5.00	5.25	5.25	5.75	5.75	5.75	5.75	
Azerbaijan	5.75	5.75	6.00	6.00	6.00	6.00	6.25	6.50	6.50	6.75	▼
Belarus	6.50	6.50	6.75	7.00	7.00	7.00	6.75	6.75	6.75	6.75	
Georgia	5.50	5.75	5.50	5.50	5.50	5.75	6.00	6.00	5.75	5.75	
Kazakhstan	6.25	6.25	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75	
Kyrgyzstan	6.00	6.00	6.00	6.00	6.00	6.25	6.50	6.75	6.50	6.50	
Moldova	5.25	5.50	5.75	5.75	5.75	5.75	5.75	6.00	5.75	5.75	
Russia	5.00	5.25	5.75	6.00	6.00	6.25	6.50	6.50	6.50	6.50	
Tajikistan	6.00	5.75	6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25	
Turkmenistan	6.75	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Ukraine	5.00	5.25	5.00	4.50	4.75	4.75	5.00	5.00	5.50	5.75	▼
Uzbekistan	6.25	6.25	6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Average	5.75	5.83	5.98	6.06	6.10	6.17	6.29	6.35	6.33	6.38	
Median	5.88	5.75	6.00	6.00	6.00	6.25	6.38	6.50	6.50	6.50	

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

Starting with the 2005 edition, Freedom House introduced separate ratings for National Democratic Governance and Local Democratic Governance. Previous editions included only one Governance category.

Table 6. Local Democratic Governance

Ratings History and Regional Breakdown

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
	GOV	GOV	LGOV								
New EU Members											
Bulgaria	3.75	3.75	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Czech Rep.	2.25	2.25	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Estonia	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Hungary	2.50	2.50	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50
Latvia	2.25	2.25	2.50	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.25
Lithuania	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Poland	2.00	2.00	2.00	2.00	2.25	2.25	2.00	1.75	1.75	1.75	1.75
Romania	3.75	3.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Slovakia	2.25	2.25	2.25	2.00	2.00	2.25	2.50	2.50	2.50	2.50	2.50
Slovenia	2.25	2.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Average	2.58	2.55	2.40	2.33	2.33	2.33	2.35	2.33	2.33	2.33	2.33
Median	2.25	2.25	2.38	2.38	2.38	2.25	2.50	2.50	2.50	2.50	2.50
The Balkans											
Albania	4.25	4.25	3.25	2.75	2.75	2.75	2.75	3.00	3.25	3.25	3.25
Bosnia	5.25	5.00	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Croatia	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Macedonia	4.50	4.00	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Yugoslavia	4.25	n/a									
Serbia	n/a	4.00	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.50	3.50
Montenegro	n/a	4.00	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Kosovo	n/a	6.00	5.50	5.50	5.50	5.50	5.25	5.00	5.00	4.75	▲
Average	4.40	4.43	4.07	3.96	3.93	3.93	3.89	3.86	3.89	3.86	3.86
Median	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.50	3.75	3.75	3.75
Non-Baltic Former Soviet States											
Armenia	4.75	4.75	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75	5.75
Azerbaijan	5.75	5.75	6.00	6.00	6.00	6.00	6.25	6.25	6.50	6.50	6.50
Belarus	6.50	6.50	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.75	6.75
Georgia	5.50	5.75	6.00	5.75	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Kazakhstan	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.50
Kyrgyzstan	6.00	6.00	5.75	6.25	6.25	6.50	6.50	6.50	6.50	6.50	6.50
Moldova	5.25	5.50	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Russia	5.00	5.25	5.75	5.75	5.75	5.75	5.75	5.75	6.00	6.00	6.00
Tajikistan	6.00	5.75	5.75	5.75	5.75	6.00	6.00	6.00	6.00	6.00	6.00
Turkmenistan	6.75	7.00	7.00	7.00	7.00	6.75	6.75	6.75	6.75	6.75	6.75
Ukraine	5.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.50	5.50	5.50
Uzbekistan	6.25	6.25	6.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Average	5.75	5.83	5.98	6.04	6.02	6.06	6.08	6.08	6.17	6.19	6.19
Median	5.88	5.75	5.88	5.88	5.88	6.00	6.13	6.13	6.13	6.25	6.25

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

Starting with the 2005 edition, Freedom House introduced separate ratings for National Democratic Governance and Local Democratic Governance. Previous editions included only one Governance category.

Table 7. Judicial Framework and Independence
Ratings History and Regional Breakdown

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
New EU Members											
Bulgaria	3.50	3.25	3.25	3.00	2.75	2.75	3.00	3.00	3.00	3.25	▼
Czech Rep.	2.50	2.50	2.50	2.25	2.00	2.00	2.25	2.00	2.00	2.00	
Estonia	1.75	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	
Hungary	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25	2.75	▼
Latvia	2.25	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	
Lithuania	1.75	1.75	1.75	1.50	1.75	1.75	1.75	1.75	1.75	1.75	
Poland	1.50	1.50	2.00	2.25	2.25	2.50	2.25	2.50	2.50	2.50	
Romania	4.25	4.25	4.00	4.00	3.75	4.00	4.00	4.00	4.00	3.75	▲
Slovakia	2.00	2.00	2.00	2.00	2.25	2.50	2.75	3.00	2.75	2.75	
Slovenia	1.75	1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	
Average	2.30	2.25	2.20	2.15	2.13	2.20	2.28	2.33	2.33	2.38	
Median	1.88	1.88	1.88	1.88	1.88	1.88	2.00	2.00	2.13	2.25	
The Balkans											
Albania	4.25	4.25	4.50	4.25	4.00	4.00	4.25	4.25	4.25	4.75	▼
Bosnia	5.00	4.50	4.25	4.00	4.00	4.00	4.00	4.00	4.25	4.25	
Croatia	4.25	4.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25	
Macedonia	4.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00	
Yugoslavia	4.25	n/a									
Serbia	n/a	4.25	4.25	4.25	4.25	4.50	4.50	4.50	4.50	4.50	
Montenegro	n/a	4.25	4.25	4.25	4.25	4.00	4.25	4.00	4.00	4.00	
Kosovo	n/a	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50	▲
Average	4.45	4.54	4.46	4.36	4.32	4.36	4.43	4.39	4.43	4.46	
Median	4.25	4.25	4.25	4.25	4.25	4.00	4.25	4.25	4.25	4.25	
Non-Baltic Former Soviet States											
Armenia	5.00	5.00	5.25	5.00	5.00	5.25	5.50	5.50	5.50	5.50	
Azerbaijan	5.25	5.50	5.75	5.75	5.75	5.75	5.75	6.25	6.25	6.50	▼
Belarus	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	7.00	▼
Georgia	4.50	4.50	5.00	4.75	4.75	4.75	4.75	4.75	5.00	5.00	
Kazakhstan	6.25	6.25	6.25	6.25	6.25	6.25	6.00	6.25	6.25	6.50	▼
Kyrgyzstan	5.50	5.50	5.50	5.50	5.50	6.00	6.00	6.00	6.25	6.25	
Moldova	4.50	4.50	4.75	4.50	4.50	4.50	4.50	4.75	4.50	4.50	
Russia	4.50	4.75	5.25	5.25	5.25	5.25	5.50	5.50	5.75	6.00	▼
Tajikistan	5.75	5.75	5.75	5.75	5.75	6.00	6.25	6.25	6.25	6.25	
Turkmenistan	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	
Ukraine	4.50	4.75	4.25	4.25	4.50	4.75	5.00	5.00	5.50	6.00	▼
Uzbekistan	6.50	6.50	6.25	6.75	6.75	6.75	7.00	7.00	7.00	7.00	
Average	5.50	5.56	5.65	5.63	5.65	5.75	5.83	5.93	6.00	6.13	
Median	5.38	5.50	5.63	5.63	5.63	5.88	5.88	6.13	6.25	6.25	

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

This category was called Constitutional, Legislative, & Judicial Framework in editions before 2005.

Table 8. Corruption
Ratings History and Regional Breakdown

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
New EU Members											
Bulgaria	4.25	4.25	4.00	3.75	3.75	3.50	4.00	4.00	4.00	4.00	
Czech Rep.	3.50	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25	
Estonia	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25	
Hungary	2.75	2.75	2.75	3.00	3.00	3.00	3.25	3.50	3.50	3.50	
Latvia	3.50	3.50	3.50	3.25	3.00	3.00	3.25	3.25	3.50	3.25	▲
Lithuania	3.50	3.50	3.75	4.00	4.00	3.75	3.75	3.50	3.50	3.50	
Poland	2.50	2.50	3.00	3.25	3.00	3.00	2.75	3.25	3.25	3.25	
Romania	4.50	4.50	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	
Slovakia	3.25	3.25	3.00	3.00	3.25	3.25	3.25	3.75	3.50	3.50	
Slovenia	2.00	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.50	2.25	▲
Average	3.23	3.23	3.23	3.28	3.23	3.15	3.25	3.35	3.33	3.28	
Median	3.38	3.38	3.25	3.25	3.13	3.13	3.25	3.38	3.50	3.38	
The Balkans											
Albania	5.00	5.25	5.25	5.25	5.00	5.00	5.00	5.00	5.00	5.00	
Bosnia	5.00	4.75	4.50	4.25	4.25	4.25	4.50	4.50	4.50	4.50	
Croatia	4.75	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.25	4.00	▲
Macedonia	5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00	4.00	4.00	
Yugoslavia	5.00	n/a									
Serbia	n/a	5.00	5.00	4.75	4.50	4.50	4.50	4.50	4.25	4.25	
Montenegro	n/a	5.25	5.25	5.25	5.50	5.25	5.00	5.00	5.00	5.00	
Kosovo	n/a	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75	
Average	5.05	5.14	5.11	5.00	4.96	4.82	4.79	4.75	4.68	4.64	
Median	5.00	5.00	5.00	4.75	4.75	4.50	4.50	4.75	4.59	4.50	
Non-Baltic Former Soviet States											
Armenia	5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50	5.50	5.25	▲
Azerbaijan	6.25	6.25	6.25	6.25	6.25	6.25	6.50	6.50	6.50	6.50	
Belarus	5.50	5.75	6.00	6.25	6.25	6.25	6.00	6.00	6.00	6.25	▼
Georgia	5.75	6.00	5.75	5.50	5.00	5.00	5.00	5.00	4.75	4.50	▲
Kazakhstan	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	
Kyrgyzstan	6.00	6.00	6.00	6.00	6.00	6.25	6.25	6.50	6.25	6.25	
Moldova	6.25	6.25	6.25	6.00	6.00	6.00	6.00	6.00	6.00	6.00	
Russia	5.75	5.75	5.75	6.00	6.00	6.00	6.25	6.50	6.50	6.50	
Tajikistan	6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	
Turkmenistan	6.25	6.25	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75	
Ukraine	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	6.00	▼
Uzbekistan	6.00	6.00	6.00	6.50	6.50	6.50	6.50	6.75	6.75	6.75	
Average	5.96	6.04	6.06	6.13	6.08	6.10	6.10	6.17	6.13	6.13	
Median	6.00	6.00	6.00	6.13	6.13	6.25	6.25	6.38	6.25	6.25	

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

Table 9. Democracy Score
Ratings History and Regional Breakdown

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Change
New EU Members											
Bulgaria	3.38	3.25	3.18	2.93	2.89	2.86	3.04	3.04	3.07	3.14	▼
Czech Rep.	2.33	2.33	2.29	2.25	2.25	2.14	2.18	2.21	2.18	2.18	
Estonia	2.00	1.92	1.96	1.96	1.96	1.93	1.93	1.96	1.93	1.93	
Hungary	1.96	1.96	1.96	2.00	2.14	2.14	2.29	2.39	2.61	2.86	▼
Latvia	2.25	2.17	2.14	2.07	2.07	2.07	2.18	2.18	2.14	2.11	▲
Lithuania	2.13	2.13	2.21	2.21	2.29	2.25	2.29	2.25	2.25	2.29	▼
Poland	1.75	1.75	2.00	2.14	2.36	2.39	2.25	2.32	2.21	2.14	▲
Romania	3.63	3.58	3.39	3.39	3.29	3.36	3.36	3.46	3.43	3.43	
Slovakia	2.08	2.08	2.00	1.96	2.14	2.29	2.46	2.68	2.54	2.50	▲
Slovenia	1.79	1.75	1.68	1.75	1.82	1.86	1.93	1.93	1.93	1.89	▲
Average	2.33	2.29	2.28	2.27	2.32	2.33	2.39	2.44	2.43	2.45	
Median	2.10	2.10	2.07	2.11	2.20	2.20	2.27	2.29	2.23	2.24	
The Balkans											
Albania	4.17	4.13	4.04	3.79	3.82	3.82	3.82	3.93	4.04	4.14	▼
Bosnia	4.54	4.29	4.18	4.07	4.04	4.11	4.18	4.25	4.32	4.36	▼
Croatia	3.79	3.83	3.75	3.71	3.75	3.64	3.71	3.71	3.64	3.61	▲
Macedonia	4.29	4.00	3.89	3.82	3.82	3.86	3.86	3.79	3.82	3.89	▼
Yugoslavia	3.88	n/a									
Serbia	n/a	3.83	3.75	3.71	3.68	3.79	3.79	3.71	3.64	3.64	
Montenegro	n/a	3.83	3.79	3.89	3.93	3.79	3.79	3.79	3.82	3.82	
Kosovo	n/a	5.50	5.32	5.36	5.36	5.21	5.14	5.07	5.18	5.18	
Average	4.13	4.20	4.10	4.05	4.06	4.03	4.04	4.04	4.07	4.09	
Median	4.17	4.00	3.89	3.82	3.82	3.82	3.82	3.79	3.93	3.89	
Non-Baltic Former Soviet States											
Armenia	4.92	5.00	5.18	5.14	5.21	5.21	5.39	5.39	5.43	5.39	▲
Azerbaijan	5.46	5.63	5.86	5.93	6.00	6.00	6.25	6.39	6.46	6.57	▼
Belarus	6.46	6.54	6.64	6.71	6.68	6.71	6.57	6.50	6.57	6.68	▼
Georgia	4.83	4.83	4.96	4.86	4.68	4.79	4.93	4.93	4.86	4.82	▲
Kazakhstan	6.17	6.25	6.29	6.39	6.39	6.39	6.32	6.43	6.43	6.54	▼
Kyrgyzstan	5.67	5.67	5.64	5.68	5.68	5.93	6.04	6.21	6.11	6.00	▲
Moldova	4.71	4.88	5.07	4.96	4.96	5.00	5.07	5.14	4.96	4.89	▲
Russia	4.96	5.25	5.61	5.75	5.86	5.96	6.11	6.14	6.18	6.18	
Tajikistan	5.63	5.71	5.79	5.93	5.96	6.07	6.14	6.14	6.14	6.18	▼
Turkmenistan	6.83	6.88	6.93	6.96	6.96	6.93	6.93	6.93	6.93	6.93	
Ukraine	4.71	4.88	4.50	4.21	4.25	4.25	4.39	4.39	4.61	4.82	▼
Uzbekistan	6.46	6.46	6.43	6.82	6.82	6.86	6.89	6.93	6.93	6.93	
Average	5.57	5.66	5.74	5.78	5.79	5.84	5.92	5.96	5.97	5.99	
Median	5.54	5.65	5.72	5.84	5.91	5.98	6.13	6.18	6.16	6.18	

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

The Democracy Score is an average of ratings for Electoral Process (EP); Civil Society (CS); Independent Media (IM); National Democratic Governance (NGOV); Local Democratic Governance (LGOV); Judicial Framework and Independence (JFI); and Corruption (CO).

Table 10. Democracy Score
2012 Rankings by Regime Type

Consolidated Democracies (1.00–2.99)

Slovenia	1.89
Estonia	1.93
Latvia	2.11
Poland	2.14
Czech Republic	2.18
Lithuania	2.29
Slovakia	2.50
Hungary	2.86

Semi-Consolidated Democracies (3.00–3.99)

Bulgaria	3.14
Romania	3.43
Croatia	3.61
Serbia	3.64
Montenegro	3.82
Macedonia	3.89

Transitional Governments or Hybrid Regimes (4.00–4.99)

Albania	4.14
Bosnia and Herzegovina	4.36
Ukraine	4.82
Georgia	4.82
Moldova	4.89

Semi-Consolidated Authoritarian Regimes (5.00–5.99)

Kosovo	5.18
Armenia	5.39

Consolidated Authoritarian Regimes (6.00–7.00)

Kyrgyzstan	6.00
Tajikistan	6.18
Russia	6.18
Kazakhstan	6.54
Azerbaijan	6.57
Belarus	6.68
Turkmenistan	6.93
Uzbekistan	6.93

NOTES: The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2012 ratings reflect the period 1 January through 31 December 2011.

Albania

by Gledis Gjiipali

Capital: Tirana
Population: 3.2 million
GNI/capita, PPP: US\$8,520

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	3.75	3.75	3.75	3.50	4.00	4.00	3.75	3.75	4.00	4.25
Civil Society	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Independent Media Governance*	4.00	3.75	4.00	3.75	3.75	3.75	3.75	4.00	4.00	4.00
National Democratic Governance	n/a	n/a	4.25	4.00	4.25	4.25	4.25	4.50	4.75	4.75
Local Democratic Governance	n/a	n/a	3.25	2.75	2.75	2.75	2.75	3.00	3.25	3.25
Judicial Framework and Independence	4.25	4.25	4.50	4.25	4.00	4.00	4.25	4.25	4.25	4.75
Corruption	5.00	5.25	5.25	5.25	5.00	5.00	5.00	5.00	5.00	5.00
Democracy Score	4.17	4.13	4.04	3.79	3.82	3.82	3.82	3.93	4.04	4.14

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Albania has been a member of the North American Treaty Organization (NATO) since 2009 and aspires to join the European Union (EU). Despite the fact that Euro-Atlantic integration is widely recognized as the only option for Albania's further democratic development, a lack of agreement between major political forces on crucial reforms has frequently paralyzed politics in the country and delayed progress on this goal.

Local administrative elections in May 2011 were again marred by serious irregularities. A legal battle ensued over the outcome of the Tirana mayoral elections, leading the Central Elections Commission (CEC) to reverse the initial results and declare Democratic Party candidate Lulzim Basha the winner. The opposition lodged an appeal on the grounds that such procedural changes must be made well in advance of the elections, but it was rejected by the CEC, the only body authorized to resolve election disputes. The EU and European Commission expressed concerns about the controversy and polarization that resulted from the CEC's actions, especially its rejections of the opposition's appeal.

Albania failed to properly address the 12 key priorities identified by the European Commission for beginning accession talks. As a consequence, the country's bid for official EU candidacy was rejected for the second time in October 2011. A political conflict in early 2011 escalated into street demonstrations, resulting in casualties. Towards the end of the year, the ruling majority and the opposition smoothed out their differences and agreed to work together on some areas such as electoral and judicial reform and improving the functionality of the parliament. Further, deteriorations of conditions in the justice sector led to the assassination of one judge and official protection orders for 15 others. No noticeable progress was achieved on judicial reform.

National Democratic Governance. On 21 January, the Republican Guard opened fire on a crowd of opposition protesters, killing four people and wounding dozens more. No cross-party consensus was reached to facilitate crucial reforms in 2011, nor was a qualified majority achieved for approving new legislation. Local administrative elections did not meet international standards—a major factor in the rejection of Albania's application for EU candidacy. *Therefore, Albania's national democratic governance rating remains at 4.75.*

Electoral Process. Local administrative elections on 8 May were the most important electoral event of 2011. The electoral campaign was marred by a large number of violent incidents, and public administration officials were reportedly forced to participate in campaigning, especially in Tirana. The close electoral battle

in Tirana revealed the significance of every single vote and increased overall public interest in electoral participation. However, the fact that the election dispute had to be settled through a legal battle—one in which the judiciary was under constant pressure to favor the ruling party—highlighted the lack of political will to organize free and fair elections. *As a result, Albania's electoral process rating worsens from 4.00 to 4.25.*

Civil Society. Albania's civil society sector remains weak and struggles to find space for meaningful activity in a highly politicized environment. Even civic activists appear to view running for office as the only real way to influence policymaking; a large number of them competed in local elections in 2011, especially in elections to municipal councils. Workers' unions in Albania remain weak due to the presence of a large informal economy and the fact that very few large companies operate in the country. *Albania's civil society rating remains at 3.00.*

Independent Media. Freedom of expression is generally respected in Albania, but progress in increasing media independence and professionalism has stalled. Because it requires extensive human and financial resources, investigative journalism remains underdeveloped. Online and television media helped to provide a more complete and independent picture of the 21 January events than print media, which focused entirely on the exchange of accusations between opposing political forces. Changes of ownership at the most influential media enterprises led to the firing of the editorial director at one of the last critical newspapers in the country. State-sponsored advertising was increasingly monopolized by progovernment media. *Albania's independent media rating remains unchanged at 4.00.*

Local Democratic Governance. The ongoing decentralization process has proceeded slowly, with few political and financial resources allocated to local institutions. Current administrative and territorial divisions no longer reflect the country's development patterns, rendering local governance structures fragmented and ineffective. Financial dependence on the central government remains high, as locally collected revenue is limited and local governments rely heavily on investments from the central government to finance infrastructural development. Confrontations between opposition-dominated local governments and local representatives of the central government occurred frequently in the first half of the year. Following the election of Lulzim Basha as mayor of Tirana, some 20 departmental directors and high-level staff resigned in protest, while mid and entry-level staff were subsequently laid off by the new administration. *Albania's rating for local democratic governance remains unchanged at 3.25.*

Judicial Framework and Independence. Albania's judicial institutions continue to suffer from political interference, financial instability, and corruption. Enforcement of court decisions is weak, and the year saw no progress in revising and adopting critical judicial reforms. In 2011 Prime Minister Sali Berisha publically

challenged the state prosecutor's right to detain several members of the Republican Guard accused of involvement in the January shootings. It took two weeks of international outcry for state police to detain the guards in question. Investigations into the January events were proceeding very slowly at year's end. On 9 September, Skerdilajd Konomi, a judge known for his integrity and professionalism, was assassinated in a car explosion in the city of Vlora. A record number of 15 judges were put under police protection in 2011. Due to blatant undermining of the state prosecutor's authority and failure to make headway on judicial reforms, *Albania's judicial framework and independence rating worsens from 4.25 to 4.75.*

Corruption. Corruption remained deeply entrenched in all sectors of life in Albania, negatively affecting the country's economic and political development as well as the consolidation of democratic institutions. While some efforts to combat low and mid-level corruption have been successful, high-level corruption remains largely untouched. Growing political interference in institutions, legal immunity for a wide range of officials, a lack of transparency in accessing information, and insufficient self-regulating mechanisms all complicated efforts to improve the situation of corruption in 2011. Albanian Deputy Prime Minister Ilir Meta resigned in early January following the publication of a video allegedly showing him and former minister of economy Dritan Prifti discussing corrupt deals. The case motivated public demonstrations and dominated political discourse throughout the year. The government made some progress on drafting and implementing policies to fight corruption with the approval of a new anticorruption action plan for 2011–13. *Albania's corruption rating remains at 5.00.*

Outlook for 2012. The year 2012 will mark one hundred years of independence since the establishment of the modern state of Albania. Resolving the ongoing political and institutional crises before preparations begin for the 2013 presidential election campaign will be crucial for ensuring a stable election environment. The president, who has considerable influence over the judiciary, will be elected for the first time by parliament through a simple majority vote. The general prosecutor will finish her current mandate and the newly elected president will nominate a new appointee to be approved by parliament.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.25	4.00	4.25	4.25	4.25	4.50	4.75	4.75

Albania's government has been in a state of managed political crisis since the 2009 parliamentary elections, when the opposition Socialists accused the ruling coalition led by Prime Minister Sali Berisha's Democratic Party (DP) of electoral fraud. In 2011, slow or lacking implementation of democratic reforms stalled Albania's progress towards European integration. Parliament's ability to approve laws and appoint high-level state officials, which requires a qualified majority vote, was paralyzed by the ongoing political crisis.

Tensions between the ruling party and the opposition increased over events in January 2011, when Albania's former minister of economy, trade, and energy, Dritan Prifti, released a video to television journalists implicating the leader of his party, the Socialist Movement for Integration (SMI), in a corruption scandal. The video shows a March 2010 conversation in which Deputy Prime Minister for Foreign Affairs Ilir Meta allegedly pressured then minister Prifti to appoint SMI party allies to public administration positions and grant energy infrastructure concessions to select companies in return for a bribe amounting to 7 percent of their €10 million investment. Meta admitted that a conversation had taken place in Prifti's office but denied any mention of bribery. He resigned from his position in January and the case was brought to the Albanian Supreme Court in May 2011. Judicial review for the trial was concluded in December, with the court scheduled to announce its verdict in January 2012.¹

Following the resignation of Mr. Meta, the opposition called for protests against corruption and the political situation in the country. On 21 January, thousands of people led by opposition parties gathered in the main boulevard of the capital to march in front of the prime minister's office. The demonstration culminated in physical confrontations between protesters and police, which continued for several hours until police forces were forced to withdraw, leaving the armed Republican Guard to face the protesters. Republican Guard officials and Special Forces opened fire in the air and then at protesters, killing four people and wounding dozens more. The demonstrations ended by late afternoon, but the threat of violence lingered for several days as both the leader of the opposition and the prime minister called their supporters to organize public rallies. The international community immediately responded to the violence, demanding that both leaders call off the planned rallies in order to avoid further aggravation of the situation.

Prime Minister Berisha and the speaker of parliament accused the opposition of organizing a coup d'état with the cooperation of the president, general prosecutor, and state secret service. Berisha claimed opposition protesters had been equipped with

weapons disguised as pens and umbrellas. An inquiry committee comprised only of majority members of parliament (MPs) was established in response to these allegations, and the committee requested the interrogation of well-known journalists who had also been accused of participating in the conspiracy. The prosecution investigated the events and dozens of demonstrators were detained, while six detention orders issued for members of the Republican Guard were inexplicably ignored by state police.

The crisis worsened the already tense relations between the prime minister, president, legislature, and judiciary. Tensions between the legislative majority and the opposition increased when the ruling party unilaterally pushed through changes to the parliamentary rules of procedure in February. Local administrative elections in May further distracted the government from resolving the crisis as both central and local administrations were highly involved in the election campaign.

The economic situation remained stable during 2011, with an estimated gross domestic product (GDP) real growth of 3 percent.² However, financial crises in neighboring Italy and Greece, where the majority of Albanian emigrants reside, have begun to affect the Albanian economy. Remittances have decreased and few long-term migrants have returned. Government debt is a concern as Albania has the most vulnerable economy in the Western Balkans, with debt accounting for more than double the annual revenues.³

Property rights remain a major problem in Albania, and the inability of the justice system to address this issue has negatively affected economic development and anticorruption efforts in the country. The complex legal framework governing the return of property or compensation is inconsistent, and at present there is no accurate estimation of the costs or timeframes associated with compensation processes. The ex-proprietor's association, Ownership with Justice, estimates that the Albanian government owes a total of US\$30 billion in compensation, but only provided US\$7 million in 2011.⁴ The state's failure to guarantee property rights has prompted a number of citizens to seek redress with the European Court of Human Rights (ECHR). Over 80 percent of the court's judgments have been in favor of the owners, and the government is facing large compensation rewards and penalties.⁵ If all, or at least many, of the outstanding property-related claims were taken to the ECHR, Albania could potentially face a compensation bill of several billion euros, which would pose an unaffordable burden on the country's public finances. The ECHR has noted that the non-enforcement of domestic judgments and administrative decisions concerning restitution and/or compensation to former owners in Albania is a systemic problem.⁶

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	3.75	3.75	3.50	4.00	4.00	3.75	3.75	4.00	4.25

Local administrative elections on 8 May were an important test for Albania's electoral process, which has been highly contentious since the disputed 2009 legislative

elections. Political polarization and legal battles surrounding the 2009 vote led the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR) and the European Commission (EC) to make specific recommendations for changes to Albania's electoral code. By law, any changes to Albanian electoral law must be carried out six months before any upcoming elections; however, the political stalemate resulting from the 2009 fallout blocked reforms from addressing the international recommendations within this time limit. The recommendations are key priorities of the EC, which Albania is required to fulfill in order to become an EU candidate country.

Administration of all elections is led by the Central Election Commission (CEC), a permanent body composed of seven members elected by parliament for a four-year mandate. Four members, including the chair of the CEC, are appointed by the parliamentary majority and three other members are appointed by the parliamentary opposition. This arrangement aims to provide a balance between the majority and opposition, although important decisions are often voted along partisan lines, favoring the ruling party by one vote. In January 2011, the CEC followed through with an earlier decision to burn the ballot boxes from the 2009 elections, putting an end to the opposition's ongoing requests for a recount.

As preparations began for the May local elections, the opposition expressed deep mistrust in the authorities and the election administration. The leading opposition party, the Socialist Party (SP), demanded additional safeguards for the election process, including all-party access to the preparation of voter lists, scanning of identity cards at voting stations, ballots recounts if requested by two CEC members, and postelection audits of election materials.⁷ The ruling coalition refused to provide these safeguards, prompting the opposition to threaten a boycott of the elections. Because the election administration relies on party-appointed officials, the opposition's boycott risked creating gaps in administrative structures and breaching legal deadlines. By the end of March, however, opposition parties had decided to participate in the elections and submitted their nominations.

Electoral campaigning officially started on 8 April and was marred by a large number of violent incidents. Campaign discourse centered on national politics and personal accusations between candidates, with little attention to local and municipal issues. Public administration officials at the local and central level were put under heavy pressure to participate in the campaign activities of the DP. The OSCE/ODIHR Elections Observer Mission received a large number of complaints from across the country that pressure was exerted on students and civil servants, including teachers and healthcare workers, to either participate in DP events or abstain from participating in opposition activities.⁸ Significant pressure was exerted over staff at government ministries in Tirana, where the most important electoral battle took place between SP opposition leader and incumbent mayor Edi Rama, and former minister of interior Lulzim Basha from the DP. Human resources departments in the ministries were required to coordinate and enforce the participation of civil servants in rallies, door-to-door campaigning, and phone surveys.

Voting proceeded relatively smoothly in most parts of the country, though the OSCE noted significant shortcomings at 10 percent of voting stations. The most

problematic aspect of the elections unfolded days later during the ballot counting process for Tirana. Having been delayed for several days in situ, international observers and ambassadors helped to finalize the counting of the ballots. Preliminary results in the Tirana mayoral election gave SP incumbent Rama a 10-vote win over DP challenger Basha, out of approximately 250,000 votes counted. The DP claimed that some votes intended for Basha had been placed in the wrong ballot box and insisted that the CEC recount these incorrect ballots as Basha votes, rather than invalid ones. Although the electoral code had no rules concerning ballots placed in incorrect boxes, CEC members appointed by the DP voted to approve the request. After seven weeks of disputes, the CEC reversed the initial electoral results, declaring Lulzim Basha the winner by a margin of 93 votes. The SP appealed the decision on the grounds that amendments to election rules must be approved well ahead of elections and cannot be changed during the counting of ballots. The Electoral College, the only body authorized to resolve election disputes, rejected the appeal and the results remained unchanged.

The opposition's negative reaction to the outcome of the Tirana election was echoed by international organizations and institutions. A joint statement by EU High Representative Catherine Ashton and Commissioner Stefan Füle expressed concern about the controversy and polarization over decisions made by the CEC, especially the rejection of the opposition's appeal. Both bodies concurred that the elections reconfirmed the need to reform Albania's electoral framework.⁹ In November, the DP and SP agreed to jointly establish a parliamentary committee on electoral reform for the first time since the 2009 elections. The committee aims to address both the previous and most recent OSCE/ODIHR recommendations in order to tackle the evident shortcomings in the current electoral code and make further improvements.

Overall mismanagement of the electoral process, especially the handling of its legal aspects, undermined public trust in the electoral process. The fact that the election dispute had to be settled through a legal battle, where the judiciary was under constant pressure to favor the ruling party, demonstrated a lack of political will to organize free and fair elections. On a positive note, the close electoral battle in Tirana seemed to show the leverage of every single vote and increased overall public interest in electoral participation.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00

The civil society sector in Albania continues to be weak and struggles to find public space in a highly politicized environment. Political infighting has dominated public debate and left little room for other actors to contribute to the country's development. However, a wider range of civil society figures have become more

active in demanding greater inclusion in the consultation process and in opposing government policies.

Civil society organizations (CSOs) rely heavily on foreign donors as volunteerism and domestic support are in a nascent phase. Since the public still associates CSOs and trade unions with compulsory activities organized under the communist regime, many Albanians refrain from engaging or supporting civil society activities. The general decrease in funding from international donors has negatively affected the capacity and professionalism of CSOs, especially smaller organizations that struggle financially. As organizations compete for grants from an increasingly shrinking pool of international funding, their activities become driven by donors' interests rather than their own organizational missions. In 2011, foreign donors increasingly placed conditions on funding to CSOs, requiring the explicit support of the organizations' activities from central or local level state institutions. These requirements hindered the impartiality of CSOs engaging in watchdog or monitoring activities and providing services to communities.

Attempts to diversify funding through for-profit activities are also difficult because of a lack of legislative regulation and unclear taxing procedures. Albania lags behind other countries in the region in the creation of legislation for regulating charitable donations from individuals or companies. The recently established Agency for Support to Civil Society (ASCS) issued its second and third calls for such legislation in 2011. ASCS decisionmaking bodies are made up of government officials and progovernment civil society activists, which affects the agency's impartiality. Watchdog organizations and movements campaigning against government policies are unlikely to receive support from the agency.

Public trust in nongovernmental organizations (NGOs) is low and state as well as non-state actors often use them as scapegoats for various problems. In February, a large Roma community close to the center of Tirana was forcefully evicted by an unidentified group of people. When the media made the issue public two weeks after the eviction, state authorities took the opportunity to blame international organizations and domestic NGOs working on Roma issues for not coordinating a solution to the "Roma problem" before the eviction took place. Although the Roma community still remains homeless, NGOs were the first to provide support. The state had yet to offer a permanent solution for housing the community at year's end.

NGOs organized several events in the run up to the local administrative elections on 8 May. A coalition of Albanian civil society activists organized election observation missions, providing accurate real-time data by mirroring the ballot counting process. The coalition's successful monitoring of the elections proved civil society organizations' expertise and coordination capacities. Representatives from civil society organizations, activists and well-known professionals also organized a dialogue for candidates running in Tirana's municipal elections. The dialogue, called "Initiative for Tirana," drew attention away from the politicized issues of the campaign, focusing instead on local development policies and alternatives. Despite the fact that it was organized by bipartisan groups, the dialogue was accused of favoring one of the running candidates. Although it did not reach its full potential

as a bipartisan discussion platform, the initiative represented a step forward for civil society's increased involvement in policymaking.

In 2011, a number of civil society activists ran as party- or coalition-affiliated candidates in local elections, mostly for positions on municipal councils. While this situation narrows the already thin line between civic and political engagement, it is still viewed as the most effective way for civil society to influence policymaking at either the local or central level.

Trade unions in Albania are weak due to the presence of a large informal economy and the fact that very few large companies operate within the country. In 2011, with the exception of the Union of Mineworkers, which has been in the spotlight many times for its activism, other unions were nearly absent from the public sphere. The Union of Mineworkers fought energetically against government and private companies, demanding better pensions, salaries, and working conditions. Rallies, site occupations, and hunger strikes were carried out with some results, even though state authorities mostly ignored the union's requests and declined to play the role of mediator in disputes with private companies.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.00	3.75	4.00	3.75	3.75	3.75	3.75	4.00	4.00	4.00

While freedom of expression is generally respected in Albania, progress on improving media independence and professionalism has stalled. The financial interests of media owners often influence reporting and analysis. Nevertheless, media play a vital role in monitoring the country's institutions, which are weak and subject to strong political influence.

Television and online media extensively covered the 21 January demonstrations, offering a more independent picture of the events than was presented by print media, which instead focused on accusations exchanged between opposing political forces. Independent media came under scrutiny for their close coverage of the events when the prime minister accused well-known journalists of participating in an opposition-led coup d'état. A camera operator was also wounded during the shootings, and pressure from his employers to cover up the injury led to his dismissal. After receiving anonymous threats, he was eventually forced to flee the country and seek asylum in Belgium.

Edisud, one of the biggest media groups in the country, which owns a television news station, a daily newspaper (*Gazeta Shqiptare*), and the most frequented news website in Albania, was sold to a company jointly owned by a bank and a businessman closely aligned with the government. Soon after the change of ownership, the director of the *Gazeta Shqiptare* was dismissed, resulting in a visible shift in the tone of the newspaper's editorial content. Before the sale, the newspaper was distinguished for its opposition to the government and noteworthy investigative reports. The change represents a major setback for critical journalism in the country.

In June 2010, the district court of Tirana issued a fine of €400,000 (US\$559,000) to the TOP television channel for violating the privacy of former minister of culture Ylli Pango. The station caused a scandal by airing a tape in which the minister requested sexual favors from a woman seeking work in his office. The judicial decision, which was the highest fine ever imposed on an Albanian media outlet, was considered disproportionate to the offense and a threat to investigative journalism in the country. Due to irregularities in the case, the court of appeals sent the decision back to a first-degree court for retrial in September. The court questioned the disproportionate fine and the motivation behind the original ruling. The judge responsible for the first ruling was known to have past grievances with TOP for its unflattering investigative reports about him.

The government promotes state-owned services through expensive and often unnecessary advertising campaigns. Media compete aggressively for these advertising contracts, which are a vital source of income. In the pursuit of these funds, media have been known to apply serious pressure on government agencies. In July, national broadcaster TV Klan led a harshly critical campaign against the National Tourism Agency (NTA), which—for procedural reasons—had delayed bidding on a major contract for tourism-related media advertising. The previous year's winner of the contract was a company with close relations to TV Klan. Due to TV Klan's heavy public criticism, the head of the NTA resigned and a new director was appointed. A few days later, the contract was awarded to the previous year's winner.

Several media organizations and unions exist, but they have had little influence on working conditions, editorial freedom, or relations between journalists and media owners. Most focus on advancing professional capacities, exchange programs, and resource-sharing, rather than promoting journalists' rights or freedom of speech. Self-censorship is common and journalists see it as a necessary precaution for keeping their jobs or advancing their careers. Investigative journalism, with a few exceptions, is almost nonexistent. Because the necessary abundant human and financial resources are lacking, the field remains underdeveloped. Funding for investigative reporting is hard to find and comes mostly from international donors looking to support freelance journalists.¹⁰

Technological innovation has increased the quality of broadcasting and outreach but has had only modest effects on programming and content. The gradual shift from rebroadcasting foreign programs to purchasing production rights and the use of international formats has boosted fair competition between broadcasters. Viewer feedback has next to no influence on media content, as little attention is paid to opinion polls or closed audience tests. Media owners maintain control over most program content and format. Being a small market, media is led by domestic development patterns with little foreign investment.

Libel and defamation remain criminal offenses although no investigations or trials were carried out in 2011. Changes to the criminal code required for decriminalizing these offenses remain on hold.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.25	2.75	2.75	2.75	2.75	3.00	3.25	3.25

Albania's governance is highly centralized with few relevant forms of local democratic government. Local government is divided into 373 directly elected units made up of 65 municipalities in urban areas and 308 communes. Indirectly elected mayors and representatives of municipalities and communes govern 12 regions. The ongoing decentralization process has proceeded slowly, and few political and financial powers have been transferred to local institutions. Financially, local governments are highly dependent on the central government, as local revenues are low and infrastructure development depends on central government investments. Local authorities have little access to credit because of legal restraints and the lack of interest from private banks in lending to them. Grants from the central government remain the most important financial resource, but they are often allocated according to political loyalties. Many larger cities are run by opposition leaders and the central government has little political motivation to invest in their competencies or resources.

In the runup to local elections in May, the government dedicated little attention to the decentralization process. Strategic documents on decentralization remain out of date and contradict existing legislation. The decentralization of water and sewage services to local government was successful only in small municipalities or communes. Most of the water and sewage sector is not economically viable, which discourages local entities from accepting the transfer of responsibility. One positive development in this area during the year was the distribution of a compensation fund to local entities for carrying the burden of reimbursing the purchase of electronic cash registers for local businesses.

Prior to the start of the campaigning period for the local administrative elections, frequent confrontations between opposition-controlled local governments and local representatives of the central government. In larger cities such as Tirana, Korca, and Durres, local representatives of the central government blocked several ongoing public infrastructure projects. However, with elected officials and administrative staff concentrated on the campaign, little attention was paid to infrastructure development. Political debate mainly focused on national issues, addressing local problems only superficially.

Local elections—with the exception of elections in Tirana—are generally an opportunity for local and central governments to campaign together for the reelection of incumbents. After the elections, the relationship between local and central governments usually weakens. Local elections in May were expected to proceed in a similar fashion. However, confrontations between local and central government over control of regional councils continued well after the elections.

Controversy arose when DP candidate Lulzim Basha won the highly contested mayoral position in Tirana. Soon after the CEC reversed the initial results and declared Basha the winner, 20 directors and high-level staff resigned in protest.

Large numbers of mid- and entry-level staff were subsequently laid off by the new administration.

The current administrative and territorial divisions no longer reflect the country's development patterns, rendering local governance structures fragmented and less effective. Legislative changes are needed to simplify local frameworks and more clearly define their competencies. However, such amendments require a qualified majority, which would necessitate a compromise between the two main political forces. With so little progress made in reaching cross-party consensus in 2011, no major breakthroughs were expected in the near future.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.25	4.25	4.50	4.25	4.00	4.00	4.25	4.25	4.25	4.75

While the Albanian constitution provides the foundation for a well-functioning and independent judicial system, events in 2011 demonstrated chronic weaknesses resulting from political polarization and pressures, decreasing financial support, and the persistence of corruption. Critically important reforms, investigations, and appointments stagnated due to the political crisis.

In January 2011, the prosecutor's office issued four detention orders for high-level officials of the Republican Guard implicated in the shooting of demonstrators during opposition protests. However, the state police neither executed these orders nor provided a legal explanation for their refusal to apprehend the guardsmen. In a public meeting with members of the Republican Guard, Prime Minister Berisha openly challenged the state prosecutor, stating that no guardsman would be handed over. Under international pressure to resolve the issue, the prosecution and the Republican Guard finally agreed that only one of the guardsmen would be arrested, and the others allowed to go free. The investigation continued slowly, hampered by non-cooperation of the executive branch. Evidence captured by security cameras outside the prime minister's office was apparently destroyed. A trial had not yet begun at year's end.

The ruling parties delayed plans to amend the criminal and procedural codes and establish an administrative court, unable to broker consensus with the opposition to achieve a qualified majority in parliament. The executive branch has drafted many other laws regulating the Constitutional Court, the High Court, and the Ministry of Justice, but has not yet even submitted them to the parliament. In order to bypass legislative delays, these institutions have issued administrative acts to regulate their work, but the minimal reach of these acts has limited their success.

The judiciary is often subject to external interference and despite public statements on the need to select the best judges possible, judicial appointments and transfers often lack sufficient transparency, as does the justice system as a whole. The High Council of Justice (HCJ), the highest justice institution in Albania, is in charge of judicial appointments and undertaking disciplinary measures for judges

and courts. The HCJ continues to function based on constitutionally unclear legal grounds since 9 out of 15 of its members are appointed from the National Judicial Conference (NJC), and the law regulating NJC's work was ruled unconstitutional in 2008. Currently the NJC meets and appoints members of the HCJ in the existing legal vacuum until a new law is approved.

Three out of seven members of the Constitutional Court have finished their mandates but are still holding office because parliament has refused President Bamir Topi's proposals for new appointees. In response to a request from members of parliament, the Constitutional Court ruled in June 2011 that both the president and parliamentary assembly must agree on selection criteria for appointments to the Constitutional Court and High Court. The ruling majority also requested that the president be required to consult parliament on his proposals before sending them for approval. However, the president refused parliament's request, resulting in the subsequent rejection of his nominees. No immediate solution to the situation is expected. The People's Advocate mandate, which expired in February 2010, remains vacant due to the lack of a qualified majority in parliament.

Skerdilajd Konomi, a judge known for his independence and professionalism, was assassinated by a remote-controlled car explosion in the city of Vlora in September 2011. Investigations into the assassination are ongoing, with no conclusions reached by the end of 2011. Konomi's assassination was the second attempt on the life of a judge in the last two years and the first one to succeed.¹¹ In 2011, as many as 15 judges were put under protection, the highest-ever figure in Albania.¹²

A case related to the deadly explosion of an ammunition-dismantling factory in the village of Gërdec in March 2008 was ongoing at year's end, though it appeared closer to resolution. The investigation into the explosion, which killed 26 people and wounded 300 others, led to the arrest of 29 people on charges ranging from abuse of power to murder. The case has been dragged out, owing to the large number of defendants and gaps in the criminal code allowing the continuous postponement of sessions when defense lawyers fail to appear at court hearings.¹³ The lack of appropriate or effective legal instruments to avoid trial delays prevents Albania from meeting the requirements for a fair trial enshrined in domestic and international legislation.

Enforcement of court decisions remains weak, particularly when state institutions are responsible for implementing them. The situation improved slightly with the new private bailiff system, but their ability to enforce still depends on judicial institutions providing timely and accurate information.

Budget planning and financial management reforms are a necessity for the Albanian justice system. While the workload of the courts has been somewhat remedied by a gradual increase in the number of judges, budget allocations have continuously decreased in the recent years, with some courts suffering 30–50 percent budget cuts in 2011.¹⁴ Insufficient funding directly affects the capacity of the courts to deliver justice as many lack basic infrastructure. Around 90 percent of trials are held at judges' offices instead of courtrooms,¹⁵ hindering the ability

of the courts to carry out open trials and increasing opportunities for abuse and corrupt practices. The lack of audio and video recording equipment in the offices also prevents the transparent monitoring of sessions.

In July 2011, a Judicial Reform Strategy and Action Plan for 2011–13 was approved by the Council of Ministers. It contains the government’s strategic vision for improving the judiciary’s independence and accountability as well as its efficiency. The president considers the plan a positive step forward because it addresses ongoing concerns related to the EU integration process. However, its potential for improving the functioning of the judiciary remains to be seen.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	5.25	5.25	5.25	5.00	5.00	5.00	5.00	5.00	5.00

Widespread corruption remains a serious concern for continued democratic development in Albania. While some efforts to combat low and mid-level corruption have been successful, high-level corruption remains largely unaddressed. Weak institutions and a lack of political will have prevented the fight against corruption from yielding substantial results. Growing political interference in institutions, legal immunity offered to a wide range of officials, lack of transparency and access to information, and the absence of self-regulating mechanisms all complicated efforts to improve the situation in 2011. Transparency International lowered Albania’s standing from 87th to 95th place out of 183 countries included in its Corruption Perceptions Index for 2011.¹⁶

The year’s most visible corruption scandal erupted in early January with the bribery accusations against Deputy Prime Minister Ilir Meta (SMI). The case sparked public demonstrations, which led to several casualties, and dominated political discourse throughout 2011. Meta denied the accusations of bribery made against him, and offered to waive his parliamentary immunity in order to allow investigations to proceed. His immunity was lifted by a vote in parliament, and the recording of Mr. Meta’s alleged crime was presented to an international expert to confirm its authenticity. When, during the examination, a second recording emerged showing former minister of economy Dritan Prifti and his deputy minister discussing issues of dubious legality, the state prosecutor’s office brought charges against Mr. Prifti, as well, and his immunity was also lifted by parliament. The case was sent to the High Court, which was vested as a first instance court, since both defendants are members of parliament. The court refused to admit the findings of the international expert and instead appointed three Albanian experts to reexamine the recording. Although the prosecution challenged the qualifications of all three, newly appointed experts, the court stood by its decision. The Albanian experts concluded that the authenticity of the recording could not be confirmed, and it was disqualified as evidence in the trial. The trial was still ongoing at year’s end.

The controversial nature of this case revealed once again the vulnerability of independent institutions to influence from the ruling majority. Members of the High Court are directly exposed to political pressure as they are nominated by the president and elected by a simple majority in parliament. At the same time, the High Court is the only institution capable of handling cases against members of parliament. Recent refusals of the ruling majority to approve candidacies proposed by the president based on unwritten criteria have intimidated judges. Several candidates proposed by parliament have been rejected for seemingly arbitrary reasons (trials judged under communism, for example) or because they have opposed legislation proposed by the current majority. A refusal means that these judges have virtually no chance of being appointed to similar positions within the judiciary under the current government.

High-profile corruption cases face a number of legal barriers, including parliamentary immunity. They are also subject to pressure from other institutions and the ruling majority. In accordance with the 2008 constitutional changes, the president of the republic—who chairs the HCJ and proposes appointments to the High Court—will be elected in June 2012 by a simple majority voting instead of a qualified majority one, which will further politicize this institution and distort the system of checks and balances between the legislative and judicial branches. Only constitutional changes can restore this balance, which especially affects the appointments of judges of the High Court and Constitutional Court, and open the way for substantive results in the fight against political corruption.

One of the main factors obstructing and discouraging investigation of corruption cases in the judiciary is the full immunity also enjoyed by judges. While the minister of justice has the power to propose the lifting of immunity, the HCJ is the body responsible for executing these orders and for taking disciplinary action. Several corruption cases brought by the prosecution to the HCJ against judges have resulted in the removal of immunity, but none of these cases has been finalized with indictments by the prosecution office. The failure on the part of the prosecution to try judges accused of corruption hampers the image of HCJ as an institution, which has in the past lifted judges' immunities with no sound evidence of wrongdoing.

Some progress was made by the government in drafting and implementing policies to fight corruption. In June 2011, a new anticorruption action plan was approved for 2011–13, containing improved action plans for each individual government ministry and agency. However, no direct improvements were visible as a result of the new action plan and no concrete cases were pursued. In the past, several anticorruption strategic documents have been approved with little practical relevance and it is still unclear whether this new plan will be any different.

In November 2011, a group of nine, mid-level officials were arrested for their participation in a corruption scheme involving the oil distribution system. After a months-long investigation by the state prosecutor's office, all the staff of the inspection unit of the General Directorate of Metrology and Calibration (subordinate to the Ministry of Economy, Trade, and Energy) were arrested. At year's end the case was still pending trial.

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- ¹ “Meta-Prifti case, judicial investigation concluded,” *Top-channel.tv*, 16 December 2011, <http://www.top-channel.tv/english/artikull.php?id=4065>.
 - ² The World Bank, *South East Europe Regular Economic Report of the Poverty Reduction and Economic Management Unit, Europe and Central Asia Region* (Washington, D.C.: The World Bank, 15 November, 2011), 1, http://siteresources.worldbank.org/ECAEXT/Resources/publications/454763-1321298251856/11411_01_fullreport.pdf.
 - ³ Ibid.
 - ⁴ Interview with Agim Toro, representative of the “Ownership with Justice” association.
 - ⁵ The World Bank, *Governance in the Protection of Immovable property Rights in Albania* (Washington, D.C.: World Bank, June 2011), http://siteresources.worldbank.org/INTALBANIA/Resources/Governance_property_English.pdf.
 - ⁶ European Court of Human Rights, *Case of Ramadhi and 5 Others v. Albania* (Strasbourg: ECHR, 13 November 2007), <http://cmiskp.echr.coe.int/tkp197/view.asp?item=1&portal=hbk&action=html&highlight=Ramadhi&sessionId=86922316&skin=hudoc-en>.
 - ⁷ Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR), *Albania, Local Government Elections, 8 May 2011: OSCE/ODIHR Election Observation Mission Final Report* (Warsaw: OSCE/ODIHR, 15 August 2011), 4, <http://www.osce.org/odihr/81649>.
 - ⁸ Ibid.
 - ⁹ European Union, *Joint statement by EU High Representative Catherine Ashton and Commissioner Štefan Füle on Albania* (Brussels: European Union, 19 July 2011), <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/526&type=HTML>.
 - ¹⁰ Interview with Iris Luarasi, media expert, Tirana University Faculty of Journalism, 25 October 2011.
 - ¹¹ In February 2009, High Court Judge Ardian Nuni was shot and wounded outside his home in Tirana. Nuni’s assailants have yet to be identified.
 - ¹² “Attacks on Albanian Courts ‘Putting Judges at Risk,’” *Balkan Insight*, 19 September 2011, <http://www.balkaninsight.com/en/article/political-attacks-on-courts-set-albania-judges-at-risk>.
 - ¹³ So far the number of hearings has reached 152. See European Commission, *Albania 2011 Progress Report Accompanying the document: Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2011–2012* (Brussels: European Commission, 10 December 2011), 12, http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/al_rapport_2011_en.pdf.
 - ¹⁴ Interview with Kreshnik Spahiu, Deputy Head of the High Council of Justice, November 2011.
 - ¹⁵ Ibid.

- ¹⁶ Transparency International Albania (TIA), “TIA prezanton Indeksit e Perceptimit te Korrupsionit (CPI) 2011” [TIA Presents Corruption Perceptions Index (CPI) 2011], 1 December 2011, http://www.tia.al/eng/index.php?option=com_content&view=article&id=74:tia-prezanton-indeksin-e-perceptimit-te-korrupsionit-cpi-2011&catid=29:press-releases&Itemid=122.

Armenia

by Alexander Iskandaryan

Capital: Yerevan
 Population: 3.1 million
 GNI/capita, PPP: US\$5,660

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	5.50	5.75	5.75	5.75	5.75	5.50	5.75	5.75	5.75	5.75
Civil Society	3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75
Independent Media	5.00	5.25	5.50	5.50	5.75	5.75	6.00	6.00	6.00	6.00
Governance*	4.75	4.75	n/a							
National Democratic Governance	n/a	n/a	5.00	5.00	5.25	5.25	5.75	5.75	5.75	5.75
Local Democratic Governance	n/a	n/a	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75
Judicial Framework and Independence	5.00	5.00	5.25	5.00	5.00	5.25	5.50	5.50	5.50	5.50
Corruption	5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50	5.50	5.25
Democracy Score	4.92	5.00	5.18	5.14	5.21	5.21	5.39	5.39	5.43	5.39

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The first years following Armenia's independence from the USSR in 1991 were extremely turbulent. War with neighboring Azerbaijan, a transportation blockade that left landlocked Armenia with just two open borders (one with war-torn Georgia and the other with Iran), and an energy crisis all contributed to the country's economic collapse in the early 1990s. In the mid-nineties, Armenia began to recover economically but the unresolved territorial conflict and blockade by Azerbaijan and Turkey have remained to this day.

Abrupt economic restructuring and a decline in living standards in Armenia's post-Soviet economy have caused social frustration and political apathy. Excessive overlap between political and economic interests in Armenia has depleted public trust in political elites, as has their record of rigged elections and corrupt administrative practices. Results of every national election since 1995 have been challenged by the opposition, which, as a result, does not recognize the legitimacy of Armenia's parliament, president, or constitution, and remains personality-driven and passive between elections. Social polarization deepened after mass protests following the 2008 presidential election were dispersed by police and army forces, leaving ten dead and up to two hundred wounded. After being hit hard by the economic crisis, the country's economy started growing again in 2010 but progress has been too slow to genuinely improve living standards.

In 2011, Armenia's politics were driven by preparations for the 2012 parliamentary and 2013 presidential elections, which are seen as crucial tests for the country's political system. This election cycle will gauge the will and ability of the ruling coalition and the opposition to accept each other's legitimacy. In order to allow for fair competition in the parliament, both sides must combat the culture of administrative manipulations and political radicalism. In 2011, the coalition and the opposition initiated a dialogue to discuss conditions for the Armenian National Congress's participation in the elections and mutual recognition of the election results. While the dialogue enabled the release of all persons arrested in connection with the 2008 postelection unrest, its impact on governance cannot be truly tested until the upcoming parliamentary elections in May 2012. Economic recovery from the global recession remained slow, though tax collection improved and the government made important inroads in its anticorruption agenda.

National Democratic Governance. In 2011, government and opposition entered a dialogue to address political fallout from the last presidential elections. However, several incidents during the year caused the opposition to temporarily withdraw from the negotiations, which limited their impact. As the dialogue did not yield tangible results in balancing political forces in 2011, *Armenia's national democratic governance rating remains at 5.75.*

Electoral Process. Armenia has a record of tarnished elections and postelectoral unrest, as a result of which trust in electoral institutions and procedures remains low. Local elections in March 2011 were uneventful, accompanied by the usual reports of fraud. Meanwhile, preparations for the upcoming 2012 elections tested the will and ability of both the ruling coalition and the opposition to reach agreement on electoral reforms. On 24 and 26 May, parliament amended the electoral code with changes drafted in consultation with the Venice Commission. Free and fair elections in 2012 will depend on the implementation of amendments to the electoral code well ahead of the elections and in collaboration with the Parliamentary Assembly of the Council of Europe (PACE). *Armenia's electoral process rating remains unchanged at 5.75.*

Civil Society. Armenian nongovernmental organizations operate in a generally favorable legislative climate and are respected in society. Civil society continued to be active in 2011 and made increasing use of social media to spread awareness about important campaigns in the sphere of human rights, environmental protection, and social justice. For the moment, however, the impact of such public advocacy on government policy remains limited. *Armenia's civil society rating remains unchanged at 3.75.*

Independent Media. Internet penetration rose sharply in 2011, resulting in increased access to a rapidly growing number of online media perceived as more independent and trustworthy than traditional print or broadcast sources. Although defamation was decriminalized in 2010, the fines for slander and insult prescribed by the civil code are exorbitant for the country's struggling print media. *Armenia's independent media rating remains unchanged at 6.00.*

Local Democratic Governance. Armenia's local self-government bodies are weak and poorly funded. Plans to increase the financial and managerial potential of communities by merging them into larger entities remained in the drafting stage. The mayor of Yerevan, Karen Karapetyan, undertook several steps in 2011 apparently aimed at combating corruption and improving city infrastructure. *Armenia's local democratic governance rating remains unchanged at 5.75.*

Judicial Framework and Independence. Several reforms of the judicial system were launched in 2011, beginning with the reform of notary services. All remaining persons jailed in connection with the March 2008 postelection unrest were released in advance of the 2012 parliamentary elections. Abuse of conscripts in the army and detainees in police custody came under increased public scrutiny. *Armenia's judicial framework and independence rating remains unchanged at 5.50.*

Corruption. In 2011, the government took concrete steps to fulfill longstanding and often repeated promises to confront corruption. E-government services reduced opportunities for bribery, while new regulations and stricter enforcement

led to higher numbers of corruption lawsuits and fines against senior officials and large companies. Owing to a more consolidated government effort to eradicate corruption, *Armenia's corruption rating improves from 5.50 to 5.25.*

Outlook for 2012. There is hope that the parliamentary election held in 2012 will constitute an improvement over previous elections because both coalition and opposition have shown some willingness to cooperate for the sake of a smooth electoral process. Much will depend on whether the Armenian National Congress, the main opposition group outside parliament, accepts election results and begins to work from within the parliament. Economic progress is crucial for improving the public mood and stemming mass emigration. The conflict over Nagorno-Karabakh will likely continue to stagnate.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.00	5.00	5.25	5.25	5.75	5.75	5.75	5.75

Armenia's political system operates on the basis of consensus among elite groups that control economic and political resources. Society has little leverage over legislative processes or political decisionmaking; consequently, trust in governing institutions is very low. Results of every national election since 1995 have been challenged by the opposition, which is personality-driven and passive between elections. Postelection unrest is a regular occurrence, though the events of 2008 represented a dramatic escalation in both the scale of protests and the brutality of the government's response. One-third of Armenia's population lives below the poverty level.

In 2011, political forces actively regrouped in preparation for the May 2012 parliamentary elections and the presidential elections in February 2013, which will once again test the country's governance system. The main political event of the year was the start of a dialogue between the authorities and the Armenian National Congress (ANC), a coalition of 13 non-parliamentary opposition parties that was the driving force behind mass protests in 2008. The ANC is led by Armenia's first president, Levon Ter-Petrossian, and remains the institutionalized center of social protest in Armenia, denying the legitimacy of all pillars of governance—from the constitution to the parliament. On 31 March, the ANC announced that it was willing to denounce political radicalism and enter a dialogue with the authorities on the condition that the government lift the 2008 ban on protests in Liberty Square, release all persons held in connection with the March 2008 events, and resume investigations into those events. The government lifted the ban on rallies in Liberty Square in March and gradually released persons arrested in connection with the March 2008 events in the spring, until finally granting a general amnesty on 26 May. Investigations into the arrests made during the March 2008 events were reopened on presidential order, but no substantial progress was made on these cases in 2011. With the ANC's conditions sufficiently met, the first meeting of the dialogue was held on 18 June.

Despite the establishment of the dialogue, the ANC held more than 20 protest rallies in 2011, which after the lifting of the ban in March took place in Liberty Square. Participation in these rallies was relatively small, probably due to the fact that the new negotiations with the authorities conflicted with ANC's usually radical rhetoric, alienating its core supporters. On 26 August, the ANC suspended the dialogue after one of its activists, Tigran Arakelyan, was arrested for assaulting a police officer. On 30 September, the ANC staged a sit-in in Liberty

Square, erecting about seventy tents to appeal for Arakelyan's release, in addition to early parliamentary elections, amendments to the election code, demonstrative progress into the investigations of the March 2008 events, and a number of other demands. The ANC ended the sit-in a week later, claiming that the demonstrations had fulfilled their purpose, even though none of their demands had been met. The dialogue resumed and continued throughout 2011.

Meanwhile, international pressure on the Armenian government to engage in reconciliation over the events of March 2008 continued. On 5 October, the Council of Europe Parliamentary Assembly (PACE) passed Resolution 1837 on "The Functioning of Democratic Institutions in Armenia," which addresses the March 2008 postelection unrest and the Armenian government's actions in connection with it. Although it refrains from using the term "political prisoners," the resolution welcomes resumed investigations into the arrest of opposition activists as well as the amnesty and the opposition's constructive response to the government's steps to fulfill PACE recommendations.¹ The passing of the resolution was preceded by a report from the Council of Europe (CoE) commissioner for human rights, Thomas Hammarberg, in which he welcomed the efforts of the Armenian government to remedy structural deficiencies revealed by the March 2008 events by conducting reforms of the police, the judiciary, and other institutions.² Some opposition actors condemned PACE and Hammarberg for ignoring the government's responsibility in the ten deaths that occurred during those events.³

Several shocking cases of abuse and hazing in the armed forces attracted public attention in 2011. On 26 August, Aghasi Abramyan, a soldier enlisted in the army, was taken to the hospital with multiple injuries and died an hour after his arrival. Although senior army officials insisted the injuries leading to his death had resulted from an accident, several officers and another soldier were arrested during the investigation. On 8 September, the head of the Standing Parliament Committee on Defense, Security, and Interior, Hrayr Karapetyan, announced that a reform of the military was being discussed, which would take into account alternative civilian service, soldiers' health, and providing soldiers with mobile phones in order to enable them to report abuse when it happens. In September, Defense Minister Seyran Oghanyan also met with the parents of men who had died during army service in peace time and assured them all incidents were being investigated. In late September, the parents also met with members of parliament, defense ministry officials, and the ombudsman. In an effort to increase transparency, the Ministry of Defense established a public council for handling complaints of abuse in the military and drew up plans to appoint a military ombudsman. Military Prosecutor Armen Khachatryan was dismissed in 2011 and replaced with Gevork Kostanyan, who more proactively criticized the chief of the general staff of the Armenian Armed Forces for abuse in the army.

Armenia's relations with Azerbaijan and Turkey continued to stagnate in 2011. The only minor success in negotiations was reached on 5 March, when the presidents of Armenia and Azerbaijan met in Sochi with the mediation of Russia's president. Both sides agreed to the exchange of prisoners, which was carried out during the

year. As in 2010, the Turkish parliament declined to review the 2009 Armenian-Turkish Protocols and reconciliation with Armenia has become a domestic policy issue in Turkey with Azerbaijan adding pressure to oppose it. In Armenia, many influential parties also reject efforts towards reconciliation mostly due to Turkey's reluctance to recognize the Armenian Genocide.

The delimitation of the Armenia-Georgia land border continued during the year. While 60 percent of the border was drawn by 2007, the delimitation process has since stalled with just 71 percent (160 out of 225 km) agreed upon by the end of 2011.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.75	5.75	5.75	5.75	5.50	5.75	5.75	5.75	5.75

Parliamentary elections in May 2012 will challenge the authorities to prove the sincerity of their commitment to conduct free and fair elections as well as their ability to reform the electoral system that has been wrought with fraud for the last two decades. Armenia's strong incentives to integrate with Europe and the possibility of achieving associative membership in the European Union (EU) in the short-term motivated the Armenian government to take steps to implement electoral reform in line with European recommendations in 2011.

On 24 and 26 May, the parliament adopted electoral code amendments drafted in consultation with the Venice Commission. One of the main changes in the new code concerns the Central Elections Commission (CEC) and district commissions, which will no longer be formed by political parties but will be nominated by the ombudsman, the Chamber of Advocates, and the Cassation Court, subject to the approval of the president. In precinct commissions, party representation will remain but all parliament factions (of which there are currently five) will be equally represented regardless of the size of each faction. In October, Deputy Secretary of the Venice Commission Simona Granata-Menghini praised these changes, but stressed the paramount importance of their practical implementation.⁴ PACE also welcomed the adoption of the new code and particularly the fact that it was drafted well in advance of Armenia's 2012 elections. PACE urged Armenian authorities to address all recommendations and shortcomings contained in the Venice Commission's forthcoming opinion of the adopted code and called on all political forces to play their role in ensuring free and fair elections with special attention to strengthening public trust in the electoral process and its results.⁵ The leading opposition forces both in and outside parliament—the Armenian Revolutionary Federation Dashnaktsutyun and the Armenian National Congress—criticized the new code, insisting that it still left room for electoral fraud on the part of the authorities.

On 17 February, the three-party coalition composed of the Republican Party, Prosperous Armenia, and Rule of Law party signed an agreement confirming

the coalition's unity and intention to nominate the incumbent president, Serzh Sargsyan, as its candidate in the 2013 presidential elections. The agreement also explicitly stipulated that all three parties would refrain from promoting themselves at the expense of their coalition partners. Nevertheless, a rivalry emerged during the year between the two main coalition parties, the ruling Republican Party and Prosperous Armenia, as each party attempted to win voter sympathy and establish its political dominance. Prosperous Armenia, which is led by one of Armenia's wealthiest businessmen, Gagik Tsarukyan, primarily represents the interests of Tsarukyan's business group. Tsarukyan needs his party to win a sufficient number of votes in the parliamentary poll in order to safeguard his place in national politics, regardless of any changes in the administration that may come as a result of 2012 parliamentary and 2013 presidential elections. While the ruling Republican Party has privileged access to administrative resources, it is poorly consolidated, consisting of several competing business groups, some of which support other parties. Throughout the year, the coalition members competed for public support, demonstrating that political rivalry is not limited to the conflict between the extra-parliamentary opposition parties and the ruling coalition.

Local elections were held in 2011 in communities with populations of 20,000 or less. As in previous elections, fraud involving voter lists was noted. On 7 March, the results of the elections for mayor and Council of Aldermen in the Daranak village in the Gegharkunik region were ruled null and void by the district electoral commission on the grounds that the number of voters registered in the village had increased by one-third, just a few days before the election. Local elections received little media coverage; one exception was the November mayoral election in Ijevan, in which the incumbent Republican Party mayor, Varuzhan Nersisyan, lost to a candidate from Prosperous Armenia, Vardan Galumyan. Nersisyan accused Galumyan of bribing voters and ordered the police to question his deputies. The charges were not corroborated, but the incident again reflects the burgeoning rivalry between members of the ruling coalition.

On 9 September, Garegin Nazaryan, who had led the CEC since 2003, died of a heart attack at the age of 50. Ten days later, Tigran Mukuchyan, a skilled lawyer and former head of the Administrative Court of Appeals, was appointed as his replacement.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75

Armenia's civil society is vibrant and the number of registered organizations is growing. By mid-2011, the number of nongovernmental organizations (NGOs) in Armenia had grown by 9 percent compared with the previous year, reaching a total of 4,383, including 3,649 public organizations and 734 foundations.⁶

Several major civil society campaigns were organized in 2011 that focused on environmental issues and made use of social media as an advocacy tool. One of the most prominent environmental campaigns aimed to save the landmark Trchkan waterfall in the Lori province, endangered by the construction of a nearby hydropower plant. A Facebook campaign launched in the summer spread rapidly, eventually turning into an ongoing sit-in, with protesters setting up tents at the site of the intended construction. By November, protesters succeeded in pressuring the government to cancel the plant's construction and grant the waterfall protective status as a nature reserve.⁷ Two other key examples of environmental activism focused on the mining industry. The Kajaran community in Syunik region protested the expansion of a copper and molybdenum mining area, whose construction was planned on the grounds of the local cemetery and church. Tensions caused the mayor of Kajaran to resign from his post and leave the ruling Republican Party at the end of 2011 because regional authorities reportedly pressured him to grant the expansion, despite public protest. Demonstrations also continued in 2011 to protect the Teghut forest in the Lori province, which environmentalists say is endangered by a nearby copper mine. The protests received some opposition from local residents as 170 of the 870 villagers living in Teghut are employed by the mine, which promises to create more jobs.⁸

In April, a legal amendment intended to combat widespread abuse of maternity allowance sparked a number of protests led by educated, professional women. Under the amended law, the size of a woman's maternity allowance remains tied to her salary, but the maximum amount now limited to about US\$412 per month (at the end of 2011, the average monthly salary was US\$300). Opponents of the amendment argued that it disadvantaged well-paid mothers, without improving the plight of low-earning ones.

On 9 June, human rights activists and organizations addressed an open letter to President Sargsyan, demanding reforms to ensure transparency and prevent abuse in the army. Human rights activists and parents of victims organized numerous protests in the second half of the year to raise awareness about abuse in the army and the large numbers of accidents and suicides. Various officials, including the defense minister, the minister of justice and the mayor of Yerevan, met with protesters to discuss investigations into soldiers' deaths and ways to prevent such incidents in the future. On 5 October, the civil initiative "We Won't Stay Mum" posted a video on YouTube showing a soldier, who ended up in a psychiatric ward, with his father recounting the story of how abuse in the military damaged his son's mental health.⁹ Pressure from civil society caused the military prosecutor to order an investigation into the abuse of power or failure to use power in cases of abuse in the military. According to Chief Military Prosecutor Gevork Kostanyan, 20 soldiers died from non-combat related incidences in 2011, including suicide, abuse, disease, and accidents, down from 43 such cases in 2010.¹⁰

Workers at the Armenian Nuclear Power Plant in Metsamor, which was managed by the Russian company Unified Energy System (UES), went on strike in September, demanding a 50 percent salary increase. When UES fired all workers

participating in the strike, the Armenian Ministry of Energy and Natural Resources responded by canceling the management contract with UES and re-hiring the strikers with a 10 percent raise.

The office of the ombudsman, though politically neutral in theory, is not widely perceived as a truly independent institution and appointments to the post are often politicized. In 2011 both opposition parties in parliament, Dashnaksutyun and Heritage, boycotted the session in which the new ombudsman Karen Andreassyan was elected with 83 votes against 13.

In 2011, nationalist organizations were passive and had little visibility. The anti-Turkish sentiment that had grown in 2008 at the height of government efforts to normalize Armenia-Turkey relations subsided in 2011.¹¹

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	5.25	5.50	5.50	5.75	5.75	6.00	6.00	6.00	6.00

Armenia's print media are pluralistic if not strong, with a growing online community serving as the main arena for a free flow of opinion and information. However, broadcast media, especially television, are subject to nontransparent licensing procedures and significant pressure from government and economic interests. For these reasons, many journalists and civil society activists disputed Armenia's improved rank in the 2011 Media Sustainability Index.¹²

The 2010 licensing competition conducted in connection with a planned transition to digital broadcasting was heavily criticized by domestic and international actors, who noted that many licensing decisions appeared politically motivated. The bid of the opposition-oriented A1+ station (off the air since 2001) was rejected, as was that of Gala TV, a regional station that regularly criticizes the government. Also rejected was the bid of ALM, a television station operated by a media holding company owned by controversial pundit Tigran Karapetyan, the leader of an extra-parliamentary political party. On 21 February 2011, A1+'s owners filed a suit against the National Broadcasting Commission (NBC), demanding annulment of the 2010 licensing competition results. On the same day, the Committee to Protect Freedom of Expression (CPFE) requested copies of the application packages submitted to the NBC by all television stations that took part in the 2010 tender. The NBC agreed to disclose the packages only in part, excluding material that may contain commercial secrets. The CPFE filed a complaint to the Administrative Court for the release of the full information, but lost its case on September 27. Despite having lost the 2010 tender, Gala TV, like all regional stations, is permitted to continue broadcasting until 2015.

Internet penetration in Armenia has risen sharply in the last four years—from 6.2 percent in 2008 to 37 percent in 2011—with a corresponding surge in the popularity and number of online media sources.¹³ By the end of 2011, over 400 Armenian online newsmedia sites were in operation. Online media are increasingly

trusted as a more independent news source than traditional media. Over 10,000 people in Armenia have blogs, including the prime minister and a few other top officials.¹⁴

Media access to government agencies improved in 2011, as officials increased the amount of public information published on websites and began interacting more with journalists. In the Global Competitiveness Index 2011–2012, Armenia was ranked 35th among 142 countries for transparency in state politics, compared to 53rd out of 139 the year before.¹⁵ However, according to the Freedom of Information Council of Armenia, between January and September 2011 official agencies still ignored or refused to answer over 40 percent of the information requests.¹⁶ In April, the procedural rules of the parliament were amended to require streaming of all sessions on the parliament's website, effective 1 January 2012.¹⁷ In May, the prosecutor's office began holding "open door" events for the media, specifically in connection with investigations of the March 2008 postelection unrest.

According to CPFE, violence against journalists decreased in 2011 with three incidents reported in the first nine months of 2011, compared to eight incidents reported during the same period in 2010.¹⁸ However, several violent attacks in 2011 raised concerns about the safety of journalists. For the third time in five years the car of Lori TV's editor-in-chief, Narine Avetisyan, was set on fire. Lori TV is known for its independent, critical reports on local government and business, and Avetisyan believes the attacks on her property are intended to intimidate her out of investigative journalism.¹⁹

On the recommendation of the Council of Europe, Armenia decriminalized libel in May 2010. Since then, civil defamation suits have become increasingly popular. By the end of 2011, there were over ten open defamation lawsuits against the media, mostly filed by public officials. The size of the proposed fines (up to US\$8,000) is potentially ruinous to Armenia's print media, which already struggle to sustain themselves financially. On 9 May, a report by CoE Commissioner Thomas Hammarberg welcomed the decriminalization of libel and insult but expressed concerns about the introduction of high monetary fines for insult and defamation and the increase of cases brought against media outlets on this basis.²⁰ In October 2011, Ombudsman Karen Andreyan appealed to Armenia's Constitutional Court, asking it to assess the amendment's compliance with the constitution. On 15 November, the court ruled the amendment constitutional, but recommended a number of approaches to its practical application in order to ensure meaningful interpretation of its provisions. According to the Constitutional Court, fines should be proportional to the financial means of the defendant. The court also clarified that critical assessment or evaluation of facts should not constitute grounds for a defamation suit, and non-material compensation in the form of refutation or apology should be preferred at all times. It remains to be seen whether court judges will heed these recommendations.

A Council for Information Disputes was established by the ombudsman's office in 2011, with EU support. Composed of representatives of the media and civil society, the council reviews disputes involving issues such as libel, defamation,

copyright infringement, plagiarism, and the media. Whenever possible, the council recommends out-of-court settlements, including settlements via the Observatory Body on Ethics. Although the Observatory Body achieves several out-of-court settlements a year, it is often unable to prevent lawsuits from financially crippling some media, especially when a lack of cooperation from plaintiffs or defendants causes cases to drag out over extended periods.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75

Armenia is subdivided into 10 regions and 915 communities. Regional governors administer the regions, while self-government bodies manage the communities. Each community has a representative body called the Council of Aldermen, with 5 to 15 members, and an executive body (municipality) led by the Community Head (equivalent to a mayor). Aldermen and Community Heads are elected via public ballot for three-year terms. Community Heads are accountable to the Council of Aldermen, which can approve laws, although implementation procedures are often lacking. While Aldermen and Community Heads are nominally independent, in practice the centrally appointed regional governors have significant political and financial influence over local leaders. Little authority is left to local governance bodies, which often lack transparency, accountability, a clear understanding of the division of powers, and adequate human resources. Despite constitutional amendments in 2005 that consolidated the independence of local self-governance bodies, no improvements have been visible in practice.

The scarcity of local budgets is a key concern of the self-governance system, especially in small communities. Because community budgets are funded by local taxes with modest subsidies from the central government, local taxes are too small to enable small communities to implement meaningful projects. Since 2009, the Ministry of Territorial Administration of Armenia has been making plans to merge communities in order to increase their financial and managerial potential. On 10 November 2011, the government adopted a concept for the enlargement of communities and began planning practical steps for reducing the number of communities to about 200 nationwide.

In 2011, United Nations experts took part in amending the 2008 Concept on the Development of Armenia's Regions, which prescribes harmonious development of communities and increased subsidies to poor municipalities. A new body was subsequently established to supervise the efficiency of local government expenditures. In June, Counterpart International and the United States Agency for International Development (USAID) announced a three-year, US\$15 million program for the development of forty-three local communities. The first forum of village communities was held on 10 October in Jermuk, bringing together over 300 representatives of local governments and regional administrations to discuss

environmental concerns, water and energy consumption, construction and new technologies. On 29 June Yerevan also hosted a congress of local self-government in Council of Europe member states, and a conference on “Migration as a Challenge to Local and Regional Authorities,” which involved over 70 participants. Both these events are usually held in Strasbourg but were conducted in Yerevan at the invitation of the Armenian government as a pledge of the country’s commitment to developing local self-government.

Over one-third of Armenia’s population lives in the capital city, Yerevan. The mayor of Yerevan, Karen Karapetyan, undertook several steps in 2011 apparently aimed at combating corruption and improving city infrastructure. In November 2011, Yerevan residents began paying real estate taxes online, which is expected to reduce corruption risks associated with the handling of paper tax forms. From mid-January on, a number of municipality employees—including the adviser on sports and the heads of the sports, culture, and administrative department—were fired, reportedly in connection with corrupt practices. In the name of public health and safety, Mayor Karapetyan also implemented a 2004 bill banning street vendors, tearing down 243 kiosks in January 2011 and making plans to dismantle another 2,550. At risk of losing their only source of income, street vendors organized rallies to protest the ban in mid-January, which continued through the year. The ANC and Heritage endorsed the protests, whose cause was used in slogans in early March opposition rallies commemorating the 1 March 2008 postelection events. The mayor met with protesters on 7 February to discuss the plight of street vendors, but no compromise was reached. Instead, municipal authorities built several hundred small shops and markets to replace the kiosks. On 27 October Karapetyan left his mayoral post to become the first vice president of the Russian energy giant, Gazprom, where he had worked prior to his election. On 15 November, the Council of Aldermen elected Karapetyan’s deputy, Taron Margaryan (son of the late prime minister Andranik Margaryan) as Yerevan’s new mayor.

Engagement of women in local governance and politics remains low. Women usually lead small communities in remote areas, often on the borders, in which financial resources are scarce and income is low.²¹ The small increase in female representation that was noted in 2009–10 did not continue in 2011.²² Armenia’s only female governor, Lida Nanyan, stepped down in 2010 due to a reported conflict with the influential mayor of Gyumri, the capital of Shirak region and Armenia’s second-largest city.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	5.00	5.25	5.00	5.00	5.25	5.50	5.50	5.50	5.50

Attempts at judicial reform since 2007 have not succeeded in lessening the dependence of the prosecutor’s office and court system on the executive branch. In 2011 the country continued to work on strengthening its judicial system, with

support from the EU and the World Bank, which began its Second Judicial Reform Project in Armenia in February 2011. Several reforms of the judicial system were launched during the year, beginning with the reform of notary services.

A new minister of justice, Hrayr Tovmasyan, was appointed in early 2011. Tovmasyan, who has a doctorate in law but no previous experience in administration, is considered one of the “young technocrats” in Tigran Sargsyan’s government. Tovmasyan’s first step upon taking office was to monitor and reform the notary service. Starting in January, he conducted audits and monitored the work of notary offices, which uncovered corruption and a general lack of discipline. At a government meeting on 21 April, Prime Minister Tigran Sargsyan said that according to recent audits, the notary system was similar to an “oligopoly,” where regulations prevent the opening of new notary offices, and citizens are charged 2–3 times the correct amount for notary services. On 21 May, the head of the notary department at the Ministry of Justice, Mariam Gaboyan, and his entire department were dismissed. A new controlling inspectorate was established, and the authority of the European Integration Department at the Ministry of Justice was increased. Amendments to the Law on Notary Services came into force on 15 June, simplifying procedures for the registration of notaries.²³ On 11 August, the government ruled that notaries must be equipped with cash registers and issue standard receipts in order to ensure that citizens are not overcharged and taxes are paid.

A new criminal procedure code was drafted in 2011 and will be adopted in early 2012. Proposed provisions would require judges to hold pre-trial hearings in order to determine whether the prosecution’s evidence has been legally obtained, and oblige police to testify at trials rather than submitting written reports.

On 10 March, the director of the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR), Janez Lenarčič visited Armenia to discuss democratic reforms and review the implementation of recommendations made in the ODIHR report on the trials of those implicated in the 2008 postelection violence. Stressing the importance of further judicial reform, Lenarčič welcomed the progress made on establishing a new criminal procedure code, but highlighted the need for limiting pre-trial detention in favor of alternative measures of restraint and stepping up efforts to prevent torture and other ill-treatment in custody. He said that Armenia has made significant progress in reforming its legal framework, but the practical implementation of laws remains a challenge.²⁴

At the start of 2011, eleven persons jailed in connection with the 2008 post-election unrest were still in custody. In anticipation of the 2012 parliamentary elections, they were all released during the year, but gradually, over a period of several months. Five opposition activists were released in March and April; four more were released (with 396 other prisoners) as part of a general amnesty to commemorate the 20th anniversary of the country’s independence; the two remaining opposition activist prisoners were released in June.²⁵

On 9 August, ANC activist Tigran Arakelyan was detained for interfering with the work of a policeman, who was asking a person in the street for their

identification. Arakelyan was charged with assaulting a police officer and remained in jail until the end of 2011. This was his third arrest on a similar charge. The ANC reacted with protests and the incident caused another temporary suspension of opposition dialogue with the authorities.

March 2011 saw the first arrest of an Armenian senior police official, Police Major General Hovhannes Tamamyán, a former head of the police criminal investigations unit. Tamamyán was charged with abuse of office after it was revealed that evidence in a murder investigation under his supervision was deliberately distorted, resulting in the indictment of an innocent man. The case was ongoing at year's end, with Tamamyán remaining in custody.²⁶

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50	5.50	5.25

The current government has highlighted anticorruption measures and reform as top priorities since its appointment in 2008. However, tangible results of these promises were largely invisible until 2011, when the government undertook several key steps to combat graft.

A new Law on Procurement entered into force on 1 January 2011. The Law on Public Service was also adopted in May, which will require high-ranking public officials and their relatives to submit income and property declarations starting in 2012. The Commission on Ethics of Senior Public Officials—to be established next year—will review the declarations. A study from the Freedom of Information Center revealed outstanding income disparities between government officials and average Armenians.²⁷ The biggest earner in 2010 was Minister of Health Harutyun Kushkyan—with an income of US\$907,000—followed by Minister of Environmental Protection Aram Harutyunyan, who earned US\$300,000. The combined 2010 incomes of seventeen ministers totaled over US\$1.5 million, while the average yearly income in Armenia remains US\$3,600.

Several senior officials were arrested on corruption charges in 2011. Road police chief and second-in-command of the police department, Colonel Margar Ohanyan, was arrested on 30 August on charges of abusing office and stealing large quantities of state property. Together with several senior police officers, Ohanyan is accused of forging reports and receipts in order to steal 156,000 liters of car fuel. The overall number of corruption lawsuits in 2011 was 634, or 50 percent more than in 2008.²⁸

The State Committee on the Protection of Economic Competition stepped up activities in 2011 to prevent further monopolization of the economy. A new Law on Protection of Economic Competition was adopted on 12 April, prescribing severe penalties for abuse of monopoly. In 2011, the state committee imposed 198 fines (compared to 30 or fewer in previous years), totaling 375 million Armenian drams (about US\$1 million), a tenfold increase from 2010.²⁹ Large companies

fined for attempts to abuse monopoly power included the Lusakert Poultry Factory, Mokonat, ArmRosGazProm, and the Electric Networks of Armenia. In November-December, Armenia's leading dairy producers were fined for using coconut oil, dried milk, and other substances in their dairy products without warning customers. The country's second largest importer, Alex-Grig Company, was fined for monopolizing imports of some goods, like sugar, and for importing below-standard vodka and other food items.

In early 2011, the process of granting business licenses was simplified to reduce corruption risks. New regulations reduce the number of business activities requiring licensing from 169 to 96. For 12 of these activities, licenses may be applied for online; for the rest, licenses are issued at public offices using a new computerized system. Additionally, the timeline for the registration of businesses was reduced from 20 to 5 days.³⁰ The new rules are expected to put an end to the common practice of officials offering expedited services in exchange for a bribe. On 1 April, a website was launched for registering businesses online, replacing the previous procedure, which required visits to six official bodies.³¹ Tax reports can also be submitted and signed online.

The government has also launched several other websites that increase access to information online. The website E-gov.am publishes state budget expenditures online, while the judicial portal Datalex.am publishes all court verdicts. A new public information website, *Azdarar.am*, was launched in May, and posts job vacancies, court rulings and other official documents.

On 1 September, President Sargsyan signed a decree establishing a body to reform the legal instruments regulating Armenia's economy. The decree establishes a so-called "guillotine system," which will cut 25,000 economic regulations that impact or slow economic growth and decrease regulations to a manageable number by the end of 2012.³² The system will reduce the number of audits that companies are subjected to by 30 percent, effectively limiting the bureaucratic machinery that fuels corruption. The initiative was pre-approved by the OSCE in June and is currently in its planning stage.

Planned tax reform aims at increasing state revenue by targeting undertaxed income sectors. Tax collection grew in 2011, with the ratio of tax to gross domestic product reaching 20.6 percent by the end of 2011, compared to 20.2 percent in 2010 and 19.9 percent in 2009.³³ The draft budget for 2012 assumes the State Revenue Committee will deliver over 870 billion Armenian drams in revenue, which represents a 13 percent increase over the target budget for 2011.³⁴ The head of the State Revenues Committee, Gagik Khachatryan, questioned the feasibility of achieving this goal, but Prime Minister Tigran Sargsyan believes this sum can be reached by targeting large businesses and the shadow economy.³⁵ Indeed, one of Armenia's largest importers, Mega (reportedly owned by the head of the State Revenues Committee), doubled its tax payments in the first half of 2011.

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Azerbaijan

Capital: Baku
Population: 8.8 million
GNI/capita, PPP: US\$9,270

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	5.75	6.00	6.25	6.50	6.50	6.50	6.75	6.75	7.00	7.00
Civil Society	4.25	4.50	4.75	5.00	5.25	5.25	5.50	5.75	5.75	6.00
Independent Media Governance*	5.50	5.75	6.00	6.00	6.25	6.25	6.75	6.75	6.75	6.75
National Democratic Governance	n/a	n/a	6.00	6.00	6.00	6.00	6.25	6.50	6.50	6.75
Local Democratic Governance	n/a	n/a	6.00	6.00	6.00	6.00	6.25	6.25	6.50	6.50
Judicial Framework and Independence	5.25	5.50	5.75	5.75	5.75	5.75	5.75	6.25	6.25	6.50
Corruption	6.25	6.25	6.25	6.25	6.25	6.25	6.50	6.50	6.50	6.50
Democracy Score	5.46	5.63	5.86	5.93	6.00	6.00	6.25	6.39	6.46	6.57

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

In October 2011, Azerbaijan celebrated 20 years of independence from the Soviet Union. In its early period of transition and statebuilding, Azerbaijan experienced several years of instability, including a war with Armenia and Armenians from Nagorno-Karabakh over the breakaway region. Although a ceasefire agreement was signed with Armenia in 1994, the conflict remains unresolved and continues to pose serious challenges to regional security.

President Heydar Aliyev came to power in 1993 and remained in office for ten years, during which he strengthened his hold on the country by concentrating power in the executive branch. In October 2003, Aliyev was succeeded by his son, Ilham, following disputed elections that were deemed neither free nor fair by the Organization for Security and Cooperation in Europe (OSCE). All subsequent popular votes have failed to meet international standards.

President Ilham Aliyev's rule has moved Azerbaijan towards full-fledged authoritarianism characterized by intolerance for dissent and disregard for civil and political rights. This trend continued in 2011, with the regime taking a more systematic approach to cracking down on youth and opposition activism and imposing increasingly restrictive measures on religious freedom. The government also committed violations of property rights, especially in Baku, where residents were forcefully evicted and their homes illegally demolished.

National Democratic Governance. The ruling elite further strengthened its authoritarian grip on Azerbaijan in 2011. The regime brutally crushed burgeoning, Arab Spring-inspired youth and opposition demonstrations by detaining protesters and jailing lead opposition figures. Significant hydrocarbon wealth and success in obtaining nonpermanent member status at the United Nations Security Council in October 2011 further boosted the regime's confidence and weakened any possible leverage international pressure might have on rights and governance reform. Military spending continued to grow, increasing the possibility of escalating the Nagorno-Karabakh conflict. Owing to the government's increasingly systematic approach to stifling dissent, *Azerbaijan's national democratic governance rating drops from 6.50 to 6.75.*

Electoral Process. No election in Azerbaijan has been assessed as free and fair since the adoption of the country's constitution in 1995. Frequent irregularities have included the abuse of administrative resources, intimidation and harassment of the opposition, and election day violations. A repressive media environment also undermines the electoral process. The November municipal election reruns were characterized by voter apathy and marred by severe irregularities. *Owing to the*

authorities' interference in electoral process and severe harassment of political opponents, Azerbaijan's electoral process rating remains at 7.00.

Civil Society. Authorities cracked down on civil society activities in early 2011 with renewed intensity. The regime especially targeted opposition movements and youth activists using social media to organize protests in March and April 2011 and Azerbaijan Islamic Party members protesting the ban of the *hijab* in schools. Further restrictions were imposed on foreign nongovernmental organizations (NGOs), leading to the shutting down of the Human Rights House in March. *Authorities' harsh crackdown on civil society activists and further restrictions against NGOs cause Azerbaijan's civil society rating to decline from 5.75 to 6.00.*

Independent Media. The regime's systematic suppression of independent broadcast, print, and online media has effectively silenced public debate. In 2011 pressure against online activists increased. Violent attacks on opposition journalists continued in 2011, with full impunity for perpetrators. Libel continues to be a criminal offense. On a more positive note, newspaper editor Eynulla Fatullayev, whose release had been ordered by the European Court of Human Rights in April 2010, was finally set free in May after four years in prison on politically motivated charges. *Overall, Azerbaijan's media situation remains unchanged; therefore, the independent media rating stays at 6.75.*

Local Democratic Governance. Local self-government is controlled by the executive branch; in effect it is an extension of the patronage-based national governance system dominated by the ruling Yeni Azerbaijan Party. Municipalities are seriously underfunded and lack meaningful responsibilities or decisionmaking authority. Local elections are widely believed to be controlled by the executive. November 2011 saw rerun municipal elections in some 330 municipalities. The exclave of Nakhchevan enjoys a strong degree of autonomy, but is also the most repressive region of Azerbaijan. Due to the continued subordination of local governance to central authorities, *Azerbaijan's local democratic governance rating remains unchanged at 6.50.*

Judicial Framework and Independence. Although legislation guarantees judicial independence, in reality, the judiciary is deeply dependent on the executive. In 2011, the government increasingly exploited courts to punish its opponents. Scores of opposition and youth activists as well as religious leaders were detained and convicted on dubious charges, while egregious property rights violations committed by the authorities were either condoned or ignored. The justice system does not provide effective redress against rights violations and remains rife with corruption. Unfair trials and violations of due process are commonplace. Owing to the government's increasing use of the judiciary to crack down on opponents and cover up for its own rights abuses, especially property rights violations, *Azerbaijan's judicial framework and independence rating drops from 6.25 to 6.50.*

Corruption. At the beginning of 2011, President Aliyev announced an anti-corruption campaign in a loosely veiled attempt to improve the regime's image and prevent the type of mass antigovernment protests taking place across the Arab world. The campaign required state agencies to dismiss officials guilty of engaging in corrupt practices and publish lists of dismissed offenders. However, the media reported that some dismissal lists contained the names of dead or retired civil servants. High-level officials were neither forced to disclose their assets, nor held accountable when implicated in corrupt activities. Owing to the continued lack of transparency in oil revenue expenditures and a lack of political will to genuinely address systemic corruption, *Azerbaijan's corruption rating stagnates at 6.50.*

Outlook for 2012. Authoritarianism will continue to deepen in 2012 under President Aliyev, especially in the runup to the 2013 presidential race. Corrupt elites will continue to profit from the country's hydrocarbon wealth, while providing basic benefits to the general population in hopes of avoiding public outcry against deepening socioeconomic inequalities. Respect for civil and political rights is unlikely to strengthen substantially, although international attention on the 2012 Eurovision Song Contest may bring about some cosmetic improvements. Azerbaijan's militarization and precarious security along the Nagorno-Karabakh border with Armenia will continue to risk the escalation of the conflict.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.00	6.00	6.00	6.00	6.25	6.50	6.50	6.75

Since coming to power in 2003, President Ilham Aliyev has effectively consolidated power in the executive branch and moved Azerbaijan from semiauthoritarian rule to full-fledged authoritarianism. Stability is maintained at the expense of basic rights and civil liberties. Meanwhile, the authorities' campaign against critics of the regime has ensured a strong degree of compliance and self-censorship on the part of the general population and civil society.

Although the separation of powers is guaranteed by the constitution, in reality the executive branch fully dominates both the legislature and the judiciary. The 125-seat Milli Majlis (National Assembly) is a rubber-stamp body with no oversight or public debate function. The country's top-down governance system operates through patronage networks, which extend well into the country's regions, where they control local self-government structures.

Despite the government's demarches to stomp out dissent, popular opposition appeared reinvigorated in 2011, partly inspired by the prodemocracy movements in the Middle East and Northern Africa. For the first time in Azerbaijan, Facebook and other social media played a central role, particularly for youth activists, in organizing a series of antigovernment demonstrations in early 2011, calling for the president's resignation and dismissal of the government. Over 4,100 people signed up on Facebook to join so-called "Great People's Day" protests on 11 March, which attracted small, spontaneous protests throughout Baku.¹ Social media platforms were also used to promote the so-called "Great Day of Wrath" demonstration organized by popular opposition parties Musavat and Popular Front on 2 April in downtown Baku. Other opposition demonstrations organized jointly by Musavat and Popular Front took place throughout March and April. Claiming the demonstrations lacked authorization, the authorities brutally cracked down on all of the protests. According to the United States State Department Human Rights Report, Azerbaijani police detained on administrative charges some 400 people in the days before and after the March and April demonstrations and briefly detained but released the same day without charges 350 other individuals who participated in the protests.²

As in previous years, law enforcement agencies acted with impunity in 2011. Arbitrary arrests and detentions continued to occur, most often targeting opposition figures, youth activists, or outlawed religious groups. Police and military are widely criticized for the ill-treatment of detainees, and excessive use of force and torture. In January 2011, 31-year-old Elvin Askerov died in police custody at the Nizami District Police Station in Baku. Officials claim he sustained injuries while trying to

escape the police, but Askerov's family argues that his death was a result of brutal beatings he received at the station. Harsh, often life-threatening, conditions have also been reported in Azerbaijani prisons.

Rights activists report that several dozen political prisoners remain jailed. The Peace and Democracy Institute lists 61 Azerbaijanis as political prisoners and notes that while a few prisoners were released in 2011, for each one that is released 10 to 20 more are arrested.³ Meanwhile, the government continues to bar the Parliamentary Assembly of the Council of Europe's Rapporteur on Political Prisoners Christoph Straesser from entering the country.

Windfalls from oil and gas have permitted Azerbaijan's economy to perform relatively well despite the economic crisis. Growth slowed in 2011 compared to the 2003–08 period, when annual gross domestic product (GDP) grew at an average of 20 percent,⁴ but GDP still grew 0.5 percent by October 2011.⁵ Oil output also slowed in 2010, but increased oil prices promise continued high revenues.⁶ Natural gas resources are abundant; the French oil giant, Total, announced in September that another natural gas field had been discovered in Azerbaijan's Caspian basin.⁷

Reliance on oil and gas revenues has stalled the development of other sectors of the economy. However, in 2011 President Aliyev emphasized that the non-oil economy had grown 8.2 percent due to large public sector investment projects.⁸ The government has attempted to boost transportation, tourism, and agriculture, but growth in the non-energy sectors remains rooted in construction and financial services.

Rising food prices and inflation in 2011 negatively impacted low-income populations as the price of sugar and potatoes rose by 9.5 and 12.5 percent, respectively, in February.⁹ Many residents living near the border areas travelled to Iran to stock up on food. While significant poverty-reduction has been achieved over the past decade, dramatic disparities persist between the country's rich and poor.

Baku's military expenditures, which have soared over the past few years, continued to grow in 2011 with the defense budget projected to rise by an additional 45 percent between 2010 and 2011 or nearly 20 percent of the state budget.¹⁰ Azerbaijan's military budget exceeds the GDP of the Republic of Armenia. The military buildup and increasingly aggressive war rhetoric exacerbated the Nagorno-Karabakh conflict. An increasing number of serious incidents along the border demonstrated the precarious stability of the cease-fire. Although talks facilitated by Russian president Dmitri Medvedev in June raised hopes of mediating a resolution of the conflict, dissension prevented Armenia and Azerbaijan from agreeing to Russia's Basic Principles framework.

Azerbaijan's position as energy supplier and strategic location along the Afghanistan supply route have shielded it from direct pressure to improve its human rights record and progress on democratic reform from both the European Union (EU) and the United States. The regime largely escaped heavy condemnation for its violent crackdown on civil society and opposition protests in 2011. Moreover, Azerbaijan was rewarded with a new EU energy deal in January and a seat as non-permanent member of the United Nations Security Council in October. Because

the regime enjoys a comfortable income from oil and gas revenues, international actors have little economic bargaining power and fail to exert direct diplomatic pressure regarding human rights abuses and the lack of democratic reform. The international community's unwillingness to confront Azerbaijan on these issues has bolstered the regime's confidence, leading it to commit rights abuses with less and less restraint.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	6.00	6.25	6.50	6.50	6.50	6.75	6.75	7.00	7.00

Electoral processes have been deeply flawed in Azerbaijan since its 1991 independence (although the 1992 presidential poll did feature a degree of genuine contestation). No election since the 1995 constitution has met international standards of freedom and fairness. Most recently, the October 2008 presidential elections, March 2009 referendum, December 2009 municipal elections, and November 2010 parliamentary elections have further demonstrated citizens' inability to achieve a peaceful change of power under the prevailing system.

Grave irregularities in recent elections have included the extensive use of administrative resources by the ruling party for campaign purposes, voter intimidation, harassment of the opposition, and vote buying. Traditional election day violations have also included ballot stuffing, illegal campaigning, carousel voting, and voter list irregularities as well as restrictions on observers and flawed vote tabulation. The overall electoral environment is marred by serious restrictions on political participation, a lack of political competition, and the near absence of open public debate; this is further exacerbated by the government's effective control of the media.

Since the severe government crackdown on demonstrators protesting the conduct of the 2003 and 2005 parliamentary elections, and given the growing pressure against all forms of dissent, the population in Azerbaijan has been minimally engaged with electoral processes. There are no meaningful redress mechanisms against widespread election fraud or human rights abuses, and election results appear to be accepted by the population with a strong degree of resignation.

The Yeni Azerbaijan Party (YAP) dominates the election commissions. Traditional opposition parties have not participated in electoral commissions since 2005 and are restricted from public assembly, rallies, or meetings during the non-election period. In contrast to the partial boycott of the 2008 and 2009 polls, all parties chose to participate in the 2010 election. However, opposition parties faced serious registration difficulties. On average, the four opposition blocs managed to register one in three hopefuls.¹¹ Only 719 candidates (compared with 2,062 in 2005) were registered out of a total of 1,407 hopefuls and 27 of these subsequently withdrew.¹² Every YAP would-be candidate was allowed to register, while only 17 out of 120 hopefuls successfully registered for the Democracy bloc.¹³ For the first

time, Azerbaijan's two main opposition parties did not win a single seat in the new Milli Majlis.

In January 2011, the final observation report on the November 2010 parliamentary elections by the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR) concluded that the poll failed to conform to a number of key OSCE commitments for democratic elections as well as national election law. Specifically, the report stated that the electoral environment did not provide the conditions necessary for a meaningful and competitive election, citing limitations on the freedom of assembly and expression as well as a deficient candidate registration process, biased media coverage, disparity in candidates' access to campaign resources, misuse of administrative resources and interference by local authorities in favor of the ruling party's candidates.¹⁴ Rerun municipal elections took place in 86 electoral districts on 30 November, with 460 municipal council seats contested in 330 municipalities.¹⁵ There was very little public interest in or media coverage of the by-election which was by and large a pro-forma process.

In December the Council of Europe's Venice Commission sternly criticized new draft amendments to the Law on Political Parties for raising the registration threshold from 1,000 to 5,000 members.¹⁶

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.25	4.50	4.75	5.00	5.25	5.25	5.50	5.75	5.75	6.00

The government's stifling of Azerbaijani public life continued in 2011 with renewed assertiveness. The country's political opposition has been effectively undermined over the past years; consequently, authorities have no serious political rivals. Civic and political apathy is widespread, and self-censorship is prevalent in civil society work. Despite these repressive conditions, opposition parties and civil society demonstrated an unusual boost of activism at the beginning of 2011. However, instead of developing into a larger public movement for change, the spring protests gave way to harsher and more systematic crackdowns on dissent.

Demonstrations that took place in the Arab world in spring 2011 seemed to energize Azerbaijan's opposition parties and youth activists, who organized antigovernment protests early in the year. Authorities were particularly unnerved by nonpartisan youth activists and youth wings of opposition parties, who made increasing use of internet platforms, such as social networking sites, like Facebook and blogs, to express antiregime sentiment and promote prodemocracy demonstrations. Wary of the potential impact of demonstrations, authorities preemptively intimidated and arrested activists in the runup to the widely publicized "Great People's Day" protests of 11 March. Despite its internet publicity, the aggressive response of authorities detracted many would-be participants and the event was very sparsely attended.

The Musavat party's 12 March protest in downtown Baku attracted several hundred protesters, calling for greater protection of civil and political freedoms, release of political prisoners and President Aliyev's resignation. In an effort to limit participation, police beat and detained people, who were on their way to the demonstrations. Many of those arrested were tried in late-night closed trials and at least 30 people were sentenced to 5–15 days in prison on charges of disobeying police orders or participating in an unsanctioned rally.¹⁷

On 2 and 17 April, opposition parties held more unsanctioned rallies in downtown Baku, which were attended by hundreds, further unnerving the authorities. The police used force to disperse both rallies and detained scores of demonstrators. On 26 April, police raided Musavat's headquarters, searching for information on the activities of the Public Chamber, an umbrella organization of opposition party representatives, civil society, and human rights activists. A European Parliament resolution, deeply critical of the human rights situation in Azerbaijan, concluded that more than 200 people were detained on 2 April, including the head of Musavat's youth organization, Tural Abbasli.¹⁸ Amnesty International considers 17 persons sentenced in the runup to and during the protests to be prisoners of conscience.¹⁹

Although the constitution of Azerbaijan guarantees freedom of religion, some religious groups experience considerable harassment. Groups the authorities see as beyond their reach are frequent targets of government pressure. These include Islamic groups, such as the Salafis, that are not registered with the State Committee for Work with Religious Structures or that do not cooperate with the Board of Muslims of the Caucasus, a Soviet-era body that officially runs Islamic affairs in the country. Other targets include certain protestant communities and the Jehovah's Witnesses.

Throughout 2011, the government continued its crackdown on Islamic leaders, especially those engaging in demonstrations against the December 2010 ban of the hijab, the Muslim headscarf, in schools. While no law specifically prohibits the hijab, the Law on Education requires school children to wear uniforms and the Ministry of Education insists on a strict application of this law. The ban led to demonstrations in late 2010, continuing through 2011. Movsum Samadov, the head of the pro-Iranian Shiite Azerbaijan Islamic Party (AIP), which was stripped of its registration in 1995, and other members of the AIP were detained in early January for alleged public disorder and sentenced to 12 years imprisonment in October. Several dozen other Islamist activists were also arrested in January on similar charges. On 6 May police again clashed with protesters at an unauthorized demonstration against the ban in Baku.

The ban has also divided Muslim communities within Azerbaijan. Salafi communities, for example, have not joined the Shiite AIP's push against the hijab ban since they generally do not wear Islamic dress. Laws regulating the hijab run the risk of radicalizing the broader, largely secular community by politicizing of the issue.

Baku will host the 2012 Eurovision Song Contest and local and international rights activists are using the opportunity to campaign against rights abuses in the

country. In August, several local rights organizations launched the “Freedom Songs in a Non-Free Country” campaign, calling for the release of political prisoners, greater media pluralism, and respect for the freedom of assembly and property rights.²⁰ In response, Prime Minister Artur Rasizade pledged to guarantee all freedoms and ensure all contest participants secure and problem-free entry to Azerbaijan, including the Armenian delegation, which is one of the Eurovision’s preconditions. The Armenian delegation’s easy entrance into Azerbaijan would represent a significant achievement since past Eurovision contests have been battlegrounds for conflict between the two countries.

Oppressive government policies and a strategy of selective funding have left the still-developing nongovernmental organization (NGO) sector splintered and without significant impact. Over 3,000 NGOs are officially registered but only a small subset can be considered genuinely effective. Most active organizations are based in the capital, Baku. Registration procedures for NGOs are vague and nontransparent. It has been especially difficult for NGOs to work in areas the government perceives as sensitive; activities seeking systemic democratic change typically encounter the strongest obstacles. A 2009 law on NGOs gives the authorities significant discretionary powers, such as banning any NGO activity if it presents an unlawful “appropriation of” or “interference with” the state’s powers. In October 2011, the Venice Commission issued an opinion calling the law “problematic.”²¹

In early 2011, the government stepped up pressure against NGOs by tightening restrictions on registration for foreign NGOs and limiting the activities of both local and foreign organizations. Starting on 17 March, foreign NGOs are required to receive prior approval from the authorities in order to conduct activities in Azerbaijan. Furthermore, they must respect so-called “national moral values,” which remain undefined, and they are prohibited from engaging in political or religious propaganda. In March 2011, the Human Rights House Azerbaijan, a branch of the international Human Rights House Foundation, was closed down by order of the Ministry of Justice because its activities were not approved. In March, the United States–based National Democratic Institute, which has been denied registration since 2006, was also shut down by police for lacking proper registration, but was allowed to reopen in September and continues to operate. Three local NGOs in the city of Ganja were also evicted from their premises without formal notification or apparent legal ground.²²

A growing number of government-organized nongovernmental organizations (GONGOs) operate in the country, often funded by the President’s Council on State Support to NGOs. Since its establishment in 2007, the council has allocated nearly US\$6 million in funding to supposedly nongovernmental organizations.²³ Analysts suspect that the government uses the council as a means to monopolize the civic sector with regime-loyal civil society organizations, all under the guise of official support for diversity and pluralism.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.75	6.00	6.00	6.25	6.25	6.75	6.75	6.75	6.75

Azerbaijan's Law on Mass Media, adopted in 2000, guarantees freedom of speech, support for the media, access to information, and protection of journalists' rights. In practice, the authorities have used violence, intimidation, and criminal laws to stifle public debate and silence dissenting voices.

Official state censorship was abolished in 1998, but the authorities' campaign of intimidation and harassment of journalists has resulted in a strong degree of self-censorship. It is not uncommon for journalists reporting on controversial topics to be charged with criminal lawsuits or even assassinated. In October, Avaz Zeinalli, editor-in-chief of the *Khural* newspaper, was arrested for allegedly extorting bribes. In reality, Zeinalli had published an article that claimed an official had offered him a large sum of money in exchange for loyalty to the government. Rafiq Tagi, a well-known writer and journalist, was jailed in 2007 for articles deemed critical of Islam. He was later pardoned, but his work sparked outrage in religious communities in Azerbaijan and Iran.²⁴ In November, Tagi was stabbed to death in Baku.

Libel remains a criminal offense in Azerbaijan, despite strong, repeated criticism from international organizations, including the Council of Europe (CoE) and the OSCE Representative on Freedom of the Media. Politically motivated libel charges, which carry punishments ranging from large fines to three years' imprisonment,²⁵ are often filed against journalists. In the first half of 2011, authorities initiated seven libel cases.²⁶

According to the Institute for Reporters' Freedom and Safety, a local media watchdog, over 50 journalists were attacked or harassed in 2011, many for their criticism of the government's lack of transparency and human rights abuses. In 2011, as in previous years, several attacks on journalists elicited no credible investigation by the authorities. Among the most shocking attacks was the 2005 murder of Elmar Huseynov, the editor-in-chief of *Monitor*, whose perpetrators were never brought to account.

As traditional media stagnate under government constraints, internet media have become increasingly significant in Azerbaijan, especially for promoting sociopolitical movements during the spring 2011 prodemocracy protests. In the runup to the March demonstrations, authorities jailed several online activists in an attempt to prevent largescale protests. Among the highest profile cases were those of Bakhtyar Hajiyev and Jabbar Savalan. Hajiyev, member of the youth movement Positive Change, was arrested after posting Facebook messages in support of the 11 March protests and calling on the police not to harm protesters. In May, he was sentenced to two years in prison;²⁷ a Baku court rejected his appeal for early release in December. According to rights groups, Hajiyev suffered ill-treatment while in detention. Jabbar Savalan, a history student and opposition activist, was arrested after re-posting articles criticizing the authorities on Facebook. He signed a false

confession in custody while under extreme duress and was sentenced to over two years in prison on drug possession charges.

Opposition journalists from traditional media outlets were also violently attacked in 2011. Seymour Khaziyev, a journalist for the opposition newspaper *Azadlyg*, was abducted and tortured by masked men on 26 March. Several days later, another *Azadlyg* reporter, Ramin Deko, was abducted by three unidentified men and subjected to psychological torture and intimidation. The following day Deko was attacked again and beaten for speaking to the press about the incident.

Authorities also sought to thwart reporting on public protests. During the 2 April “Great Day of Wrath” protest, police prevented some 30 journalists from accessing Fountain Square, the location of the rally. International journalists have also been targeted: three of Sweden’s First National TV reporters were detained on their way to cover a 17 April opposition demonstration in Baku and accused of illegally taking photographs, despite having acquired press accreditation.

Other international journalists were attacked or prevented from reporting on issues unrelated to the spring protests. In June, American freelance writer Amanda Erickson and British activist Celia Davies were severely beaten in downtown Baku. In July, Bloomberg photographer Diana Markosian was deported, presumably because of her Armenian surname.

The year 2011 brought positive developments in the long-standing case against Eynulla Fatullayev—the editor-in-chief of two newspapers, *Gundelik Azerbaijan* and *Realniy Azerbaijan*, and a vocal critic of the authorities. Under strong international and domestic pressure, President Aliyev finally pardoned and released Fatullayev on 26 May. The pardon came after the CoE’s Committee of Ministers urged Azerbaijan on 10 March to uphold the ECHR ruling that determined Fatullayev’s detention was illegal and called for his release.

Television and radio remain the most influential media in Azerbaijan. AzTV, the country’s main national broadcaster, is financially supported by the state and operates under direct control of the president’s office. Print media have small circulation and unreliable distribution beyond Baku. The handful of relatively influential newspapers tend to be politicized and only a few, such as the Russian-language *Zerkalo*, offer independent, reliable coverage.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.00	6.00	6.00	6.00	6.25	6.25	6.50	6.50

Azerbaijan’s system of local self-government was defined by the 1995 constitution, and is carried out by both local bodies of state administration and elected municipal governments. The Law on Municipal Elections and the Law on the Status of Municipalities were adopted in 1999, the year of Azerbaijan’s first municipal polls. Since then, 2,757 municipal governments have been established, ranging from small rural villages to large cities.

Municipal councils consist of 5 to 19 members, depending on the number of people residing in the territory governed. Councils are elected for 5-year terms, and elections are held by a relative majority system in multi-mandate territories. In September 2009, the Milli Majlis passed a law on the unification of municipalities whereby their number decreased to 1,766. Authorities argued that the reform increased the efficiency of local self-government, especially in territories with a small population. Critics, however, said this may result in fewer posts for local representatives.

In 2001, Azerbaijan ratified the European Charter of Local Self-Government, which endows municipalities with substantial responsibilities and decisionmaking authority. However, in reality, municipalities have few responsibilities and remain fully subordinate to the executive. Constitutional amendments in 2009 further decreased the independence of local self-governments, granting the state powers to “oversee” activities of municipalities, without clearly defining the exact scope of this supervision.²⁸ Another ambiguously worded amendment called for municipalities to submit regular reports to the Milli Majlis; this represents yet another mechanism for imposing YAP’s authority at the local level.

The patterns of governance at the local level in Azerbaijan mirror those at the higher levels of administration. Municipal authorities align themselves with local branches of state administration, extensions of the ruling party and its structure. These provide access to and further distribute patronage, also ensuring electoral victory for individuals at the municipal level who comply with the ruling party’s wishes.

Local branches of state government carry out most functions assigned to municipalities (community service projects, renovations, citizen registration, social services, etc.), while municipal authorities handle issues such as road construction or social assistance for households not benefiting from state social programs. Patronage and access to resources without accountability are characteristic of local governance throughout the country. The mayor of Baku continues to be appointed by the president despite Azerbaijan’s commitments under the Charter of Local Self-Government and strong calls by the CoE to make this an elected office.

There is little transparency in the work conducted by self-governance structures, and citizens have only vague ideas about what elected or appointed officials actually do. As a consequence, public trust in local self-government structures is low, especially in larger urban areas. Municipal authorities also lack adequate funding, as their real revenue represents only a small percentage of budgetary needs. Local authorities have been known to make up their own rules, inappropriately using force to maintain order, at times with the help of central authorities. In December, in the Caspian coastal Lankaran district, police detained nine fishermen after border guards sought to prevent them from fishing beyond the 2-mile limit. When around 150 other villagers arrived to demand their release, Interior Ministry troops used tear gas and rubber bullets against them.²⁹

In contrast to other municipalities, the exclave of Nakhchevan enjoys a strong degree of autonomous governance, but is also the most repressive region of

Azerbaijan. The chair of the local parliament for the past 13 years, Vasif Talibov, who is related by marriage to the Aliyev family, is said to run the region as his personal fiefdom. Restrictions on rights and freedoms are severe, and authorities engage in extreme authoritarian practices with full impunity.

Nakhchevan's village of Bananyar witnessed a violent crackdown by the authorities on peaceful demonstrations in late 2009 and early 2010. The demonstrations followed an incident in which 15 village elders were detained for marking the day of Ashura, a Shiite religious holiday, which the police saw as an "unauthorized gathering." This sparked a 10-day standoff between demonstrators and the police, who were backed by troops from the Interior Ministry. In 2011 other religious communities, such as Sunni Muslims and Jehovah's Witnesses were targeted. Reportedly, a Shia imam associated with the official religious structures was appointed to run Nakhchevan's only Sunni mosque in early 2011.³⁰

Police brutality is a common occurrence in the region of Nakhchevan. Turak Zeynalov, a technician, was found dead in the Nakhchevani Ministry of Security on 29 August, a day after having been summoned there on charges of "working for Iran." The Zeynalov family said his body showed signs of torture and his head had been disfigured, while authorities claim he died of cancer.³¹

In 2011, Nakhchevani authorities continued to threaten independent media and opposition activists and generally avoid opportunities for criticism. While investigating Zeynalov's case, Radio Free Europe/Radio Liberty (RFE/RL) reporter Yafez Hasaov was expelled from the exclave by three men, who forced him into a car, drove him to the Iranian border and warned him not to come back.³² In December, Zeynal Bagrizade, a member of the Nakhchevan branch of the opposition party Popular Front was taken into custody on charges of "faking his disability and stealing from the state." His family said he had been tortured in detention before being hospitalized and his brother said the family had been warned by the authorities to give up its political activities.³³ When United States ambassador to Azerbaijan Matthew Bryza sought to visit the ancient Armenian cemetery in the Nakhchevani town of Julfa in April 2011 in order to investigate the reported 2005 destruction of Armenian religious grave markers (*khachkars*), his request was denied without explanation.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.25	5.50	5.75	5.75	5.75	5.75	5.75	6.25	6.25	6.50

Although separation of powers is guaranteed by the constitution, in reality the executive branch dominates the judiciary. In 2011, authorities used courts to punish activists protesting the ban of hijab in schools as well as participants in prodemocracy protests. Movsum Samadov, the leader of the AIP, was detained in January after he publically criticized the government for the hijab ban,³⁴ calling for an overthrow of the regime. The government charged him with illegal arms

possession, inciting terror, and seeking to change the constitutional system. Many other leading AIP members and associates were detained on illegal drugs and arms possession charges, including two prominent Islamic activists—the deputy chair of the AIP Arif Gaiev and the editor of the Islamic news website *Islam-azeri.az*, Ramin Bayramov.³⁵ Charges in these cases appeared politically motivated; in some cases National Security Ministry, rather than police, held the suspects. In October, Baku’s Court for Serious Crimes sentenced Samadov and six others, including AIP deputy chairman Vagif Abdullayev and the head of AIP’s regional branch in Astara, Ruffulla Axundzadeh, to prison terms of at least 10 years each.³⁶

The crackdown on opposition protesters and social media activists led to a series of flawed trials. In early March, at least five activists, including Bakhtyar Hajiyev and Jabbar Savalan, were arrested on apparently fabricated charges.³⁷ They were denied access to their lawyers and the families of at least two activists were denied information about their whereabouts.³⁸ On 26 August, six more activists—Arif Alisli, Elnur Israfilov, Elsan Hasanov, Sahib Karimov, Zulfugar Eyvazli, and Babek Hasanov—were sentenced to jail terms ranging from 18 months to 3 years in connection with the 2 April opposition protests.³⁹ On 3 October, four activists—Arif Hajili, Tural Abbasli, Mahammad Majidli, and Fuad Gahramanli—were convicted on charges of conspiracy to violate public order; and on 10 October four more activists—Ahad Mammadov, Ulvi Guliyev, Elnur Medzhidli, and Rufat Hajibeyli—were sentenced on charges of disturbing public order and resisting the police.

Lawyers defending civil society activists face serious intimidation from the regime. Khalid Bagirov, lawyer to the Askerov family, whose son died in police custody in January 2011, was disbarred for one year as a result of his involvement in the case. Similarly, Elchin Namazov, lawyer to Bahtyair Hajiyev, was permanently disbarred and faces criminal charges.⁴⁰

Property rights violations are another area where judicial independence is lacking. Expropriations and property demolitions took place in 2011, carried out as part of first lady Mehriban Aliyeva’s “Urban Renewal” plan, launched in 2009. The plan earmarks a segment of the old town, including all buildings on Shamsi Badalbayli, one of Baku’s older streets, for demolition in order to make space for a city park. As a result, many residents have lost their homes, without adequate compensations or access to appeal. In exchange for their homes in the old town, residents were offered AZN 1,000 (US\$1,900) per square meter (which is at least 50 percent less than the market rate) or property of lesser value in other parts of Baku.⁴¹ Residents have reportedly suffered intimidation from the authorities, including the use of heavy machinery for tearing down houses before residents have vacated.⁴² Azerbaijani authorities are facing severe international criticism on the issue, since expropriation has no legal basis in Azerbaijani law.

In June, prominent human rights defender Leyla Yunus and her husband, whose house had also been marked for demolition, attracted attention to the issue by writing on the walls of their home: “This is private property and the destruction of this house violates the constitution, and the European Convention on Human

Rights.”⁴³ In addition to being the Yunuses’ private residence, the building was home to several civil society organizations: the Yunuses’ Institute of Peace and Democracy, the Azerbaijani Campaign to Ban Landmines, and the only women’s crisis center in Baku. The Yunuses appealed the decision to demolish their property and in May an administrative economic court ruled that demolition was inadmissible without a final court decision.⁴⁴ Nevertheless, their building was torn down on 11 August without prior warning. Employees requesting time to take equipment and documents out of the building before it was destroyed were denied.

In December, a violent clash occurred between residents of Sulutepe, a settlement on the outskirts of Baku, security employees of the Azerbaijani State Oil Company (SOCAR), and police, resulting in casualties. SOCAR demolished the residents’ homes, claiming that the land had been illegally occupied. Residents argued that the municipality had given them permission to build their homes there and they had received no notifications or court orders commanding the demolition. SOCAR has plans to develop oil production outside of Baku, including the Sulutepe area, where several thousand homes are now disputed.⁴⁵

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.25	6.25	6.25	6.25	6.25	6.25	6.50	6.50	6.50	6.50

Azerbaijan has consistently ranked among the world’s most corrupt countries. In 2011, Transparency International’s Corruption Perceptions Index ranked Azerbaijan 143rd out of 186 countries assessed, on par with Russia.⁴⁶

On 27 January 2011, President Aliyev announced an unprecedented anticorruption campaign. The campaign appears to have been a calculated attempt by the regime to improve its image in hopes of avoiding an Arab Spring–like scenario. While in the past officials have dismissed or ignored corruption, the anticorruption campaign became the new rhetorical focus of government institutions in early 2011. But despite the government’s insistence on the sincerity of its long-term commitment to fighting corruption, status quo remained throughout the year.

The feature of the campaign that yielded the most impact was a presidential decree prohibiting traffic policemen from receiving fines in cash and allocating 25 percent of the collected fines and customs fees to salaries of policemen and customs officials. The governmental anticorruption commission, headed by the chief of the presidential administration, Ramiz Mehdiyev, met in January, reportedly for the first time since its establishment in 2009.

The decree called for state agencies to dismiss officials guilty of engaging in corrupt practices and publish lists of dismissed offenders. Government institutions competed with each other to achieve the greatest number of dismissals and rhetorically denounced corruption in public meetings. In the first two months of the campaign, the prosecutor general completed 17 corruption investigations

and established a hotline for reporting corrupt practices, which reportedly received nearly 1,000 calls.⁴⁷ The campaign stopped short of targeting top-level officials, but led to the February dismissal of the heads of the AzerSu state water distribution company and the state penitentiary system, both notoriously corrupt institutions in Azerbaijan.⁴⁸

The public as well as many analysts remained skeptical about the authenticity of the campaign, seeing it as a public relations exercise that fell short of tackling high-level corruption and the patronage system. Most state bodies published only the numbers of officials guilty of corrupt practices, not their names, which was reminiscent of Soviet-era practices.⁴⁹ Media reported that some of those allegedly dismissed were in fact moved to different departments or even promoted. The Ministry of Education dismissal lists also included names of deceased or retired civil servants.

Financial disclosure is notoriously lacking among government officials and the anticorruption campaign did not improve transparency of public officials' income and assets as required by a 2006 law. A June 2011 RFE/RL investigation found that President Aliyev's daughters are key shareholders in one of the country's largest mobile phone operators, Azerfon.⁵⁰ The president's wife, Mehriban Aliyeva, and their two daughters are also believed to control several of the country's largest banks.⁵¹ According to a March 2010 *Washington Post* article, the Dubai land registry contains entries of real estate worth US\$75 million owned by Azerbaijanis whose names and ages match those of President Aliyev's children.⁵²

In September, a British Broadcasting Corporation (BBC) report alleged that a top official in the World Series Boxing league (WSB), which is a franchise of the International Amateur Boxing Association (AIBA), had boasted about a secret deal to secure Azerbaijani funding in return for gold medals for Azerbaijani boxers in the 2012 Olympics. All those named in the report denied the allegations. Documentary evidence obtained by the BBC included communications between the AIBA, WSB, and Azerbaijan's Minister for Emergency Situations about an investment agreement for a US\$10 million loan, as well as an email apparently from the WSB official to the ministry with the request to "transfer investment money as soon as possible to WSB's American account."⁵³ The money was reportedly transferred from Azerbaijan, where President Aliyev is the head of Azerbaijan's National Olympic Committee.⁵⁴ Still, there is virtually no public debate in the country regarding high-level corruption.

Although the existing legislative and institutional frameworks for fighting corruption were enhanced in 2011, legal provisions continue to be rarely implemented. Corruption cuts across all classes and spheres of society; bribery is common at all levels with top officials profiting significantly. In addition to being a money-making enterprise, corruption is also a way of exerting political control. Accomplices in corrupt practices are closely tied to the authorities, who selectively apply anticorruption legislation to control potential adversaries.

Banks receive credits at a highly padded rate from the Central Bank. When the Central Bank increased its interest rate in March 2011 from 3 to 5 percent, an independent commentator said this would have no impact on consumer loans,

which are reportedly given at 18–36 percent interest. Even with increased interest rates, banks receive credits, including bribes, at 14–15 percent.⁵⁵

Azerbaijan takes pride in being a successful implementer of the Extraction Industries Transparency Initiative (EITI). Its compliance with EITI has significantly increased the transparency of state oil revenues. However, according to a 2011 Promoting Revenue Transparency report, the state oil company SOCAR scored zero percent for reporting corrupt practices to anticorruption programs. In terms of disclosure of organizational structure, operations, partnerships, and standards, SOCAR scored 50 percent, while other companies scored 65 percent, on average.⁵⁶ The management and expenditure of energy revenue remain largely nontransparent and are prone to high-level corruption. Likewise, there is little transparency in public procurement and contracting; state investments accounted for 34 percent of total expenditures (US\$5.2 billion) in the 2010 budget,⁵⁷ and grew by nearly 40 percent in the first 9 months of 2011.⁵⁸ Azerbaijan's Audit Chamber, the body tasked with overseeing public expenditure, is under political pressure by the authorities and is generally weak.

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Belarus

by Alexei Pikulik and Dzianis Melyantsou

Capital: Minsk
Population: 9.5 million
GNI/capita, PPP: US\$13,590

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	6.75	6.75	7.00	7.00	7.00	7.00	6.75	6.75	7.00	7.00
Civil Society	6.50	6.75	6.75	6.75	6.50	6.50	6.25	6.00	6.00	6.25
Independent Media	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.50	6.75	6.75
Governance*	6.50	6.50	n/a							
National Democratic Governance	n/a	n/a	6.75	7.00	7.00	7.00	6.75	6.75	6.75	6.75
Local Democratic Governance	n/a	n/a	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.75
Judicial Framework and Independence	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	7.00
Corruption	5.50	5.75	6.00	6.25	6.25	6.25	6.00	6.00	6.00	6.25
Democracy Score	6.46	6.54	6.64	6.71	6.68	6.71	6.57	6.50	6.57	6.68

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Belarus is a consolidated autocratic regime, in which the economy is controlled by the state with the exception of some limited activity in the private sector. Since coming to power in 1994, President Alyaksandr Lukashenka's political strategy has centered on creating revenue from external economic rents and using them to establish a kind of social contract with the population, providing sustained social welfare in exchange for public loyalty. External rents, mostly from Russia, come in the form of oil and gas subsidies, but also in the form of special conditions in regional customs agreements and support in deterring international pressure for implementing reforms. In 2007, Russia, a longtime sponsor of the Lukashenka regime, began to withdraw the massive energy subsidies upon which Lukashenka's personalistic rule and Belarus's "socially oriented" model of unreformed, command-style economy were largely built. The removal of this stabilizing factor forced the state to embark on a partial transformation of its socioeconomic model. Pressure from the worldwide financial crisis, Western sanctions, Russia's war with Georgia, and energy conflicts with Moscow forced the government to free political prisoners, relax repression on democratic activists, and initiate liberalization of the business climate, along with some unpopular reforms in the social sphere. Minor progress in market reforms and human rights was enough to renew hopes of a thaw in Belarus's relations with the West, bring Belarus to the European Union (EU) Eastern Partnership Program, and secure stabilization loans from the International Monetary Fund.

Unable to depend on Moscow's support, Lukashenka courted the EU's recognition of his December 2010 reelection by marginally increasing the freedom of media and political and civil society actors in the months preceding the 19 December vote. Domestically, the president also bolstered his support with economic incentives, raising the average salary in Belarus to close to US\$500 a month. As in previous years, opposition campaigns suffered from disunity and self-defeating political tactics; nevertheless, an unprecedented nine candidates were allowed to collect signatures, campaign via state-owned media, and appear on the ballot next to the incumbent president.

The crackdown that ensued on 19 December led to the imprisonment of seven out of nine presidential candidates and a wave of arrests and intimidation of the political opposition, terminating any hope of a thaw in Lukashenka's authoritarian rule. In 2011, the government responded to growing economic crisis and consequent decline in public support by preemptively repressing the political opposition and civil society organizations. Opposition members and other activists involved in the anti-Lukashenka demonstrations of December 2010 suffered intense reprisals

during the year, with hundreds of arrests and sentences passed down in January and June–July 2011.

National Democratic Governance. Political repression of civil society and the opposition continued to intensify in the aftermath of the 19 December 2010 presidential elections. By the end of 2011, the regime had 15 political prisoners, including well-known opposition figures. Throughout 2011, the defining features of President Lukashenka's consolidated autocratic regime remained constant, and no breakthrough in political democratization occurred. In order to keep the country's economy afloat, President Lukashenka cultivated partnerships with donor-governments like China, Azerbaijan, and Iran, whose assistance is not conditional upon his government's human rights record. *Belarus's national democratic governance rating remains unchanged at 6.75.*

Electoral Process. Elections in Belarus are largely an administrative formality, conducted to validate the selection of progovernment candidates. Legislation fails to protect such basic tenets of free and fair elections as equal campaigning opportunities, representation of all political parties in the country's electoral commission, and transparent vote counting. In 2011, Lukashenka and the head of the Central Electoral Commission responded to strident criticism of the 2010 presidential elections by discussing additional modifications to the electoral system; however, these discussions did not translate into legislation, nor do the proposed changes in any way address fundamental obstacles to transparency and fairness in Belarus's electoral process. *Belarus's rating for electoral process remains unchanged at 7.00.*

Civil Society. Throughout 2011, the regime continued its intimidation of the opposition through harassment and arrest of journalists and prominent activists like Ales Bialiatski of the Viasna Human Rights Centre. At year's end, Lukashenka signed draft amendments that substantially restricted funding options for civil society organizations. *Belarus's civil society rating worsens from 6.00 to 6.25.*

Independent Media. The Lukashenka regime continued its systematic suppression of media freedom in 2011. During the summer's "silent protests," 95 journalists were detained and the KGB conducted several raids on the offices of independent media outlets. However, a few independent newspapers are still permitted to operate and internet media remain relatively unrestricted, *leaving Belarus's independent media rating at 6.75.*

Local Democratic Governance. Local officials have extensive responsibilities in carrying out government programs, especially in the areas of health, administration, and infrastructure. However, they are often underfunded due to the lack of local revenue sources. In November 2011, Lukashenka ordered the formation of a new army called the territorial defense troops, in which regional governors hold the rank of major-general. *Belarus's local democratic governance rating remains at 6.75.*

Judicial Framework and Independence. The legal system in Belarus continues to be subordinated to the president, with courts playing the role of punitive bodies executing the president's will against political opponents. Opposition members and other activists involved in the anti-Lukashenka demonstrations of December 2010 suffered intense reprisals in 2011, with hundreds of arrests and sentences passed down in January and June–July. In September 2011, the government created a special body subordinated to the president that will take over the investigative functions of the Prosecutor's Office, the Interior Ministry, and the Financial Monitoring Department of the KGB, effectively eliminating the last space for independent activity in the judicial system. *Therefore, the judicial framework and independence rating worsens from 6.75 to 7.00.*

Corruption. The Lukashenka regime's attempts to sustain Belarus's economy led to multiple devaluations of the currency in 2011. In November, the Republic of Belarus sold its 50 percent stake in the Belarusian gas transport company Beltransgaz to Russia's Gazprom in exchange for a low fixed rate on gas imports. The decision, which is contrary to Belarus's long-term strategic interests, represents a clear attempt on Lukashenka's part to suppress mounting public discontent over high gas prices. Due to the president's disregard for national interests in favor of maintaining his hold on power, *Belarus's corruption rating worsens from 6.00 to 6.25.*

Outlook for 2012. As a postelectoral Russia returns its focus to forging economic unions in the region, the Lukashenka regime may find itself under increasing pressure from its eastern neighbor. The sale of Beltransgaz to Gazprom and the resulting oil and gas prices promise to strengthen Russia's role in Belarusian politics and its economy.

If Russia withholds its economic support, Lukashenka will probably attempt to reopen a dialogue with the West—and especially with Western lending institutions—by releasing the regime's remaining political prisoners. Over time, Lukashenka will be forced to transform his formerly inclusive autocratic regime—in which the regime gains popularity by providing stable social welfare—into an exclusive autocratic regime, in which the regime shifts resources away from the public towards paying off elites in order to win their loyalty.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.75	7.00	7.00	7.00	6.75	6.75	6.75	6.75

The constitution of the Republic of Belarus, amended in a controversial referendum in 1996, established a system of unlimited presidential authority over the executive branch, local administrations, and the security apparatus. Presidential decrees overrule laws adopted by the parliament and regulate the activities of the Constitutional Court. The president appoints and removes regional and local governors, all judges (except for the chairman of the Supreme Court), half of the Constitutional Court, half of the Central Election Commission (CEC), and 8 out of 64 members of the Council of the Republic (the upper house of the parliament). A constitutional referendum in 2004 removed the last check on presidential powers by waiving presidential term limits.

Dependence on oil and gas revenues from Russia has turned Belarus into a rentier state.¹ Lukashenka's regime maintains power by redistributing external economic rents obtained from Russia—including energy subsidies and privileged access to the Russian market—in exchange for domestic political support. With up to 70 percent of the population employed by the state, the government is able to purchase loyalty by bailing out insolvent sectors of state-owned economic enterprises, inflating salaries when expedient, and spending heavily on welfare services. In addition to ensuring regime support, external rents have helped strengthen the security apparatuses of the regime.

After 2007 the flow of rents from Russia drastically declined, forcing Lukashenka to pursue funding opportunities in the West. Belarus's reluctant courtship of European support resulted in the appearance of human rights improvements and political thaw at different times between 2007 and 2011, most recently in the run-up to the 2010 presidential election. An unprecedented nine opposition candidates were registered to run for office and were allowed to campaign without much harassment; they were even allowed to address the public on national television. However, this political thaw showed no promise of genuine liberalization, as authorities reaffirmed their full control over the election commissions.

Any façade of liberalization during the presidential campaign was abruptly dropped on election day, when the state used unprecedented force against demonstrators who had assembled in protest of election results. During the protest, some doors and windows of the building were shattered, which was interpreted by the authorities as “mass disorder.” Later, President Lukashenka and government-controlled media claimed that the demonstrations had been an attempted coup, masterminded from abroad. Crowds were dispersed and beaten, with more than

700 protesters arrested on administrative charges, and 40 activists, including 7 out of 9 presidential candidates, imprisoned on criminal charges.

Fear of government oppression was palpable in the first months of 2011. Members of the opposition who were not arrested lived in fear of another crackdown, and some activists were coerced into denouncing their colleagues. As of 1 March 2011, 26 persons arrested in connection with the protests remained in custody awaiting trial, including two former presidential candidates. Another former candidate was under house arrest, and two others were out on bail. Twelve additional persons were under official investigation. By the end of 2011, 15 persons active in the anti-Lukashenka demonstrations had been sentenced, including not only those arrested in December, but other, well-known dissidents, such as Ales Bialiatski, who was arrested on 4 August for tax evasion and sentenced to 4.5 years in prison on 24 November.

The political crackdown in late 2010 and 2011 elicited strident criticism from Europe and the United States, souring hoped-for opportunities in the short-term. To survive the coming period, the Belarusian government must find an alternative partner to both the EU and Russia to support its modernization projects. Options include China, whose investment has been actively wooed, and Venezuela, whose oil supplies in 2010 broke Russia's monopoly on the supply of raw materials. As Belarus becomes further integrated with the economic space dominated by Russia and Kazakhstan, its attractiveness to China increases.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.75	6.75	7.00	7.00	7.00	7.00	6.75	6.75	7.00	7.00

Although the political opposition has typically been given some room to organize, elections in Belarus are largely an administrative formality, conducted to validate the selection of progovernment candidates. Legislation that meets most international standards nevertheless fails to protect such basic tenets of free and fair elections as equal campaigning opportunities, representation of all political parties in the country's electoral commission, and transparent vote counting. The threat of losing jobs is often used to force public employees to take membership in progovernment organizations that may later turn into pro-Lukashenka political parties, such as the Belaya Rus movement. Members of the CEC are appointed to five-year terms by the president, effectively ensuring the interpretation of electoral legislation to the advantage of progovernment candidates.

Both the results of the 2010 presidential election and the subsequent crackdown on protests sent a clear signal to the country, and to those observing from abroad, that recent reforms in the electoral campaign process had been superficial and temporary. When opposition protesters gathered in October Square to contest fraudulent election results on the night after the vote, they were met with

indiscriminate and disproportionate force. Many protesters were severely beaten by Belarus's Special Purpose Police Unit and some 700 people in total were arrested, including journalists and presidential candidates from the opposition.

In 2011, the 2010 presidential elections remained a dominant theme in political discourse. Seven out of ten former presidential candidates were put behind bars and neither the European Union nor the United States recognized the election results as free and democratic. The final report of the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR) condemned the December 2010 elections as nontransparent, noncompetitive, and marred by a restrictive media environment.² On 31 March 2011, the OSCE Minsk office was closed down, three months after Belarusian authorities determined that "an evaluation of the results achieved by the OSCE mission in Minsk shows that the mission has fulfilled its mandate."³

At several points during the year, Belarusian authorities discussed the possibility of transitioning from a majority electoral system to a party list system, potentially improving representation of opposition parties in the country's governing bodies. In reality, experts note that the introduction of proportional representation would not, in itself, guarantee more seats in parliament for the opposition, which would still have to compete with numerous progovernment parties, including the Communist Party of Belarus, the Liberal Democratic Party, and the Belarusian Patriotic Party. With a party list system it would not be easy for any of Belarus's weak and politically fragmented opposition parties to pass the electoral threshold, which could be quite high. In September 2011, the head of the CEC, Lidzia Yarmoshyna, announced that the next parliamentary elections, scheduled to take place in September 2012, would be held under the current law and that the transition to a proportional voting system would be unlikely in the near future.⁴

A group of prominent opposition politicians has called for a boycott of the upcoming parliamentary elections on the basis of the 2010 electoral fraud. The official statement explaining the boycott was signed by Stanislau Shushkevich, Belarus's first formal head of state and leader of the Belarusian Social Democratic Hramada, Yauhen Afanahel and Pavel Marynich, coordinators of a group called European Belarus, Viktor Ivashkevich, a leader of the organizing committee for a group called Belarusian Movement, and former presidential candidate Alyaksandr Kazulin.⁵ Another group threatening to boycott the September 2012 vote is the Belarusian Popular Front, which has conditioned its participation on the release of political prisoners. Other parties have made similar statements regarding detainees, but have not committed themselves regarding the elections.

Threats of a boycott by the opposition are typical on the eve of any election in Belarus, but rarely materialize. Still wishing to simulate a competitive electoral process, government authorities often weaken boycott efforts by playing on the ambitions of opposition leaders, spreading rumors that members of the so-called "constructive opposition" will be granted deputy mandates. This strategy worked in 2008, but in fact none of the opposition candidates were elected. An effective boycott of the 2012 elections would require more unity than opposition

parties currently demonstrate, and the opportunity to campaign publicly against Lukashenka at a time when his popularity is so low might be irresistible.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.50	6.75	6.75	6.75	6.50	6.50	6.25	6.00	6.00	6.25

In 2011, Belarus's activists and civil society organizations endured heightened repression at the hands of the authorities and conditions for nongovernmental organizations (NGOs) deteriorated. According to the Viasna Human Rights Centre, in 2011 more than 800 people were sentenced for participation in peaceful protests.⁶ The apartments and workplaces of many civil society activists were raided, and the authorities prepared new repressive legislation that restricted civic activism.

A new wave of civic activism took hold in the summer of 2011, as "silent protests" erupted on the main squares of more than 30 cities and towns, every Wednesday from late May until August. Organized through social media platforms like Facebook and its Russian-language equivalent, VKontakte, individuals gathered at predetermined locations, simultaneously clapping or setting their mobile phone alarms to go off at specific times. People involved in the protests assumed that if no banners were waved and no slogans shouted, the police could not classify the gathering as a protest and a crackdown would be avoided. This approach succeeded for several weeks, catching the police by surprise, but by July authorities began violently cracking down on the gatherings and arresting participants. By the beginning of autumn, the aggressive response of the authorities had effectively stopped the silent gatherings from occurring.

Despite the regime's attempts to intimidate civil society, groups continued to organize solidarity campaigns in support of political prisoners and their families, gathering monetary donations and food for those in prison and establishing internet campaigns to lobby for their release. The overtly repressive atmosphere of 2011 also encouraged NGOs to coordinate their activities more closely, giving new life and importance to Belarus's membership in the Eastern Partnership Program's Civil Society Forum (CSF). Though sanctions imposed by the EU barred Belarus from negotiating trade agreements, membership in the Eastern Partnership Program remained an important opportunity for dialogue on political rights and civil liberties. In 2011, three conferences of the CSF National Platform took place in Minsk to discuss joint action in defense of civil society's interests and the problem of political prisoners. On 29 October, Belarus's National Platform elected a steering committee and adopted an official memorandum (or mission statement), which invited all civil society organizations in Belarus to sign. This was the first formal consolidation of civil society energies toward a common goal since the 1997 founding of the Assembly of Democratic NGOs, which still exists as a coordinating body but does not include all active organizations in the field.

For almost two years, the Lukashenka administration presided over an alternative forum for dialogue between government and civil society. Established in 2009, the Public Advisory Council of the Presidential Administration consisted of 30 members, including prominent critics of the government. In September 2011, the head of the Presidential Administration, Uladzimir Makey, dissolved the Council, claiming its members were subject to “undeserved defamation on the part of both external and internal enemies of a sincere dialogue.”⁷ In its two years of existence, the council achieved little more than a simulation of open discussion with critics of the incumbent authority, meeting only four times.

At the end of August, Lukashenka made a speech at the Congress of Teachers, announcing the possibility of dialogue with the Belarusian opposition and the EU. Reportedly, the promise was the result of a conversation between President Lukashenka and Bulgarian Foreign Minister Nikolay Mladenov, in which Lukashenka promised to release all political prisoners by the beginning of October.⁸ In early September Lukashenka withdrew his statement and said there would be no dialogue.

Legal and extralegal harassment of NGOs and individual activists and their families increased in 2011. At the start of the year, the offices of the Belarusian Helsinki Committee were raided by the KGB, which confiscated several computers. Throughout the year, the Belarusian human rights organization Charter’97 reported that security services were paying visits to the relatives of activists who had fled the country. On 4 August, police arrested Ales Bialiatski, vice president of the International Federation for Human Rights and president of the Viasna Human Rights Centre. Bialiatski was charged with withholding personal income tax by hiding personal funds in foreign bank accounts in Poland and Lithuania. On the evening of his arrest, police ransacked Bialiatski’s apartment and the offices of Viasna, confiscating the organization’s computer equipment and documents. On 24 November, ignoring the outcry of the international human rights community, the Pershamayski District Court in Minsk found Bialiatski guilty of tax evasion, sentencing him to four-and-a-half years in a high-security colony and confiscating the contents of his foreign bank accounts. Lithuanian and Polish government officials apologized profusely on behalf of the bank officials who had provided Belarusian authorities with Bialiatski’s account information, unwittingly abetting the politically motivated investigation.

By year’s end, the Lukashenka administration had tightened its grip on civil society activities still further, introducing legal amendments to three laws governing the right to free assembly, funding for public associations, and the powers of the KGB. Signed into law on 8 November, the amendment to the Law on Mass Events requires any gathering to be officially sanctioned by the authorities ahead of time, while a simultaneous amendment to the Law on Public Associations prohibits all organizations from holding funds in foreign banks and criminalizes foreign aid to political parties, NGOs, or unions. A third proposed amendment—still under discussion at year’s end—grants the KGB almost unlimited powers when it comes to investigating and restricting civil society activity. For example, KGB officers may enter any premises, using physical force if needed, without a court order. In response

to petitions from civil society groups, Belarus's Constitutional Court examined the proposed amendments before the first two were signed and found them to be in full compliance with the constitution.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.50	6.75	6.75

The Belarusian government tightly restricts media freedom. State-controlled media outlets engage in progovernment propaganda and receive subsidies from the government. The government prohibits civil servants from accessing blacklisted websites from their office computers. The authorities restrict advertising in independent newspapers and charge them higher rates for distribution services and newsprint. Independent journalists face persecution and are often denied access to information. In 2011, the government continued its brutal postelection crackdown on journalists, as the Lukashenka regime panicked in response to the Arab Spring, a mysterious subway bombing in April, and antigovernment flash mobs held in Minsk and other cities during the spring and summer. The government clamped down aggressively on news coverage of the protests as well as the economy.

According to the Ministry of Information of Belarus, as of April 2011 there were 1,362 printed mass media outlets registered in Belarus, including 666 newspapers, 650 magazines, 38 newsletters, 7 catalogues, and 1 almanac. More than two-thirds of these are privately owned, but the market for news remains dominated by state-run publications, with the majority of nonstate media confining themselves to entertainment and apolitical content. A total of 30 publications cover sociopolitical issues—however, only those distributed by the state-monopolized press distributors Belposhta and Sayuzdruk are widely available in subscription catalogues and news kiosks.⁹

In the first months of 2011, the government dramatically increased pressure on independent media and journalists. The Belarusian Association of Journalists (BAJ) found that, in the two months after the December 2010 elections, the KGB conducted searches of the private residences of at least 12 journalists and 3 editorial offices seizing a large amount of professional technical equipment.¹⁰ On 10 January, the National Broadcasting Commission silenced the private Minsk-based Autoradio by withdrawing its broadcasting license in retaliation for having broadcast allegedly “extremist” advertisements for opposition candidates during the December 2010 election.

Independent media also faced severe financial problems in 2011 as paper and printing costs increased by approximately 80 percent due to the economic crisis and the abrupt devaluation of the Belarusian ruble in May 2011. Meanwhile, the state-controlled Shklov newsprint mill continued selling newsprint to state-owned publications at pre-crisis rates.

On 11 April, an apparent terrorist attack on a Minsk subway killed 15 people and wounded over 200 others. In the week following the explosion, the public prosecutor's office, Ministry of Information, and KGB issued no fewer than 10 official warnings to individual journalists and media outlets concerning the release of case details or any suggestion of possible government involvement. State officials threatened journalists with legal action, claiming their coverage of the incident disrespected the victims of the blast.

On 27 April, the Ministry of Information filed a case at the Supreme Economic Court to terminate the publication of independent newspapers *Nasha Niva* and *Narodnaya Vola* for reasons concerning both their coverage of the 2010 presidential elections and the 11 April explosion in the Minsk subway. The court rejected the appeals of the newspapers' editors, citing previously issued ministerial warnings as justification. Minister of Information Aleh Praliaskouski claimed it was within his power to call for the closure of the two newspapers in accordance with the Law on Mass Media. The proceedings sparked a broad response among civil society groups both within the country and abroad, causing the Ministry of Information to withdraw its case on 13 July. Immediately afterwards, however, the ministry initiated similar administrative proceedings against the publishers of the two newspapers for violating mass media laws by repeatedly committing violations within one year after a written warning had been issued. The publishers were fined 14,000,000 Belarusian rubles (approx. €2,000) each.

Government authorities responded with equal hostility to pessimistic media coverage of the economic crisis. On 27 May, President Lukashenka called on the government to close down all mass media guilty of inciting economic hysteria. The president noted that Russian media had been among "the most rabid" instigators of panic, and urged the government to "do something to make sure these mass media are removed from our country."¹¹

On 14 June, the authorities began a closed trial of journalist Andrei Paczobut, charged with violating articles 367 and 368 of the criminal code by defaming and offending President Lukashenka in writings for the Polish daily, *Gazeta Wyborcza*, the opposition news portal, Belarusian Partisan, and Paczobut's personal blog on the online social network Livejournal. The case received widespread international media attention and calls for Paczobut's immediate release. Paczobut, who had been in custody since April, was found guilty on 5 July. However, he will not begin serving his three-year prison sentence until 2013.

Pressure on journalists and media outlets also intensified in connection with the "silent protests" of May–August 2011. According to the Belarusian Association of Journalists (BAJ), 95 journalists were detained during the street protests and many were penalized on administrative charges.¹²

In November 2011 the state telecommunication company, Beltelecom, imposed restrictions on the use of the internet in state agencies and organizations in accordance with a presidential decree from 1 February 2010 called "On Measures to Improve the Use of the National Segment of the Internet Network." The restrictions prohibit visits to certain websites from computers in government offices. According

to Yury Zisser, the general director of the popular internet portal *Tut.by*, the thirty-five blacklisted websites include mostly terrorist or adult content sites, but also the sites of major opposition or civil society organization sites, such as those of Belarusian Partisan, Charter'97, and government critic Yauhien Lipkovich's blog.¹³ Nevertheless, most citizens still have fairly free access to the internet and online independent media. As of November 2011, internet penetration in Belarus was 50 percent.¹⁴ Despite the government's capacity to exert stricter controls over the internet, its interference with online communications during the year was selective and limited.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.75

Heads of Belarus's regional and district administrations are directly appointed by President Lukashenka. Local officials have extensive responsibilities in carrying out central government programs, especially in the areas of health, administration, and infrastructure; only a few services, such as institutions of higher education and medical clinics, are directly administered by central government bodies. However, local governments are often underfunded due to the lack of local revenue sources.

Almost all public services are provided at the middle level of local government, in districts and cities. Regional governments control or manage some health, educational, and cultural facilities, but their role in service delivery is generally confined to funding, supervising, and controlling the activity of lower-level governments. Bottom-tier local governments (village councils, for example), provide a very limited range of services, including preschool education and primary education. Many local communities still lack independent status, elected bodies, or local budgets.

In November, the president issued the military rank of major-general to the heads of all provinces and the city of Minsk, making them responsible for the deployment of military defense in their territories. This move further strengthened the subordination of local officials to the president by assuming a military-like chain of command between the supreme commander in the country, President Lukashenka, and the regional heads.

Elections to local councils in April 2010 saw only six opposition members elected among the 21,288 council members nationwide. Because the authorities generally view community organizing on local issues as a form of political activity, local political and civic activists are closely monitored and have less freedom than their counterparts in Minsk. A local activist is quite likely to lose his or her employment for political reasons, after which it is almost impossible to find another job. For these reasons, many local civil society groups avoid broader political agendas, focusing instead on apolitical issues of local importance.

Protests, like other forms of political activity, are usually confined to the capital city. However, in 2011, the momentum of political activism brought on by the “silent protests” spread to provincial and district centers. In the city of Baravinchy, 250 residents gathered in protest of the events of December 2010; in Brest, Hrodna, Vitsebsk, and Mahilou, demonstrations gathered 300–600 participants; in Babruisk, the number of demonstrators was between 500 and 600; and in Homel, the number reached nearly 1,000. By the end of summer, the crackdown by authorities had been so forceful that protests across the country were largely subdued.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	7.00

The judicial branch in Belarus is regulated by the president, who controls the appointment of judges. The president also has the power to relieve citizens of criminal liability, and no high-ranking public official may be prosecuted without Lukashenka’s consent. Throughout 2011, the state employed the police, KGB, and judicial system to suppress, intimidate, and punish political dissent, resulting in a high number of arrests and prison sentences.¹⁵

Mass arrests and legal harassment of the opposition began in the aftermath of the 2010 presidential elections, continuing through January 2011 and peaking in May–July with the sentencing of protesters from December 2010 and the crackdown on “silent protest” participants. Also during this period, trumped-up tax evasion charges were brought against prominent human rights activist Ales Bialiatski, and the opposition movement Belarusian Popular Front was evicted from its office headquarters. By June 2011, 13 trials of postelection protesters had been completed, resulting in prison sentences for 43 individuals. No fewer than five former presidential candidates were convicted of contributing to “mass disruption;” three of these—Mikalai Statkevich, Dzmitry Us, and Andrei Sannikau—were issued long prison sentences.

The arrests and trials of 2010–11 showcased shocking delays, torture, and abuse in Belarus’s criminal justice system. Former presidential candidate Ales Mihalevich was detained for two months without trial for his participation in the antigovernment demonstrations of 19 December 2010. While in custody, Mihalevich reported torture at the hands of prison administrators, a claim corroborated by other detainees, including former presidential candidate Uladzimir Niakliaeu and the coordinator of the civil society campaign European Belarus, Dzmitry Bandarenka. Mihalevich and other detainees also reported that, as a condition of their release from prison, they had been forced to sign a statement agreeing to collaborate with the KGB.¹⁶ Mihalevich was so shaken by the abuse he endured in custody that upon being released, he fled the country, leaving behind his wife and two young children.

Law enforcement's particularly brutal response to the "silent protests" in June and July 2011 signaled a new phase in the government's disregard for basic rights and security of its citizens. Hundreds of silent protesters were subjected to aggressive treatment by plain-clothed police; participants as well as passers-by were detained without cause and shoved into buses without registered plates. Video footage of the events reveals use of disproportionate force against unarmed individuals engaging in nonviolent behavior such as simultaneous clapping or stomping.¹⁷ These events attest to the regime's increased willingness to employ law enforcement for exerting excessive force against perceived regime threats, without justifiable cause or adherence to due process.

Protesters were not the only targets of government reprisals in 2011. During the year, the government also intensified its persecution of select human rights organizations, using the judiciary to prosecute prominent activists on trumped-up administrative charges. Ales Bialiatski, head of the Viasna Human Rights Centre, was arrested in early August on charges of alleged tax evasion connected to Viasna's two bank accounts in Poland and Lithuania. Maintaining foreign bank accounts is such a common practice among Belarusian NGOs that no one could doubt that Bialiatski's arrest was politically motivated. With public discontent on the rise in the summer of 2011, it was an opportune time for the authorities to dispose of figures like Bialiatski, who is well known for exposing the government's human rights abuses to the international community and supporting stricter EU sanctions. At the same time, with international pressure mounting over Belarus's existing political prisoners, the regime had every reason to hope that Bialiatski would flee the country to avoid arrest. Presumably, this is why Bialiatski was informed of the impending tax evasion charges a full month before his actual arrest, and why he was never barred from leaving the country. In the end, Bialiatski did not leave Belarus and the courts were compelled to fabricate evidence to implicate his guilt. Viasna's expenditures via Bialiatski's account were extensively documented in support of his innocence, but the court, acting as an extended arm of the executive, refused to admit the documents as evidence for the defense. As a result, Bialiatski was found guilty and issued a harsh sentence of imprisonment in a high-security penal colony. The case sent a clear message to other human rights groups that the regime was prepared to use its dominance over the judiciary to make targeted strikes against organized, regime-critical activism.

In September, two men—Dzmitry Kanavalau and Uladzislau Kavaliou—were put on trial for their alleged role in the April 2011 Minsk subway bombing. On 8 November, the accused men were sentenced to death, despite some reported contradictions. Critics decried the theatrical quality of the proceedings, which seemed orchestrated to bolster public support for the speedy verdict of "guilty." Long before the trial's conclusion, President Lukashenka preemptively congratulated the higher-ranking officials of the Interior Ministry on their prompt and efficient investigation of the case.

On 12 September, President Lukashenka signed a decree on the creation of a special body subordinated to the president that will take over the investigative

functions of the Prosecutor's Office, the Interior Ministry, and the Financial Monitoring Department of the KGB. The so-called Investigative Committee, which assumes its new powers in January 2012, is to be led by Valery Vakulchyk, former head of the Operational and Analytical Center under the Administration of the President—the most powerful branch of the secret service.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.75	6.00	6.25	6.25	6.25	6.00	6.00	6.00	6.25

Belarus's legal framework addresses the issue of corruption and contains laws on conflict of interest. All draft laws are also required to pass a so-called criminology test with the Office of the Prosecutor General, which must assess whether a given bill may encourage bribery. Economic liberalization and de-bureaucratization initiatives pursued on a limited scale in 2009 and 2010 allowed for a modest improvement in Belarus's business climate, but with the judiciary serving as a tool of the executive branch, prosecution of corruption-related activities remains selective; targets in 2011 were mostly low-level bureaucrats.

Belarus's economy remains dominated by the public sector, and the vast discretionary power of bureaucrats to regulate economic activities creates ample opportunities for extortion. This is especially true in sectors dominated by excessive administrative regulation, such as transit, exports, and petrochemicals.¹⁸ In 2011, Belarus's currency devaluation and the existence of multiple exchange rates—one official, one unofficial—led to rampant abuse by rent-seeking bureaucrats and their cronies, who used privileged access to the National Bank exchange rates to capitalize on the exchange rate arbitrage. Corruption also remained widespread in public services that are nominally free, such as health care and education.

While elites profited from economic uncertainty in the early months of 2011, the general public grew increasingly restive about the possibility of high gas prices in the coming winter, especially as their incomes devalued. The administration's response to the impending crisis and potential unrest was to sell its 50 percent stake in Belarusian natural gas transport company, Beltransgaz, to Russia, for US\$2.5 billion.¹⁹ The deal was finalized on 25 November, leaving Gazprom the sole owner of Belarus's most precious economic asset. The benefit to the Lukashenka regime was in the fine print of the contract of sale—in addition to US\$2.5 billion, Belarus received a guarantee that until 2014, gas prices for Belarus would remain the same as in the Yamalo-Nenets autonomous okrug of Russia.²⁰ As a result, in 2013–14, Belarus will buy gas at a rate of around US\$165 per 1000 cubic meters, a rate that would otherwise have more than doubled.²¹ Many observers decried the sale as a blatant bartering of the nation's long-term economic interests in exchange for regime stability. President Lukashenka called the sale “a very profitable deal for [the] country.”²²

Throughout the economic crisis, officials in the Lukashenka government denied the existence of serious, system wide corruption, but continued to record

successes in addressing low and mid-level graft. According to data from the prosecutor general's office, between January and April of 2011, the damage resulting from corruption totalled 17.9 billion Belarusian rubles (approximately US\$5.8 million)—70 percent higher than official statistics for the same period in 2010. The government also claims that property confiscated from corrupt bureaucrats totaled around 15.6 billion rubles (US\$5.1 million) during the first part of the year—three times more than in the same months of 2010.²³ These numbers represent a small fraction of the sums believed to be “lost” to corruption in Belarus every year. In March 2011, Prosecutor General Ryhor Vasilevich (who was replaced in September by the former head of Belarus's Military Court, Alyaksandr Kanyuk) firmly declared that the level of corruption in Belarus posed no threat to the state, and that the number of corruption crimes in Belarus was actually declining.²⁴

The World Bank's 2012 *Doing Business* report noted several steps by the government to remove bureaucratic obstacles to business in 2011 and attract foreign investment. Among other changes, the government simplified compliance with corporate income, value added and other taxes, and introduced “requirements for greater corporate disclosure to the board of directors and to the public.”²⁵

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Bosnia-Herzegovina

by Jasna Jelisić

Capital: Sarajevo
Population: 3.8 million
GNI/capita, PPP: US\$8,910

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.25	3.25	3.25
Civil Society	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50
Independent Media	4.25	4.25	4.00	4.00	4.00	4.25	4.50	4.50	4.75	4.75
Governance*	5.25	5.00	n/a							
National Democratic Governance	n/a	n/a	4.75	4.75	4.75	5.00	5.00	5.25	5.25	5.50
Local Democratic Governance	n/a	n/a	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Judicial Framework and Independence	5.00	4.50	4.25	4.00	4.00	4.00	4.00	4.00	4.25	4.25
Corruption	5.00	4.75	4.50	4.25	4.25	4.25	4.50	4.50	4.50	4.50
Democracy Score	4.54	4.29	4.18	4.07	4.04	4.11	4.18	4.25	4.32	4.36

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

On 28 December 2011, leaders of six main parties in the two-entity federation of Bosnia and Herzegovina (BiH) announced their intention to form a state government, which the Parliamentary Assembly confirmed in February 2012. This end-of-year compromise was preceded by 14 months of political deadlock and reform paralysis following the October 2010 elections. As a result, 2011 was, in many ways, a “lost year” for BiH, during which no key democratic reforms took place, and no progress was made on the path to European Union (EU) and North Atlantic Treaty Organization (NATO) membership.

Political elites in BiH’s two entities—the Republika Srpska (RS) and the Federation of Bosnia and Herzegovina (FBiH)—continue to lack a shared vision for the country and a consensus on the political system established under the 1995 Dayton Peace Accords (DPA). RS nationalist rhetoric and resistance to state (i.e. all-BiH) level institutions became more strident in 2011, deepening BiH and FBiH anxieties about RS plans to secede from the state of BiH.

In the absence of trust between the RS and FBiH entity leaderships, the stability and integrity of BiH continues to rely on the presence of international actors, mainly the Office of the High Representative (OHR) established by the DPA, which ended the war in 1995 and effectively divided the country in half. Under these circumstances, BiH has achieved neither the cohesiveness nor the capacity to act as a stable and sovereign state. The country remains under the international supervision of the OHR, the highest authority responsible for the civilian implementation of the DPA, and is still under threat of dissolution.¹

Reform priorities to secure BiH’s advancement towards EU integration in tandem with the rest of the region were not met in 2011. The year saw no credible effort to address the 2009 ruling of the European Court of Human Rights (ECHR) in the *Sejdić-Finci* case on electoral discrimination, and long-awaited state aid and census laws remained pending. These and other important issues were blocked by the lack of agreement to form a state-level government until the end of the year.

According to security analysis by two nonprofit organizations in October 2011, police were subjected to increasing political pressure “to relinquish their relatively new operational autonomy and to submit to ethnic political loyalties.”² At the same time, EU Military Force (EUFOR) troop strength was reduced to some 1,300 personnel. Though EUFOR can deploy over-the-horizon reserves to buttress troops on the ground, analysts claim it is no longer a credible conflict deterrent.³

National Democratic Governance. The year was characterized by a destructive and divisive political dynamic that paralyzed state-level governance. Leaders did

not agree to form a government until year's end, and BiH's EU reform agenda stalled. The RS challenged the legitimacy of state institutions and the international presence in BiH. The EU intervened to prevent an RS referendum questioning BiH's constitutional order under the DPA. Due to this dysfunction, division, and stagnation, *BiH's national democratic governance rating declines from 5.25 to 5.50.*

Electoral Process. The electoral framework of BiH did not change in 2011. Legislators did not address the 2009 ECHR ruling in the Sjeđić-Finci case by amending legislation to eliminate ethnic-based discrimination in electoral processes. The state parliament began amendments to three election-related laws, but none were proposed or adopted. *BiH's rating for electoral process remains at 3.25.*

Civil Society. Despite the strong performance of some civic groups in 2011, BiH's civil society remains immature and dependent on international funding. Most civic groups do not have strong voices on key social issues such as unemployment and economic policy. Religious organizations have begun to seek more influence, with some results, especially in education. As most civil society organizations remain relatively weak in terms of impact and independent financial sustainability, *BiH's civil society rating remains at 3.50.*

Independent Media. Partisan editorial policies among media outlets and political pressure on the press endure, undermining public trust in the media as a reliable source of information and in the democratization process in general. Many media outlets struggle to find sustainable financing while remaining independent. Political pressure on the Communications Regulatory Agency intensified in 2011. With no observed improvements in the media landscape in 2011, *BiH's media independence rating remains at 4.75.*

Local Democratic Governance. Municipalities remain financially dependent on higher levels of government, and coordination between state, entity, and local governments remains weak, despite nascent efforts to improve cooperation. Key legislation related to decentralization and local self-governance is not being properly implemented. Municipal budgetary procedures are opaque, and the overall transparency of municipal governments needs improvement. *BiH's local democratic governance rating remains 4.75.*

Judicial Framework and Independence. BiH made scant progress on judicial reform in 2011. The judiciary is inefficient, with a sizeable case backlog. It is not fully independent, and political attacks on the courts intensified in 2011. The RS challenged the very legitimacy of state courts. In June, BiH leaders began a dialogue on judicial reform with the EU. Due to weak progress on judicial reform and political entanglement in the judiciary, *BiH's judicial framework and independence rating remains at 4.25.*

Corruption. No progress was made in combatting pervasive corruption during the year. Existing anticorruption legislation is unevenly and unreliably implemented. A key anticorruption government body created in 2009 is still nonoperational as the government drags its feet on appointments and resource allocation. Media coverage of graft and misconduct was weak throughout the year. Due to BiH's poor record on corruption and the lack of political will to tackle the issue, *its corruption rating remains unchanged at 4.50.*

Outlook for 2012. Governance in BiH is likely to remain paralyzed by the enduring conflict between the two entities, which still do not share a mutual understanding on the direction and future of BiH. The decision to form a government at the state level does not mean the ruling parties in the two opposing blocks will secure a stable parliamentary majority for the swift and smooth adoption of key legislation, including reforms emphasized by the EU.

With other Balkan countries advancing towards the EU, BiH's weak progress on EU reforms may lead the international community to think BiH leaders are not committed to meeting EU accession criteria, for instance on electoral policy. Given the recent spike in nationalist rhetoric and incidents of interethnic violence, BiH leaders could shift focus towards domestic security, rather than the EU enlargement process, which would undermine even the long-term prospects for democratization in BiH.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.75	4.75	4.75	5.00	5.00	5.25	5.25	5.50

Under the Dayton system of postconflict power sharing, Bosnia and Herzegovina (BiH) has neither the cohesiveness nor the agency of a unified sovereign state. BiH operates under international supervision as a loose, asymmetrical federation of autonomous entities: the centralized, Serb-dominated Republika Srpska (RS), the decentralized, Bosniak and Croat-dominated Federation of Bosnia and Herzegovina (FBiH), and Brčko, a district with its own governing institutions. At the state level, BiH has a tripartite presidency with one Bosniak representative, one Serb, and one Croat. This structure was introduced by the Dayton Peace Accords (DPA) in 1995 as a temporary measure to end a war. Sixteen years later, BiH remains dependent on international involvement, especially the Office of the High Representative (OHR), which is responsible for the civilian implementation of the DPA and the European Union (EU) Delegation to BiH which guides the European integration process on the ground. Throughout 2011, BiH existed without a central government amidst infighting that paralyzed state governance and blocked state-level legislation required to prepare BiH for European Union (EU) accession.

The current governance impasse stems from personal animosities and long-standing ideological differences between the entities over the purview of BiH governing structures and the future of BiH as a state. RS leadership views state institutions as joint, treating the state as a confederation of two sovereign entities. Bosniak leaders in the FBiH, however, see BiH as a sovereign state with its own autonomous rights. The position of the Bosnian Croats is divided along party lines and fluctuates: the two Croat Democratic Union (HDZ) parties—HDZ BiH and its splinter, HDZ 1990—sided more with the RS leadership's ruling Alliance of Independent Social Democrats (SNSD) in 2011, while the Croat Party of Justice (HSP BiH) and the People's Party Work for Betterment (NSRB) sided with the FBiH ruling parties, the Social Democratic Party (SDP BiH) and Party of Democratic Action (SDA). Throughout 2011, RS leaders treated all statewide, BiH-level reforms as efforts to weaken the autonomy of the RS and strengthen the central powers of the BiH, with the ultimate aim of abolishing the RS entity. RS authorities openly and more frequently called for the dissolution of the state, refuting the legitimacy of the BiH Constitutional Court and other state level institutions. Meanwhile, FBiH leaders viewed RS resistance to state institutions and state-level reforms as part of a strategy to weaken BiH while creating the preconditions for a functional, independent RS state. Immobilized by mistrust, the two sides found compromise nearly impossible, refusing to negotiate without continuous international reassurances that neither scenario would occur.

Inability to agree on a list of programs to be financed from EU aid very nearly cost BiH €96 million from the EU Instrument of Pre-Accession Assistance (IPA) fund in September. The original deal signed between Brussels and Sarajevo in February allocated €8.2 million of the funding to agriculture, employment, statistics, and the judiciary. When RS leaders declared that these sectors should be managed at the entity level, the Council of Ministers of BiH (CoM) revised the IPA program for 2011 to exclude the disputed projects, reducing the overall allocation from roughly €96 million to €88 million. After the FBiH government objected to the loss of funding earmarked for state-building efforts, the EU suspended the aid in September and threatened to reallocate the €96 million from the IPA to regional projects. Ultimately, Zlatko Lagumdžija, the leader of FBiH's dominant party SDP BiH and RS President Milorad Dodik negotiated an agreement on how the contested €8.2 million would be spent.⁴ The EU restored the funding in October but called for a more effective EU coordination mechanism within the different levels of government in BiH.⁵

The government took no concrete steps in 2011 to address a 2009 decision of the European Court of Human Rights (ECHR) in the *Sejdić-Finci* case, which ruled that Jews and Roma could not be excluded from running for the BiH presidency or House of Peoples, the upper chamber of the BiH Parliamentary Assembly. Constitutional provisions prohibiting BiH citizens that do not belong to the three constituent peoples (Serbs, Croats, and Bosniaks) from being elected to these bodies remained in the BiH constitution and electoral law. Resolution of this issue is one of the two main conditions for enforcing the BiH Stabilizations and Association Agreement (SAA), a key step in the EU accession process. The Interim Agreement has been in place since 2008, but the SAA, ratified by all EU members, will remain unenforced until the conditions are met. In September, both houses of the Parliamentary Assembly adopted a decision to form a working group for addressing the ECHR ruling, but it did not formulate amendments to the Constitution and the Election Law to meet the EU's condition.

The other EU condition for the SAA ratification was the adoption and implementation of a long-delayed central government State Aid Law, the draft of which was still in parliamentary procedure at year's end. Having agreed on at least one of the draft law's central principles—the distribution of ministerial seats in the new Council of Ministers of BiH—the leaders of the ruling parties also agreed to adopt a set of similarly “EU-required” laws, including the Census Law. The EU insists that collection of accurate, statistical data through a census is a precondition for any sound economic policy plan, distribution of EU funds, or even an attempt to answer the European Commission (EC) questionnaire after BiH formally applies for EU candidate status. The ruling parties came close to an agreement on this law, but it was put into a package with other EU laws that legislators were to address during the formation of a government and thus fell hostage to the political stalemate. The census remains a sensitive issue because it will plainly reflect the demographic consequences of the war in each entity and may affect the formation of future governments in each entity, which were originally based on the population

census of 1991. However, none of the EU-required laws were passed in 2011. The five objectives and two conditions necessary for the closure of the OHR were also not completed because of the stalemate.

In the FBiH, efforts by the main Croat parties to form a third, Croat entity in BiH stirred discordant rhetoric. In April, Bosnian Croat HDZ BiH and HDZ 1990 organized a Croat National Assembly in Mostar, where they called for a Croat majority federal unit to be formed through constitutional changes in BiH. The two HDZs also rejected the legitimacy of the FBiH government formed in March, through a coalition agreement. They objected to the decision of the SDP, which won the 2010 general election, to form a government with the other two Croat parties, the NSRB and HSP, rather than the HDZs, which had ruled in the name of the Bosnian Croats since the first multiparty elections in BiH, in 1990. On the initiative of the HDZs, the Croat People's Assembly, comprising all municipalities and cantons with a Croat majority, convened in Mostar in September. Leaders were instructed to contest decisions by the "illegal and unconstitutional FBiH Government."⁶

The year also saw a legal crisis. On 13 April, the RS National Assembly (RSNA) held a special session to discuss the role and activities of the High Representative (HR) of the international community in BiH and the establishment, jurisdiction, and practice of state-level judicial institutions in BiH. The RSNA ended up adopting five sets of conclusions. Some of them directly challenged the role of the HR and his powers as defined under Annex 10 of the General Framework Agreement for Peace (GFAP) within the DPA, as well as all decisions and laws enacted by the HR pursuant to his mandate. Others rejected the authority of the Constitutional Court of BiH, a pillar of its constitutional order under Annex 4 of the GFAP.⁷

At the same session, the RS leadership decided to hold a referendum in June to challenge the international supervision of the peace process and the legitimacy of state institutions on RS soil. Brussels intervened in May, issuing a deadline to RS President Dodik to call off the vote or face personal sanctions, including the freezing of his assets and a ban on travel to the EU. The next day, EU Foreign Policy Chief Catherine Ashton flew to the administrative center of the RS in Banja Luka to meet with Dodik, who ultimately agreed the referendum was "unnecessary for now" because the EU had agreed to open "a dialogue" on the judiciary.⁸

The OHR considered the results of RS's special session a serious violation of the peace agreement because they directly challenged two annexes of the GFAP. The OHR said the conclusions sought to undermine the very constitutional order of BiH and noted that these decisions must be seen in a broader context, as "authorities of Republika Srpska and in particular its president, have continued openly to question the territorial integrity and sovereignty of Bosnia and Herzegovina, repeatedly questioning the sustainability of the country and advocating its dissolution."⁹

The economic situation in BiH was poor during the year, particularly in the RS, which has a cumulative debt of KM 3.56 billion (€1.78 billion).¹⁰ The RS Pension and Disability Fund continued to rely on short-term loans from commercial banks to maintain payments in 2011. Economists warned the RS government against

borrowing from commercial banks and issuing bonds with high interest rates to cover the deficit.¹¹ In September, Mladen Ivanić, an economics professor and RS political leader, said “the RS is facing the Greek scenario if it continues to take more loans.”¹² Serbian Democratic Party (SDS) President Mladen Bosić warned that the RS is not under existential threat from Sarajevo or the international community, but from the economic policies of its own government.¹³ The FBiH, meanwhile, struggled to pay a debt to the RS related to the distribution of value-added tax (VAT) revenues. The Steering Board of the Indirect Taxation Authority (ITA) decided in September that the FBiH would settle its BAM 33.8 million (US\$23 million) debt to the RS within three months. However, the debt remained unpaid at year’s end.

The stability of the country and the region continued to rely on a meaningful international presence, as divisive rhetoric of the political elite continued to trickle down into society. Nationalist rhetoric inspired violent incidents at football stadiums between Serbs and Bosniaks in Banja Luka and between Croats and Bosniaks in Mostar. The renewed ethnic dimension to football hooliganism reminded citizens of similar incidents at sporting events before the wars related to the dissolution of Yugoslavia in the 1990s.¹⁴

In this context, the HR international community concluded that the mandate of the High Representative remains crucial for securing the stability of the state. At the same time, the EU reinforced its office in Sarajevo, merging the EU Delegation and the Office of the EU Special Representative, with a mandate to politically facilitate the EU integration process of the country and support BiH on its path to accession. Though political representatives of the three dominant ethnic groups verbally support the BiH’s EU ambitions, some evidently believe different paths to membership are possible, including some outside the BiH institutional framework. EU representatives continue to stress that BiH can join only as a single, unified state.¹⁵

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.25	3.25	3.25

The last general elections in BiH were held on 3 October 2010 and were entirely administered by local authorities. There were no elections in 2011. Municipal elections will be held in October 2012.

According to the EU, “a credible effort” is needed to address the 2009 ECHR ruling by adjusting electoral rules to end ethnic-based discrimination in the electoral process. Currently, citizens who do not identify themselves as Bosniak, Croat, or Serb cannot run for the presidency of BiH. RS voters may only vote for a Serb member of the BiH presidency, while voters in the FBiH may only vote for either a Bosniak or Croat candidate. Likewise, a Serb registered in the FBiH or a Bosniak or Croat registered in the RS cannot run for the BiH presidency. The same restrictions apply to the House of Peoples. In December 2009, the ECHR issued a

legally binding decision that ethnicity-based ineligibility is “incompatible with the general principles of the European Convention for the Protection of Human Rights and Fundamental Freedoms.”¹⁶ BiH authorities failed to address the issue in 2011.

The BiH Parliamentary Assembly began the process of amending the Election Law, the Law on Political Party Financing, and the Law on Conflict of Interest. The lower chamber adopted a conclusion on forming a working group to manage the proposals. The most important proposed change dealt with the Election Law and the introduction of closed election lists. In September, Transparency International BiH (TI BiH) stated its support for the planned amendments, but emphasized that changes to legal provisions on party lists, party financing, preelection campaigns, and conflict of interest should be done in consultation with civic groups to ensure transparency and accountability.¹⁷

TI BiH noted significant room for improvement of electoral legislation to harmonize laws with international best practices. It said the Law on Conflict of Interest should clearly define which situations qualify as conflicts of interest in order to narrow the space for political influence on the institutions responsible for the law’s implementation. A clear definition would also enable citizens and nongovernmental organizations (NGOs) to initiate proceedings in cases of conflict of interest and to be a party in these cases. TI BiH opposed closed party lists on the grounds that they prevent democratization within the parties, give even greater control to party leaders, and break the link of accountability between elected officials and their electorates.

The parliamentary working group met throughout the year, but no amendments were formulated or submitted to the Parliamentary Assembly in 2011. Any changes submitted in the first three months of 2012 will still apply to the October municipal elections.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50

Civil society organizations in BiH have acquired neither the social status nor the financial self-sufficiency to play a major role in public life. The funding provided to BiH’s NGOs by the international community was intended to foster indigenous and community-based peacebuilding endeavors, but NGOs have become wholly dependent on foreign funding. A few organizations, including TI BiH and the Center for Civic Initiatives, managed to influence the government during the year and raise awareness of critical issues such as corruption and political transparency. A few others made their voices heard and shared their expertise in public debates, but remained overly dependent on funding from international donors. Because of the weak economy in BiH, domestic fundraising is nearly impossible.

In general, government officials at all levels remain unreceptive to policy advocacy, except when pressured by domestic media, which happens mostly when

the interests of the media owners correlate with public interests. Public policy research groups are largely ignored, and the government rarely consults NGOs over policymaking decisions. Important laws are rarely subject to public debate. Meanwhile, some civil society organizations undermine their own credibility by aligning with political parties,¹⁸ a trend particularly evident in the months before and after the October 2010 parliamentary elections. Some NGOs lost momentum after the elections ended without the establishment of a central government.

In contrast to other civil society organizations, religious groups are increasingly vocal and influential. Their demands sometimes conflict with the reform needs of public institutions, including the education system, which suffers from polarization and perpetual financial crisis. In April, the newly appointed SDP BiH minister of education of the Sarajevo cantonal government, Emir Suljagić, attempted to address grade point average (GPA) inflation for students subscribing to majority religions by removing marks earned for religious education classes from students' GPAs.¹⁹ The decision outraged leaders of the three dominant religious communities in BiH (Islamic, Orthodox, and Catholic), who felt it was calculated to re-incentivize religious education. Mustafa Cerić, head of the Islamic community in BiH, publicly warned Minister Suljagić he would face a "Sarajevo Spring" inspired by the recent uprisings in countries in the Middle East and North Africa, if he did not withdraw the decision.²⁰

Numerous NGOs and other members of civil society, including the PEN association of writers, reacted to what they described as hate speech by Cerić at the religious gathering in Herzegovina during which he attacked the decision and Minister Suljagić. Nevertheless, Minister Suljagić's party soon surrendered to pressure from its coalition partner SDA and the Islamic community, and withdrew the regulation. A "culture and religion" subject was introduced as an alternative to religious instruction in May, financed from the already overstretched cantonal budget.

Many primary and secondary schools across the country separate their students according to language, or according to a curriculum designed for a particular national group. This means that students follow different school textbooks, some of which offer directly opposing information. This practice most visibly manifests itself in the existence of mono-ethnic schools and the existence of "two-schools-under-one-roof" in many districts. In the latter, children of different national groups study in the same building but are segregated into different school shifts based on the above criteria. In schools offering only one curriculum, provided that there is a sufficient demand, students of a minority constitutive national group have the legal right to request to study their own "national group of subjects" (mother tongue, history, geography, music), separately from other students.

Higher education continues to suffer from corruption, outdated curricula, and a lack of sufficient action on reforms required by the Bologna Process, which aims to create a European Higher Education Area with high standards of education and academic exchange among European students and professors. In higher education, integration, depoliticization, and reform are still much needed.

In August, the Riaset of the Islamic community in BiH presented the findings of a report that, among other things, identifies by name all the alleged Islamphobes in government, media, and civil society. Some civic groups heavily criticized the document for 'publicly branding those among their ranks who had spoken out against certain actions of BiH's Islamic community and its leadership.'²¹

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.25	4.25	4.00	4.00	4.00	4.25	4.50	4.50	4.75	4.75

A complex, post-Dayton political structure, slow postwar recovery, and lack of economic development have determined the development of media in BiH. Bosnia has a diverse and complex media landscape, with some 200 broadcasters and 100 print media outlets, most of them private; the three dominant public broadcasters are BHRT (BiH state radio and television), RTRS (RS radio and television) and FRTV (FBiH radio and television). Media in 2011 remained free in legal terms, but editorial policy continued to be influenced by ownership structure and affiliations with political parties. Media such as the ATV and Buka portals in Banja Luka, TV Hayat in Sarajevo, and some weeklies have escaped direct political influence, but resisting political affiliations has strained their finances. Media in general remain financially vulnerable and prone to political influence in a continuously shrinking advertising market.

International financial support played a strong role in BiH's transition from publicly owned to market-driven media. The objective of this assistance was the creation of independent media capable of moderating the nationalist voices behind past conflicts in BiH. International funds were used to create new media outlets such as the Open Broadcast Network (OBN) and to support independent media established during the war (such as Banja Luka-based *Nezavisne novine*) or immediately thereafter (like Banja Luka-based *Reporter* magazine). The effort was not self-sustaining, however. The OBN has not developed into an influential broadcaster; after the international financing stopped, it went commercial and began airing reality television programming, rather than substantive news or entertainment. Most print media failed to remain impartial. The public perceives the media as partisan and lacking credibility.

By 2002, the international agencies and donors that had been key backers of BiH's media development had begun to withdraw their support.²² In a weak, politicized economy with limited advertising opportunities, pressure grew from local elites to reverse the dynamic of media professionalization and independence. As former opposition parties like SDP BiH and SNSD came to power, the media that had supported them in opposition struggled to remain objective.²³

Long overdue reforms of the public broadcasting system—a key issue in EU accession negotiations—made no progress in 2011, hampered chiefly by nationalist elites struggling to maintain control over the public broadcasters in their

constituencies.²⁴ Launched in 2002, reforms were intended to create an integrated system with public broadcasters overseen by a single corporation, striving for balanced and objective reporting. The changes were also meant to include a joint newsroom shared by all three public broadcasters in BiH. However, due to a lack of political support for a unified system, cooperation among the public broadcasters remained poor. BiH's main telecommunications and electronic media regulatory body, the Communications Regulatory Agency (CRA), has not had a director-general since 2007. In 2011, parliament ordered the agency to appoint an SDS official to the directorship, despite provisions in the Law on Communications that require the selection of the director to be merit-based and apolitical.²⁵

Regional press lack independent editorial policy and sufficient resources for quality production. The media landscape may improve, however, with the launch of Al Jazeera Balkans, which began broadcasting news and current affairs programming to audiences across the Balkans in regional languages in late 2011. The channel is available on most major cable services and via satellite. Based in Sarajevo, the team is made up of regional staff. In its first two months of operation, Al Jazeera Balkans emphasized its commitment to independence and professionalizing news production in the region. The station also provides a documentary program that attempts to tackle cultural and ethnic prejudices.

Internet penetration reached 55 percent in 2011, up from 52 percent in 2010. According to CRA statistics, the number of internet users in BiH has doubled since 2007.²⁶ As of June 2011, 1.1 million BiH residents were members of the social networking site Facebook.²⁷ The government did not attempt to restrict internet use in 2011.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75

The status and rights of local self-government (LSG) as guaranteed by the European Charter on Local Self-Government were secured by the HR's decision on the 2004 reorganization of the City of Mostar and its incorporation in the FBiH constitution. These statutes protect the right to LSG and are a powerful tool for many local government units in BiH to challenge FBiH or cantonal legislation before the FBiH Constitutional Court.

Though municipalities can draft and implement policy in every area except elementary education and the use of natural resources, they are not financially independent from the higher levels of government. The RS government must approve every loan undertaken by a municipality, as well as European IPA funds. The rules are more flexible in the FBiH.

Municipal tax regulation remains murky, and there is no law on LSG financing. The 10 cantons in FBiH control the majority of public financing sources for the Federation's 79 municipalities, and the RS entity controls finances in the Serb-

dominated area of BiH. During the political crisis, however, the higher levels of government did not share budgetary funds from the World Bank or International Monetary Fund (IMF) with the municipalities.

Implementation of LSG legislation is weak. Passed in 2006, the FBiH Law on the Principles of Local Self-Government is a systematic framework that requires cantons to transfer certain duties and the related finances to the municipalities. The law foresees the creation of numerous laws at the entity and cantonal levels, but very few have been adopted.

When disputes arise between FBiH municipalities and cantons or the FBiH entity, local authorities have the right to appeal to the FBiH Constitutional Court, which they did frequently in 2011. This hampers municipal reform and the functioning of the different levels of government. The Sarajevo Canton has been particularly problematic. In October 2010 the FBiH Constitutional Court ruled that the Sarajevo Canton had violated the right to local self-governance in the Sarajevo Center Municipality. It had apparently failed to harmonize provisions in the relevant cantonal legislation with those in the Law on Principles of Local Self-Government, among other shortcomings. The dynamic between the strata of government in BiH is expected to be a significant issue in the 2012 election campaign.

The FBiH is trying to improve intergovernmental coordination. In October, FBiH Prime Minister Nermin Nikšić signed an agreement with the Association of Municipalities and Cities of the FBiH intended to ensure closer cooperation and institutionalized dialogue on improving both LSG and the decentralization process in accordance with the Law on the Principles of Local Self-Government.²⁸ Under the agreement, a code of relations was drafted to improve coordination between different levels of government in FBiH, which are charged with implementing the Law on the Principles of Local Self-Government and cooperating on issues related to LSG property and the use of natural resources. The FBiH government indicated a readiness to discuss relations between the local, cantonal, and federal levels and the division of responsibilities.

In 2011 the RS also drafted a code to coordinate relations between entity and local governments. However, the Association of Towns and Municipalities of the RS was less focused than its federation counterpart. LSG experts said it was trying to avoid conflict with entity authorities that oppose further autonomy for the municipalities.

Under domestic law, citizens have the right of direct participation in local policymaking processes—through public hearings and other means—but public participation hinges largely on the strength of the NGO sector in each municipality. For example, in municipalities where civic groups are strong and local authorities are receptive to their initiatives, public debates are held regularly; in districts where such groups are weaker, public debates are not held at all. In general, the mainstream press ignores developments at the local level, which are covered only in municipalities with their own radio stations and other media outlets.

Transparency in local governments remains problematic. While existing legislation grants freedom of information, not all municipalities publish their budget drafts online, and budget documents are not easily available to citizens. Under

law, municipal governments do not have to publish so-called “citizens’ budgets” (short, clear summaries of government spending) or websites.²⁹ Accountability has nevertheless improved significantly since the introduction of direct mayoral elections in the RS (in 1999) and the FBiH (in 2004). Mayors are usually more accountable to the citizenry than Municipal Council members, who remain under the strong influence of political party presidents and dependent on funding from the higher levels of government. Employees of municipal administrations are often more experienced and competent than their counterparts at the higher levels of government, where personnel turnover is higher because of staff changes after national elections.

Participation of women in LSG institutions matches that of the higher levels of government. However, ethnic minorities remain less represented in local government because the principle of equal proportionality in representation of constituent people in governing structures is not as well implemented on the local government level.

The Brčko District remained under international supervision throughout 2010, ensuring that its institutions continued to function effectively. The HR issued decisions in September 2009 concerning the technical steps needed to complete the Brčko Final Award and resolve its status, but the RS government and National Assembly adopted measures that nullified those decisions.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	4.50	4.25	4.00	4.00	4.00	4.00	4.00	4.25	4.25

BiH has four separate judicial systems—state-level, RS, FBiH, and Brčko District—with no single body authorized to guarantee uniform application of the law. The judicial system is overly complex and inefficient as a result. Legislation and judicial practice differ between the two entities. The judicial system is not fully independent, and political pressure and verbal attacks against the judiciary intensified during the year.

In its 2011 Progress Report, the EC noted that “attempt[s] to undermine the independence of the judicial system remains an issue of serious concern.”³⁰ Further undermining the independence of the judiciary, the budgetary procedures and competences of the 14 responsible authorities still need to be harmonized and narrowed. The EC noted little progress on judicial reform in 2011.

The April RSNA special session had significant implications for the judiciary, as it concluded by rejecting the authority of the BiH Constitutional Court and that of all state-level judicial institutions on RS territory. In May, RS President Dodik agreed to cancel a referendum on state courts and the international presence in exchange for negotiations with the EU on the judiciary, a key institution-building priority on BiH’s path to European integration. The so-called Structured Dialogue on Justice began in June as a platform for BiH authorities to discuss reforms and

legislative changes in line with European standards to ensure an independent and accountable judicial system to the benefit of every citizen. In the past, Dodik had said Muslim judges should not preside over cases in the RS because of the threat of bias.

At the first dialogue meeting, the EU asked a set of technical questions. BiH authorities submitted answers in August, and, following a review by Brussels, a second meeting was held on 10–11 November. No major achievements were made, revealing the gulf between the two entities on the state judiciary. The dialogue continued in 2012 and is envisioned as a long-term process.

In September, the FBiH House of Representatives adopted draft amendments to the FBiH Penal Code to criminalize genocide denial. Though the provision was not adopted in 2011, if it becomes law persons found guilty of genocide denial could face prison sentences ranging from three months to three years.

Throughout the year, RS authorities criticized the effectiveness and legitimacy of the High Judicial and Prosecutorial Council (HJPC), the BiH body responsible for the independence and professionalism of judicial institutions. As over 2 million pending cases are in the courts, HJPC President Milorad Novaković publicly endorsed the criticism that the BiH judicial system is inefficient. In September, Novaković emphasized, however, that the HJPC has a legal mandate and ensures the independence of the judicial system to guarantee that “there is no return to the times when members of parliament were electing judges and prosecutors.”³¹

The HJPC created a special unit to address inefficiency in the judiciary. It also adopted measures to reduce the backlog of pending cases, most of which concern unpaid utility bills. The backlog decreased slightly, but due to funding constraints the HJPC could not combat inefficiency by filling many newly created posts, including judgeships. State courts continued to process war crimes cases, with modest progress on reducing the attendant backlogs. Lower courts had less success, according to the EC.³²

Serb and Croat representatives in the BiH House of Peoples refused to adopt a report on the work of the BiH Prosecutor’s Office for 2010. They objected to the role of foreign prosecutors and judges and the international community’s influence on the BiH judiciary. They also questioned the legality of the Prosecutor’s Office, rhetoric that many observers interpreted as a form of political pressure.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	4.75	4.50	4.25	4.25	4.25	4.50	4.50	4.50	4.50

Little was achieved in the fight against corruption in 2011. Graft and misconduct remain widespread, posing major impediments to political and economic development. The existing anticorruption strategy has not been implemented, and political will to tackle misconduct is weak. The year saw no high profile anticorruption cases.

Bosnia ranked 91 out of 183 countries in Transparency International's *Corruption Perceptions Index 2011*. In the former Yugoslavia, only Kosovo had a worse rating.³³

Public opinion surveys show that Bosnians believe corruption is worst in education and healthcare. Over 60 percent of respondents to a July survey said the healthcare sector, where informal payments are commonplace, is corrupt.³⁴ Civic groups have launched advocacy campaigns on anticorruption efforts, the linchpin of which is the government's 2009–14 Anticorruption Strategy and Action Plan. In 2011, the Center for Civic Initiatives distributed informational pamphlets and badges with the mantra "I do not give bribes" in various public institutions, including hospitals. Despite such efforts, awareness among institutions about the strategy and their role in its implementation is low.³⁵

Implementation and oversight of the anticorruption strategy has been weakened by operational delays regarding the Agency for the Prevention and Coordination of the Fight Against Corruption. The agency was established in 2009, but the BiH Parliamentary Assembly did not appoint a director and other personnel by the June 2010 deadline. In 2011, TI BiH appealed to the Assembly to appoint a director and two deputies, which it did in August. Two unsuccessful candidates for the directorship subsequently disputed the appointments, arguing that others had finished higher on a public exam for the position.³⁶ Their complaint was still pending at year's end.

Despite the appointments, the agency remained nonoperational in 2011 because the government had not allocated the necessary office space or staff.³⁷ Deadlines for meeting the 2009–14 Anticorruption Strategy and Action Plan, an integral part of the EU's decision to grant BiH visa liberalization in 2010, were missed as a result.

The Public Administration Reform Coordinator's Office has the personnel and financing to implement the Public Administration Reform Strategy and Action Plan, but it lacks critical political support.³⁸ The civil service remains politicized, and the bloated bureaucracy in BiH enables corruption to thrive at all levels of government.

Implementation of the Freedom of Access to Information Act remained uneven in 2011. Ten years after the law was passed, only around 50 percent of responses to requests for information are granted within the deadline by public institutions subject to the law, and the information provided is often incomplete.³⁹

Media coverage of corruption issues remained superficial. In August, TI BiH monitored news reporting on graft and misconduct in 11 newspapers, 3 television stations, and 7 websites. Most of the 135 relevant reports from that period were based on one source, or none at all. TI also noted political bias and selective coverage of corruption cases. The monitored RS media, for example, only reported on corruption cases taking place in the FBiH or at the state level.⁴⁰

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- 1 The responsibility for oversight of the implementation of the Dayton Peace Accords (DPA) is with the Peace Implementation Council (PIC). For details related to the composition of the PIC and its Steering Board, see Office of the High Representative (OHR) in Bosnia and Herzegovina, "The Peace Implementation Council and its Steering Board," 6 February 2012, http://www.ohr.int/pic/default.asp?content_id=38563. See also Annex 10 of the DPA, which defines the OHR mandate: OHR "The Mandate of the OHR," 16 February 2012, http://www.ohr.int/ohr-info/gen-info/default.asp?content_id=38612.
 - 2 Assessing the potential for renewed ethnic violence in BiH, the Atlantic Initiative and Democratization Policy Council published a security risk analysis in October that questioned the capacity of law enforcement to successfully combat serious problems such as organized crime and corruption, particularly in cases where members of the political elite and representatives of state institutions might be involved. The authors claim that under circumstances of significant political pressure, BiH police forces would split along ethnic lines and defend their ethnic group instead of keeping public order in the event of a renewed violent conflict. See Vlado Azinovic, Kurt Bassuener, and Bodo Weber, *A security risk analysis: assessing the potential for renewed ethnic violence in Bosnia and Herzegovina* (Sarajevo: Atlantic Initiative and Democratization Policy Council, October 2011), <http://www.atlanticinitiative.org/images/stories/ai/pdf/ai-dpc%20bih%20security%20study%20final%2010-9-11.pdf>.
 - 3 *Ibid.*, 7.
 - 4 The €8.2 million was allocated as follows: €2 million for a mine clearance project, €1.2 million to technical development of projects, and €5 million to the process of refugee and displaced persons return.
 - 5 Valerie Hopkins, "EU Confirms €96 million Aid for Bosnia," *Balkan Insight*, 4 October 2011, <http://www.balkaninsight.com/en/article/eu-confirms-e96-million-aid-for-bosnia>.
 - 6 Reported by Srpska Republika News Agency (SRNA), 27 September 2011.
 - 7 OHR, *39th Report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina to the Secretary-General of the United Nations* (Sarajevo: Office of the High Representative, 6 May 2011), http://www.ohr.int/other-doc/hr-reports/default.asp?content_id=46009.
 - 8 Toby Vogel, "Ashton agrees to negotiations with Dodik," *European Voice*, 13 May 2011, <http://www.europeanvoice.com/article/2011/may/ashton-holds-crisis-talks-in-bosnia/71076.aspx>.
 - 9 The HR also emphasized that the Republika Srpska (RS) authorities have pursued a "policy of obstructing, undermining and questioning the authority of other key state-level institutions, such as the Indirect Taxation Authority, the Electricity Transmission Company and the Institute for Missing Persons." The HR added: "The same authorities have also taken unilateral action on state property, which is one of the objectives for closing the Office of the High Representative and they have continued to deny that genocide took place in Srebrenica in 1995, notwithstanding the confirmation of this fact by two international tribunals in numerous rulings." See OHR, *39th Report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina to the Secretary-General of the United Nations*.

- ¹⁰ As reported by *RTRS*, *BHT1*, and *Pink TV* on 21 September 2011.
- ¹¹ In September the RSNA issued €120 million in bonds at 8 percent interest to finance the budget deficit. It also accepted nearly €100 million in international loans for a public works project.
- ¹² Sanja Bjelica-Sagovnović, “Republika Srpska will face the Greek scenario,” Interview with Mladen Ivanić, *Dnevni list*, 8 September 2011. The economists also predicted that BiH will enjoy no big foreign investments in the next year because of the political instability.
- ¹³ Pulspolitical magazine, *BNTV*, 22 September 2011.
- ¹⁴ For example, a football match in September was interrupted after a large group of fans of the Banja Luka club Borac breached security and raided the pitch. They attacked fans of the Sarajevo club Zeljeznicar and threw rocks at them. Violence continued on the streets of Banja Luka. Banja Luka Public Security Center spokesperson Gospa Arsenijević said a group of Borac fans injured four police officers, damaged two official police vehicles and one private vehicle. On *Hayat TV*, on 25 September, sports psychologist Jasna Bajraktarević said politicians “unfortunately reached their goal as the hatred has been refreshed.” Another football match was interrupted in less than a week by confrontations between Bosniaks and Croats. A match between two clubs from Mostar, the Croat-dominated Zrinjski and the Bosnian-dominated Velez, was interrupted when Zrinjski supporters broke into the pitch after Velez scored a goal. The incident was reported by numerous media on 28 September 2011.
- ¹⁵ In March, the European Union (EU) Council reaffirmed its “unequivocal commitment to the territorial integrity of Bosnia and Herzegovina as a sovereign and united country” at the 3076th Foreign Affairs Council meeting in Brussels in March. See EU Council, *Council conclusions on Bosnia and Herzegovina* (Brussels: EU Council, 21 March 2011), http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/120066.pdf. In October the EU Council reiterated its “unequivocal commitment to Bosnia and Herzegovina’s EU perspective, as agreed at the 2003 Thessaloniki European Council” and its “unequivocal commitment to the territorial integrity of Bosnia and Herzegovina as a sovereign and united country.” EU Council, *Council conclusions on Bosnia and Herzegovina* (Luxembourg, EU Council, 10 October 2011), http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/125003.pdf.
- ¹⁶ European Commission (EC), *Bosnia and Herzegovina 2010 Progress Report Accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2010–2011* (Brussels: EC, 9 November 2010), 5, http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/ba_rapport_2010_en.pdf.
- ¹⁷ Transparency International BiH (TI BiH), “TI BiH apeluje na Parlament da ne propuste priliku za unapređenje zakona,” [The TI BiH appeals to the parliament not to miss the opportunity to improve laws] (Sarajevo: TI BiH, 1 September 2011), <http://ti-bih.org/4348/ti-bih-apeluje-na-parlament-da-ne-propuste-priliku-za-unapredenje-zakona>.
- ¹⁸ In the FBIH the Center for Interdisciplinary Post-Graduate Studies and the Dosta (Enough) movement became strongly perceived as aligned with the SDP BiH. At the same time, the role of civil society in the RS was negligible, as the government dominated all major communication channels.
- ¹⁹ In April, Minister Suljagić ordered all primary and secondary schools in the Sarajevo Canton to remove the marks that students receive in religious education from overall GPAs. When leaders of all three dominant religious communities in BiH objected, Minister Suljagić tried to defend the move by explaining that students who choose to attend religious education classes end up with inflated GPAs. Religious education classes are optional, and students who opt-in usually receive high marks, improving their GPA and, thus, their university prospects.
- ²⁰ Eldin Hadžović, “Bosnian Muslim Leader Criticized Over Call for Protests,” *Balkan Insight*, 17 May 2011, <http://www.balkaninsight.com/en/article/the-head-of-bosnia-s-islamic-community-accused-of-hate-speech>.

- ²¹ *Islamska Zajednica u Bosni i Hercegovini* [Islamic Community of Bosnia and Herzegovina], "Promoviran Izvještaj o islamofobiji" [Report on Islamophobia promoted], 18 August 2011, http://www.rijaset.ba/index.php?option=com_content&task=view&id=11618&Itemid=184.
- ²² Tarik Jusić, "Media landscape: Bosnia and Herzegovina," European Journalism Center, 5 November 2010, http://www.ejc.net/media_landscape/article/bosnia_and_herzegovina/.
- ²³ Maureen Taylor and Philip M. Napoli, "Media Development in Bosnia: A Longitudinal Analysis of Citizen Perceptions of News Media Realism, Importance and Credibility," *The International Communication Gazette*, 65, no. 6 (2003), 473–492.
- ²⁴ Marius Dragomir, "No News is Bad News: One of Bosnia's public TV stations doesn't seem to care if anyone watches its news programs," *Transitions Online*, 7 February 2011.
- ²⁵ Alenko Zornia, "Postignut dogovor 15 mjeseci nakon izbora: Hrvat premijer, Srbima novac, Bošnjacima vanjski poslovi i sigurnost" [The agreement reached 15 months after the elections: Croat as a prime minister, money goes to the Serbs, foreign affairs and security to the Bosniaks], *Vjesnik*, 31 December 2011, <http://www.vjesnik.hr/Article.aspx?ID=E063C5DE-6CE5-4CC3-A803-C9951DC14C94>.
- ²⁶ "Godišnja anketa korisnika RAK dozvola za pružanje internet usluga u BiH za 2011" [Annual survey of users of the CRA permits for providing Internet services in BiH in 2011], Communications Regulatory Agency (CRA), <http://www.rak.ba/bih/>.
- ²⁷ Internet World Statistics, "Europe," <http://www.internetworldstats.com/europa2.htm>.
- ²⁸ "Potpisan sporazum o saradnji Vlade FBiH i Saveza općina i gradova" [The agreement on cooperation between the government of FBiH and the union of municipalities and cities signed], *Moje vijesti*, 6 October 2011, <http://www.mojevijesti.ba/novost/99476/potpisan-sporazum-o-saradnji-vlade-fbih-i-saveza-opcina-i-gradova>.
- ²⁹ Mirna Jusić, *Public Access to Local Budgets: Making Local Government Budget Documents Easily Available to Citizens in Bosnia and Herzegovina* (Sarajevo: Analitika Center for Social Research, 13 May 2011), <http://analitika.ba/files/access%20to%20local%20budgets%20PB%20april11.pdf>.
- ³⁰ EC, *Commission Staff Working Paper: Bosnia and Herzegovina 2011 Progress Report, Accompanying the documents: Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2011–2012* (Brussels: EC, 12 October 2011), 12, http://www.ecoi.net/file_upload/1788_1318854424_ba-rapport-2011-en.pdf.
- ³¹ Faruk Vele, "Interview with the President of the High Judicial and Prosecutorial Council Milorad Novakovic: 'MPs will not elect judges and prosecutors,'" *Dnevni avaz*, 16 September 2011.
- ³² EC, *Bosnia and Herzegovina 2011 Progress Report*, 13.
- ³³ Transparency International, *Corruption Perceptions Index 2011* (Berlin: Transparency International, October 2011), <http://cpi.transparency.org/cpi2011/cpi/2010/results>.
- ³⁴ "BiH trese korpucija u zdravstvu: CCI, stanje se mora sistematski rjesavati" [BiH is shaken by the corruption in the health sector: CCU needs to solve the issue in a systematic way], *Boboska.com*, 31 July 2011, <http://www.boboska.com/drustvo/2163-bih-trese-korupcija-u-zdravstvu-cci-stanje-se-mora-sistematski-rjeavati>.
- ³⁵ EC, *Bosnia and Herzegovina 2011 Progress Report*, 14.
- ³⁶ Ramiz Huremagić and Blanka Benković said the BiH parliament broke the principles of quality, legality transparency, and accountability of public service under law because the appointed director and two deputies placed third, sixth, and the last in the exam.
- ³⁷ EC, *Bosnia and Herzegovina 2011 Progress*, 14.
- ³⁸ *Ibid.*, 11.
- ³⁹ As presented by TI BiH Executive Director Srdjan Blagovcanin. "Građani moraju čekati više od mjesec dana na odgovor javnih institucija" [Citizens have to wait for the answer from public institutions for more than a month], TI BiH, 28 October 2011.

- ⁴⁰ TI BiH, *Analysis of the Media Reporting Corruption in Bosnia and Herzegovina (15–28 August 2011)* (Sarajevo: TI BiH and Prime Communications, August 2011), <http://ti-bih.org/wp-content/uploads/2011/09/Analisis-of-the-media-reporting-Corruption-in-BH-15-28.-August-2011.pdf>.

Bulgaria

by Georgy Ganev, Daniel Smilov, and Antoinette Primatarova

Capital: Sofia
Population: 7.5 million
GNI/capita, PPP: US\$13,440

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00
Civil Society	3.25	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50
Independent Media	3.50	3.50	3.50	3.25	3.50	3.50	3.75	3.75	3.75	3.75
Governance*	3.75	3.75	n/a							
National Democratic Governance	n/a	n/a	3.50	3.00	3.00	3.00	3.25	3.25	3.50	3.50
Local Democratic Governance	n/a	n/a	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Judicial Framework and Independence	3.50	3.25	3.25	3.00	2.75	2.75	3.00	3.00	3.00	3.25
Corruption	4.25	4.25	4.00	3.75	3.75	3.50	4.00	4.00	4.00	4.00
Democracy Score	3.38	3.25	3.18	2.93	2.89	2.86	3.04	3.04	3.07	3.14

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Since the collapse of communism in 1989, Bulgaria has consolidated its system of democratic governance with a stable parliament, sound government structures, an active civil society, and a free media. Power has changed hands peacefully, with the country enjoying more than a decade of stable, full-term governments. Bulgaria officially joined the North Atlantic Treaty Organization (NATO) in 2004 and the European Union (EU) in 2007.

These successes notwithstanding, events in 2011 highlighted the persistence of challenges facing Bulgaria's democratic institutions. Presidential and local elections were marked by severe administrative inefficiency and delayed tabulation of results. Inefficiency and corruption within the judiciary are still considered a major stumbling block in Bulgaria's battle against high-level corruption and organized crime. A series of small bombings targeted opposition-oriented media and political parties during 2011, and the killing of an ethnic Bulgarian youth in September triggered a series of street protests against local organized crime and the Roma minority.

National Democratic Governance. President Georgy Parvanov's attempt to form his own political party failed to gain momentum, indicating the strength of a constitutional tradition that prohibits presidential parties. Public trust in the government and in Prime Minister Boyko Borisov continued to decline slowly during the year, but did not vary greatly from the level of trust in the previous three governments and prime ministers. Political tensions between the outgoing president and the prime minister appeared to stabilize, especially after the Citizens for European Development of Bulgaria (GERB) party candidate won the presidency in October. However, the government's practice of ad hoc policymaking persists in the absence of more programmatic governance strategies. *Bulgaria's national democratic governance rating remains unchanged at 3.50.*

Electoral Process. Concurrent presidential and municipal elections proceeded peacefully in late October. In addition to the usual allegations of vote buying and manipulation of results, the elections were characterized by considerable administrative inefficiency, resulting in problems with electoral registers, long voting queues, and delays in the announcement of official results. Most election coverage in 2011 appeared in the form of paid political content, creating a dearth of independent information. Due to the striking administrative mismanagement of the electoral process, *Bulgaria's electoral process rating drops from 1.75 to 2.00.*

Civil Society. The civic sector in Bulgaria is well regulated, generally free to develop its activities, and well established as a partner both to the state and to the media.

However, the ability of nongovernmental organizations (NGOs) to raise funds domestically remains limited, impeding the emergence of rich feedback links between NGOs and local communities. The absence of specific regulations for lobbying activities also creates a space for dubious practices and hinders the ability of civil actors to effectively express and pursue the interests of various segments of society. *Therefore, Bulgaria's civil society rating remains unchanged at 2.50.*

Independent Media. Media freedom is legally protected in Bulgaria, and citizens have access to a diverse array of media sources. Print media are generally free from specific regulations. The year 2011 witnessed further concentration of media ownership and increased accusations of overlap between media and political interests. Bulgaria's two, top-selling dailies, *Trud* and *24 Chasa*, were acquired by businessmen Ognyan Donev and Lyubomir Pavlov and the BG Printmedia group in a deal initiated in December 2010 but not confirmed until April 2011. In February a small bomb went off at the entrance of *Galeria*, a newspaper known for its critical coverage of the GERB government. During the October election campaign, the car of television anchor Sasho Dikov, also known for his anti-GERB views, was blown up in front of his apartment. *Bulgaria's independent media rating remains unchanged at 3.75.*

Local Democratic Governance. There were no notable changes in the institutional setup or effectiveness of local governance in 2011. The processing of the local election results in October came under severe criticism, serving as the basis for numerous court appeals, which are still pending. 2011 is the opening year for the planning of the EU 2014–20 financial period, in which Bulgarian municipalities will have improved opportunities to access significant resources. However, this improved prospect is counterbalanced by continuing sluggish recovery from the global economic downturn. *Bulgaria's local governance rating remains unchanged at 3.00.*

Judicial Framework and Independence. Increased efforts to combat corruption and organized crime have often foundered in Bulgaria's judiciary, with cases subject to lengthy procedural delays, defective pre-trial investigations, and dismissal on technicalities. The establishment of specialized courts for high-level corruption cases was postponed until 2012 after the 2010 law establishing them was brought before the Constitutional Court in February. In July, lawmakers rejected legislation that would have enabled asset seizures in cases of suspected corruption. Judicial appointments by the Supreme Judicial Council, the self-governing body of the judicial system, triggered wide professional and civil society calls for resignation and reform. An investigation led by the European Association of Judges determined that Interior Minister Tsvetan Tsvetanov's persistent threats endangered the independence of the justice system and violated European standards for the rule of law. Owing to increasing threats to the judiciary's independence, *the rating for judicial framework and independence lowers from 3.00 to 3.25.*

Corruption. Gradual progress in the field of corruption continued in 2011, while the negative effects of increased government fiscal pressures in the light of the global economic downturn have eased. At the same time, public perceptions and concerns about corruption remain relatively high. The system of bodies charged with fighting corruption continues to lack sufficient coordination and clarity of responsibility and accountability. The inability of authorities to curb rampant organized crime, particularly at customs check-points, caused the EU to back out of scheduled talks to admit Bulgaria to the Schengen customs-free zone. *Owing to a lack of forward momentum in Bulgaria's anticorruption agenda, the corruption rating stays at 4.00.*

Outlook for 2012. The crucial goal for Bulgaria's government in 2012 will be controlling the domestic consequences of the global financial and economic crisis while implementing long-overdue reforms in sectors such as healthcare, higher education and the judiciary. The government still enjoys comfortable levels of public support and has a window of opportunity to pursue long-term goals. Its biggest challenges remain the effectiveness of public spending and the measures to address the problems of organized crime and corruption.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.50	3.00	3.00	3.00	3.25	3.25	3.50	3.50

The constitution adopted in 1991 established Bulgaria as a parliamentary democracy with a strong system of checks and balances between the legislative, executive, and judicial branches. Citizens may participate in the political process through elections, consultations with the legislature, and participation in civil society organizations or the media. Bulgaria's unicameral parliament, or National Assembly, has formative powers over the other two branches, but after their formation they are independent. One peculiarity of the Bulgarian system is the role of the presidency, which carries relatively few governance powers, but a high level of legitimacy due to direct elections.

Bulgaria's political system has enjoyed considerable stability over the last decade; the present government is the fourth in a row which seems set to serve its full, 4-year constitutional term. Although a significant majority of Bulgarian citizens report dissatisfaction with the performance of Bulgarian democratic institutions and leaders, no non-democratic alternatives seem viable.

At present, the two dominant forces in Bulgarian politics are the center-left Bulgarian Socialist Party (BSP), once led by President Georgy Parvanov, and the center-right Citizens for European Development of Bulgaria (GERB) led by Prime Minister Boyko Borisov. Since the parliamentary elections of 2009, GERB has controlled 117 out of the 240 seats in the National Assembly. Borisov and GERB have maintained the support of a parliamentary majority by courting diverse parties such as the nationalist-populist Ataka and the center-right Blue Coalition, as well as various independent deputies, most of whom come from the parliamentary group of Order, Law, and Justice (RZS), which disintegrated during the course of 2011. Even though it is a minority government, GERB has demonstrated its ability to sustain support within parliament. Overall levels of public approval for the government and its leader are not high, but they are comparable to the approval levels of all three previous governments and prime ministers in the middle of their respective terms.

In mid-July, two small bomb blasts took place in the vicinity of the RZS headquarters, as well as close to an office of Democrats for a Strong Bulgaria, a party from the Blue Coalition. Police reported that the blasts appeared to have been designed for maximum public visibility, rather than to inflict damage or casualties. Interpretations varied between claims that the GERB government was trying to intimidate smaller parties just before a vote of confidence in parliament, and claims that the blasts were actually attempts on the part of the political opposition to influence the last-minute editing of the annual organized crime monitoring report

by the European Commission (EC), whose final text was up for approval later the same week. At year's end, the police investigation had yielded no results, and no new facts lending support to either the interpretations had emerged.

The relationship between President Parvanov and the other members of the executive branch, particularly Prime Minister Borisov, was turbulent in 2009 and 2010, with the president aggressively and outspokenly opposing many policies of the ruling government. The crisis peaked in November 2010, when Parvanov, formed a civic-movement-cum-presidential-party called the Alternative for Bulgarian Revival (ABV), in violation of a longstanding constitutional convention that prevents the presidency from endorsing any one party above others. ABV continued to exist in 2011, but it never gained momentum and failed to put forth any official candidates in the 2011 local elections. Relations between the government and the outgoing President Parvanov appeared to improve, or at least avoid direct confrontation, especially after GERB party candidate Rosen Plevneliev was elected president in October. Nevertheless, the usual governance issues remained as Prime Minister Borisov's practice of ad hoc policymaking persisted in place of more programmatic governance strategies.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00

Bulgaria's president is directly elected, and seats in parliament are apportioned based on a system of proportional representation, with a four percent threshold. All Bulgarian elections since 1991 have been deemed free and fair by international observers, though allegations of vote-buying and other manipulations have been common in recent years. A new electoral code adopted in 2010 combined Bulgaria's existing electoral laws into a single document and introduced a number of controlling mechanisms aimed at reducing election day fraud. The 2010 code also introduced a preferential voting component to local and parliamentary votes, allowing candidates to move to the top of their party's list on the ballot if "preferred" by at least 10 percent of voters. Residency requirements, another innovation of the new code, have been criticized for limiting the voting power of Bulgarian citizens living abroad, especially Bulgarians residing in Turkey.

The first presidential and municipal elections conducted under the new electoral code took place in October 2011, resulting in an overwhelming victory for GERB. A GERB candidate, Rosen Plevneliev, won the presidency. GERB also came out as the most popular political party in the elections for local councilors, and made significant inroads in the local government structures by electing mayors in most big cities. The BSP came in second in both the presidential race, and in the elections for mayors and local councilors. Yet, the party lost its hold over some larger cities in the country, such as Varna. Overall, the election consolidated a majority rule for GERB and a group of independent members of parliament, extending considerable power to the ruling party.

In the presidential race, the three main candidates were Rosen Plevneliev, Ivaylo Kalfin (BSP), and Meglena Kuneva (independent). In the first round, Plevneliev received 40.11 percent of the vote, while Kalfin received 28.96 percent and Kuneva 14 percent. Plevneliev won the second round against Kalfin by a relatively small margin: 52.58 percent to 47.42 percent. Voter turnout was relatively high at about 51 percent during the first round and 54 percent during the second.¹

Regulations introduced by the 2010 code to limit fraud had the negative side effect of slowing down both voting and vote tabulation, leading to delays in publishing the results. The results for some districts were delayed by more than 24 hours after the legal deadline, and there were several reports of unauthorized people entering the premises where the counting was taking place. Another serious problem was the omission of citizens, who were entitled to vote, from the electoral registers. The scale of this phenomenon is yet to be established, but the situation highlighted the need for more efficient management of electoral registers. Some of the local elections produced very close results and allegations of manipulations raised arguments for rerunning the elections in some of the municipalities. Mayoral elections for the city of Pleven saw flagrant instances of ballot stuffing in some of the polling stations, but the official results—which put GERB's candidate ahead by fewer than 400 votes—were upheld in court on 29 December.² The BSP challenged the results of the presidential race before the Constitutional Court, which also ruled to uphold the official numbers.³

Election campaigns and media coverage of the elections were generally competitive and fair. However, certain problems remain concerning full and unbiased coverage of the elections. One is that all electoral communications are paid by the candidates and parties. This gives an advantage to larger parties, which are eligible to receive campaign financing from the state, while independent candidates rely on private donations to fund their campaigns. In terms of formatting, media advertisements are often indistinguishable from genuine journalistic content and election coverage. State-funded media are strictly proscribed from taking sides in their coverage of the campaign—a rule introduced to ensure fairness, but which has actually scared many reporters away from in-depth election coverage. Those journalists who do cover the elections often keep to safe, nonpartisan issues, resulting in disproportionate emphasis on problems like vote-buying.

An outbreak of anti-Roma violence in September 2011 heavily influenced the campaign rhetoric of some parties. A simmering conflict involving associates of Tsar Kiro, an influential Roma businessman of dubious reputation, erupted into a night of protests and arson when a driver allegedly working on Kiro's instructions ran over and killed a 19-year-old boy. The protests against "Roma criminality" spread across the country in the ensuing days, resulting in at least one racially motivated beating of two Roma boys in the town of Blagoevgrad. Some political parties, especially Ataka and the Bulgarian National Movement (VMRO), exploited these incidents to bolster nationalist support in the October presidential and local elections. Volen Siderov, the leader of Ataka, appeared on television expounding on the dangers of Roma criminality and defending the protesting crowds as conscientious

citizens. However, this approach failed to unify the nationalist vote, which was scattered among numerous small parties. Ultimately, Ataka lost the elections badly, demonstrating a positive trend that nationalistic sentiment cannot be used for swinging political campaigns.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.25	3.00	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50

The Bulgarian constitution guarantees the right of citizens to organize freely in associations, movements, societies, and other civil society organizations. During the period of postcommunist transition many civil society organizations emerged and became very active at the local and national levels, achieving considerable influence. Registration and tax regimes are relatively simple and stable. Public benefit nongovernmental organizations (NGOs) are not obliged to pay direct taxes and are allowed to carry out for-profit activities that do not interfere with their stated aims if these projects are registered and taxed separately.

Under the Non-Economic Purpose Legal Entities Act, the Bulgarian Ministry of Justice maintains a central register for entities that define themselves as acting in the public interest. By the end of 2011 there were 9,137 entries in the register, an increase of almost 10 percent since 2010.⁴ Of these, 86 percent are associations, close to 14 percent are foundations, and 0.5 percent are branches of foreign-based NGOs. A nongovernmental web portal for NGOs, launched in 2010, contained 5,302 entries in 2011, compared to 5,094 entries in 2010.⁵ Among these web-registered NGOs, 267 defined their basic activity as related to environmental issues, 191 as related to human rights, 137 as related to ethnic issues, and 77 as related to women and gender issues. The two registers indicate that Bulgarian NGOs cover various social spheres (health, education, social services), rights issues (human, minority, gender, religious), public policy and advocacy (with an increasing interest for environmental issues), business and development, and sports. Most of the organizations, especially in the nongovernmental online register, appear to be active.

In 2011, some members of the GERB government appeared more receptive to civil society input than others. Minister of Justice Margarita Popova (who was elected vice president in October) cooperated all year with the Civic Council, a consultative body consisting of representatives of NGOs and judicial professional organizations. In mid-2011, Minister Popova made a clear statement that the governance of the judiciary is in a deep crisis and declared a strong commitment to reform, including constitutional amendments.⁶ The Civic Council has been invited to play an important role in the shaping of the much needed reform agenda.

A less promising example of government-civil society relations was set by Minister of Interior Tsvetan Tsvetanov, whose aggressive rhetoric against the Association of Bulgarian Judges drew shocked responses from the European Association of Judges and other organizations. In June 2011, during a conference on Roma integration

Tsvetanov also embarrassed Roma representatives by declaring that European Union (EU) funds for Roma integration have been abused by Roma NGOs.

Such instances of poor diplomacy notwithstanding, Bulgaria's EU membership has generally strengthened the voice of civil society in government, as involvement of numerous stakeholders is often a condition of EU funding, specifically with regard to EU Structural and Cohesion funds. EU membership also facilitates cooperation and coordination between organizations with a similar scope of activities; if they want to get their voice heard, they have to be able to choose representatives in the respective committees and governmental bodies. This trend is very well illustrated by developments within the environmental NGO community. In 2011, for the first time in nine years, environmental NGOs were successful in coming together for a national conference that elaborated joint input for the strategic documents covering the next programming period up to 2020. In 2011 trade unions and the employers' organizations continued an active dialogue with the government on financial and economic issues. Small and medium enterprises remained outside the scope of the activities of the trade unions.

Despite financial hardships brought on by the 2008 crisis, NGOs have found inexpensive ways to increase the effectiveness and efficiency of their activities by making greater use of technology. Environmental NGOs, in particular, have been very successful in using the new social networks and internet platforms to advocate for their causes.⁷

With the increase in the number of different NGOs—especially those whose main task is to influence public decisions through advocacy—the absence of specific regulations for lobbying activities creates a space for dubious practices and hinders the ability of civil actors to effectively express and pursue the interests of various segments of society. The debate on whether Bulgaria needs a special law on lobbying activities has been very active for several years. In 2009 the adoption of such a law was in the program of the GERB party, but was dropped in late 2010 in favor of a register of lobbyists and lobbying organizations, similar to the Joint Transparency Register shared by the EC and the European Parliament. No progress was made in 2011 towards creating the legal basis for such a register.

The educational system itself is free of political influence or propaganda. However, during 2011 (and particularly on the eve of the local elections), a few school activities, including sporting events, were used as opportunities for GERB propaganda.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.25	3.50	3.50	3.75	3.75	3.75	3.75

Media freedom is legally protected in Bulgaria, with citizens enjoying unrestricted access to a rich variety of media sources. The right to information is also enshrined in the constitution and in the Law on Access to Public Information. However, this

legal framework lacks specialized legislation addressing the protection of journalists from victimization. Whatever protection exists is due to general laws protecting citizens and to the respect afforded to journalism as a profession, as well as the popularity of individual journalists and media sources. Libel is a criminal offense in Bulgaria, but the penalty is a fine that rarely exceeds US\$10,000. Despite numerous libel cases, the courts tend to interpret the law in favor of freedom of expression and convictions are relatively few.

Print media are free from government control and regulation. Electronic media are regulated through the Law on Radio and Television by the Council for Electronic Media (CEM), which has the dual role of governing state-owned national radio and television and regulating the rest through licensing and registration. Although the CEM is not under government orders, parliament must approve its budget. Throughout its existence, the council has had a reputation of political dependence and has been heavily criticized for the manner and quality of its regulatory actions. The country's switch to digital broadcasting—particularly the parliament's oversight of the CEM in this process—has also left ample room for the influence of political and special-interest agendas with respect to electronic media. In practice, each new government introduces changes in the electronic media law and/or in CEM, in order to have tighter control over the public electronic media in the country.

The Bulgarian press market is characterized by a high number of dailies per capita and low newspaper circulation. With the exception of a few local newspapers and the official *State Gazette*, all print media in Bulgaria are privately owned, with some under foreign ownership. The two highest circulation dailies, *Trud* and *24 Chasa*, were owned by the German group Westdeutsche Allgemeine Zeitung (WAZ) until they were sold to three Bulgarian entrepreneurs in late 2010. After the sale, a serious conflict emerged between the new owners, and was still pending in court at year's end. This conflict has not had a visible impact on the content and the policy of the papers, which still remain considerably influential.

In 2009–10 a new player entered the print media market, the New Bulgarian Media Group (NBMG), whose hold on the media market continued to grow in 2011. It currently owns a daily (*Telegraph*) with reportedly the highest circulation in Bulgaria, although data on circulation is not entirely reliable. The group also controls a leading TV station and a number of other outlets. There have been persistent allegations that the group was created with loans from a bank that handles the financing of state-owned enterprises, but these allegations have not triggered a review by the antimonopoly commission or other relevant bodies for unlawful state aid or illegitimate concentration. According to its competitors, the group also controls some 80 percent of the printed press distribution in the country.⁸

The official owner of NBMG is Irena Krasteva, the former director of Bulgaria's national lottery. Krasteva's son, Delyan Peevski is a parliamentary deputy from the Turkish ethnic minority party, a minor coalition partner in the 2005–09 Bulgarian government. The NBMG has been criticised for its consistently positive coverage of the last two governments.⁹

Bulgaria has three national public TV channels: BNT1, BNT2, and the worldwide satellite channel TV Bulgaria. Since 2000, there are also private commercial TV channels that are broadcasted terrestrially nationwide: BTV, NovaTV and Pro.BG. National public television has 4 regional channels in Varna, Rousse, Plovdiv, and Blagoevgrad. As of 2006 there were 196 cable and satellite TV programs, and 42 towns had local TV operators and private TV channels. In addition, Bulgarian citizens have access to numerous foreign programs via satellite and cable. Despite the large number of registered programs, however, the national market for both radio and television is relatively concentrated.

Three of Bulgaria's radio stations have national coverage: the two public radio programmes *Horizont* and *Hristo Botev* of the public radio operator Bulgarian National Radio (BNR), and the private *Darik* radio. In general, Bulgaria's largest cities, especially Sofia, enjoy much greater diversity of programming than smaller cities. Just 42 of the 240 towns in the country have local radio programs, but the 9 towns with a population over 100,000 host a total of 115 local radio stations. There are also 18 radio networks which broadcast in the major towns.

Professional organizations and NGO activities play an important role in the development of Bulgarian media. Among the country's most important journalistic associations are the Media Coalition and the Free Speech Civil Forum Association. The Journalists Union, a holdover from the communist era, is attempting to reform its image. More than half of the journalists in Bulgaria are women. The largest publishers are united in their own organizations, such as the Union of Newspaper Publishers. Of the few NGOs that work on media issues, the most important is the Media Development Center, which provides journalists with training and legal advice.

Assessments of Bulgaria's media environment by international organizations have chronicled a tumultuous 5-year period, characterized by sharp improvements and declines, but with a constant downward trend relative to the performance of other EU states.¹⁰ In 2011, two incidents drew international attention to dangers facing media professionals, though the interpretations placed upon them vary greatly. In February a small bomb went off at the entrance of one of the newspapers, *Galeria*, which is known for its criticism of the GERB government. In October, during the election campaign, the car of the journalist and television presenter Sasho Dikov was blown up in front of his apartment. Dikov was also known for his support of the political opposition. Investigation of both cases was ongoing at year's end. Some have interpreted the bombings as a message intended to threaten independent journalists, while others view the attacks as attempts to implicate the government, or draw attention to its incompetence in investigating the crimes. One issue which was striking in both of the cases was the theatricality of the incidents, which were staged for maximum public effect.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00

The municipality is the principal local governance body in Bulgaria. The constitution envisages the possibility of an intermediate (regional) level of self-government, but so far parliament has not chosen to adopt the laws necessary for its formation. Under the constitution, the municipalities are legal persons with rights to own property, transact, budget, set local tax rates, define and set local fees, and issue debt within limits specified by law. Since the 1990s, the process of decentralization has proceeded, but very slowly. Much is still controlled at the central level, especially with regard to budgeting and regional development, where the respective ministries and parliament continue to have the final word.

The local elections of 23 October were the first elections held concurrently with presidential and vice presidential elections. This decision put a significant strain on the election administration and led to delays in the announcement of results in some municipalities. Turnout was relatively high at about 51 percent during the first round and 54 percent during the second.¹¹

Mayoral and municipal polls brought victory after victory to GERB candidates, driving out or swallowing up small, locally focused political formations with the potential to enter the municipal councils and become important political stakeholders at the local level. The second largest number of victories went to BSP, strengthening the perception that Bulgarian politics are slowly returning to a two-party system. A side effect of this development is the smaller emphasis on vote-buying than in previous elections, which may also be attributed to somewhat more effective prevention efforts, including several heavily publicized arrests for related offenses before the elections began. In fact, during the 2011 local elections for the first time the national media reported that certain people and groups, who traditionally sell their votes, complained that there were no buyers. Nevertheless, in many municipalities there were formal appeals against the pronounced election results, leaving the final decision up to the judiciary.

In general, Bulgarian municipalities are too small and poor to make a significant difference in the lives of their citizens through their own resources and decision-making capacity. The development needs of Bulgarian society, which are specific to regional and local circumstances, clearly call for the increased involvement and effectiveness of regional self-governments. Increasing the size of the average municipality (and its resource base) through community mergers could possibly remedy the situation, as might the introduction of an intermediate level of self-government that would then allocate resources on a regional level. The second option is particularly relevant to the disbursement of EU funds targeting cohesion and development. Planning for the 2014–20 EU financial framework began in 2011 and will involve the municipalities in the preparation of strategies for regional operating programs.

When negotiating with the state and the EU, Bulgarian municipalities are represented by the National Association of Municipalities in the Republic of Bulgaria. This is an important organization in the Bulgarian local governance context, since it provides a forum for local governments to voice their concerns, and also provides a venue for sharing best practices and improving administrative capacities. A similar role is played by various NGOs specializing in aiding local governments and improving their capacity.

The budgets of Bulgaria's municipalities have suffered significant cuts since the beginning of the global economic crisis of 2008.¹² As a result of austerity measures, many local governments lack the funds to delivery basic services to their residents. Economic recovery and improved access to EU funds for municipalities would help to remedy this problem.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.25	3.25	3.00	2.75	2.75	3.00	3.00	3.00	3.25

Basic rights such as the freedom of expression, of association, and of religious beliefs, as well as the rights to privacy, property and inheritance, and economic initiative and enterprise, are enshrined in the constitution, further defined and regulated in national legislation, and generally protected in practice. The most frequently criticized problems in Bulgaria's court and penal system are discrimination against the Roma minority and certain religious beliefs, abuse of the rights of suspects, and significant delays in judicial decisionmaking. By the summer of 2011, the European Court of Human Rights (ECHR) had received 700 complaints about significant delays of judicial decisions in Bulgaria's court system, and 130 decisions regarding the complaints were still pending. In May, the ECHR strongly criticized Bulgaria's judicial backlog, and gave the country one year to remedy this "systemic problem."¹³

Inefficiency and corruption within the judiciary are considered a major stumbling block in Bulgaria's battle against high-level corruption and organized crime. Throughout 2011, tensions grew between Interior Minister Tsvetan Tsvetanov and the minister of the judiciary over the low conviction rate in cases of high-level corruption and organized crime. Tsvetanov attempted to use the courts as scapegoats for existing structural problems, issuing several public statements attacking the judicial system in Bulgaria.¹⁴ Suspicions that Tsvetanov's actions placed improper pressure on the independence of Bulgarian courts prompted the European Association of Judges (EAJ) to initiate a fact-finding mission in late January. In July, the EAJ found that Tsvetanov's persistent threats against Bulgarian judges jeopardized the independence of the justice system, violated European standards for the rule of law, and unwarrantedly discouraged already fragile public confidence in the Bulgarian justice system.¹⁵

A controversial proposal to set up specialized courts for prosecuting organized crime passed into law during the last days of 2010 after much heated debate. The law calls for the establishment of specialized courts which will be more immune to pressure from organized criminal groups in court proceedings than ordinary judges. Various changes were introduced into the draft law after consultations with the Venice Commission in order to comply with EU standards. Nevertheless, the new law was challenged in a constitutional court in February 2011, which postponed the establishment of the special courts until January 2012.

The Supreme Judicial Council (SJC) administers the judicial system and is responsible for all judicial appointments. In the summer of 2011, one of the SJC's proposed appointments to the specialized courts came under harsh criticism because the appointee had previously been suspended in a disciplinary action related to "trade in influence." Since 2009, the incumbent SJC has been repeatedly accused of practicing cronyism with regard to senior judicial appointments. The noncompetitive, nontransparent character of senior appointments made in 2011 triggered widespread calls for reform of the judicial system and resignation of the incumbent SJC. In response, the minister of justice initiated consultations with civil society on the reform agenda and basis for eventual constitutional amendments.

Another controversial judicial reform intended to streamline organized crime and high-level corruption cases concerns the confiscation of illegally acquired assets prior to conviction. The sixth revised draft of the law on non-conviction based civil confiscation was adopted by the government in May 2011 and approved by the relevant parliamentary committee in June 2011. On 8 July 2011 the draft law was rejected by parliament, but will return to the agenda in 2012. Critics of the law have raised the issue that in an economy with a very large gray sector, the definition of "illegally acquired assets" could be dangerously broad and affect any number of Bulgarian households. The law also risks becoming a tool for the government to put pressure on the political opposition. If passed, the law is very likely to be brought before the Constitutional Court.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.25	4.25	4.00	3.75	3.75	3.50	4.00	4.00	4.00	4.00

Each branch of Bulgaria's government has a specialized anticorruption body, and there are inspectorates for dealing with allegations of corruption, conflicts of interest, and abuse of power. Financial disclosure, in particular, has captured the public's attention since the beginning of the economic crisis, and financial declarations of officials are carefully scrutinized in the media. Nevertheless, the country's fight against corruption lacks coordination between different units, as well as clearly defined responsibilities and expectations.

Corruption-related scandals occurred throughout the year. A troubling example took place in the beginning of 2011, when wiretaps of telephone conversations between senior officials—including the prime minister, a deputy prime minister and the head of the customs office—were leaked to the press, revealing that senior politicians may have impeded investigations into the operation of certain businesses. Although the authenticity of the recordings and transcripts was never officially proven, some of the participants in the wiretapped conversations confirmed that they had taken place.¹⁶ The leaking of this information to the press also damaged the image of the minister of interior, who had ordered the wiretaps, because it demonstrated the ministry's lack of control over confidential surveillance material.

The gradual decline in everyday corruption evident in 2010 continued in 2011. A survey by the Center for the Study of Democracy (CSD)¹⁷ indicates a gradual decline in the proportion of people pressured into committing corrupt acts. Given a lack of dynamic change in the tax base, increasing tax revenues indicate a slight decline in tax evasion, which is inherently linked to corruption and the grey economy. The introduction of more electronic and automatic services for interacting with administrative offices has decreased opportunities for certain types of corruption, such as petty bribery.

Opinion data for 2011 suggest that the public is still deeply concerned with the phenomenon of corruption, and highly intolerant of such practices.¹⁸ Concerns about Bulgaria's inability to combat organized crime also prompted the EC to issue warnings in 2011 about the large number of acquittals in high-profile corruption cases.¹⁹ Ultimately, the persistence of organized crime has resulted in the EC's decision to delay talks on Bulgaria's entrance into the Schengen zone. Despite the EC's insistence that Bulgaria step up its efforts to combat organized crime, the establishment of a Special Criminal Court intended to try individuals involved in organized crime was further postponed until 2012.²⁰

Improvements to procedures for the public tendering of major, EU-funded infrastructure projects continued from the previous year and more procedures have been finalized. As a result, the levels of EU funds absorption have reached record levels. However, the European Bank Coordination Initiative noted that by the beginning of 2011, of all EU member states, Bulgaria had absorbed the least amount of EU funds (15 percent) made available by the European Regional Development Fund, European Social Fund, and Cohesion Fund in the Financial Perspectives 2010–13.²¹

In 2011 Bulgaria's economy continued its slow recovery from the global economic slump of 2009, but growth is still lagging compared to the years before the crisis. This is largely due to serious difficulties in Bulgaria's major EU partners, especially its southern neighbor Greece, whose crisis has direct and indirect repercussions for Bulgaria. Nevertheless, government pressure on the economy—which increased in 2010 to compensate for a reduction in tax revenues brought on by the economic crisis—eased in 2011. Though the government continues to run arrears in its payments to the private sector, its fiscally conservative approach appears to be gradually stabilizing the budget situation. The projected budget

for 2012, proposed by the government in late October, reflects a political will to decrease the level of redistribution of national income through the next year.

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- ¹ Election results available through the website of the Central Electoral Commission of Bulgaria, <http://results.cik.bg/tur2/prezidentski/index.html>.
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 - ³ Constitutional Court of the Republic of Bulgaria, “Решение № 12, София, 13 декември 2011 г. по конституционно дело № 11 от 2011” [Decision No. 12, 13 December 2011, on Constitutional Case No. 11 of 2011], <http://www.constcourt.bg/Pages/Document/Default.aspx?ID=1582>.
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 - ⁶ “Управлението на съдебната система е в криза, министър Маргарита Попова свика Обществения съвет” [The management of the judicial system is in crisis, Minister Margarita Popova convened the Public Council], Bulgarian Helsinki Committee, 21 June 2011, <http://www.bghelsinki.org/bg/novini/bg/single/upravlenieto-na-sdebната-sistema-e-v-kriza-ministr-margarita-popova-svika-obshestveniya-svet/>.
 - ⁷ See, for example, the BLUELINK Citizens’ Action Network, <http://www.bluelink.net/>.
 - ⁸ Kristina Patrashkova, “Журналисти от Европа: Започваме разследване на медийния монопол в България!” [Journalists from Europe start an investigation of media concentration in Bulgaria], *24 Chasa*, 7 April 2011, <http://www.24chasa.bg/Article.asp?ArticleId=847061>.
 - ⁹ “Близка до банкера Цветан Василев фирма купи 50% от НУРТС” [A Company close to Tsvetan Vassilev is buying 50 percent of NURTS], *Dnevnik*, 7 April 2010, http://www.dnevnik.bg/biznes/2010/04/07/884058_blizka_do_bankera_cvetan_vasilev_firma_kupi_50_ot_nurts/. See also Dimitar Peev, “За връзката между парите на данъкоплатците, Корпоративна банка и ‘Нова българска медийна група’” [On the relation between the tax payers, NBMG and Corporate Bank], *PR and Media Novini*, 22 May 2012, <http://prnew.info/tag/nova-bylgarska-mediina-grupa/page/4/>.

- ¹⁰ Reporters Without Borders, *Press Freedom Index 2010*, <http://en.rs.f.org/press-freedom-index-2010,1034.html>.
- ¹¹ Voter turnout was approximately 51 percent during the first round and 54 percent during the second. See Organization for Security and Cooperation in Europe/Office Democratic Institutions and Human Rights (OSCE/ODIHR), *Limited Election Observation Mission Republic of Bulgaria—Presidential and Municipal Elections, Second Round, 30 October 2011. Statement of Preliminary Findings and Conclusions* (Sofia: OSCE, October 2011), <http://www.osce.org/odihr/elections/Bulgaria/84601>.
- ¹² Data from the Ministry of Finance indicate that nominal municipal expenditures have decreased by more than 20 percent between the beginning of 2009 and the end of 2011. Monthly data available at <http://www.minfin.bg/bg/statistics/5>.
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- ¹⁵ “International Experts: Bulgarian Interior Minister Erodes Justice System Credibility,” *Novinite*, 16 May 2011, http://www.novinite.com/view_news.php?id=128291.
- ¹⁶ Information was gathered from various interviews in Bulgarian media.
- ¹⁷ A portion of the data have not been published and have been obtained directly from the CSD.
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Croatia

by Petar Dorić

Capital: Zagreb
Population: 4.4 million
GNI/capita, PPP: US\$18,680

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	3.25	3.25	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Civil Society	3.00	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.50	2.50
Independent Media Governance*	3.75	3.75	3.75	3.75	4.00	3.75	4.00	4.00	4.00	4.00
National Democratic Governance	n/a	n/a	3.50	3.50	3.50	3.25	3.50	3.50	3.50	3.50
Local Democratic Governance	n/a	n/a	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Judicial Framework and Independence	4.25	4.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Corruption	4.75	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.25	4.00
Democracy Score	3.79	3.83	3.75	3.71	3.75	3.64	3.71	3.71	3.64	3.61

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The positive decision by the European Union (EU) on Croatia's membership in June marked a clear point of progress in Croatia's democratic transition. Concerns remain, particularly on judicial and corruption-related issues, but Croatia has demonstrated the political will to continue on the path to EU accession, which is scheduled for 2013. In relation to anticorruption efforts, the government performed better than in years past, with the judicial branch taking on challenging cases against current and past government officials and friends. However, the march towards the EU has yet to be internalized by institutions and by society as a whole. Many institutions now have new laws complying with EU standards, but the functioning of these is still to be tested. Despite all of the focus on the EU, the population remains relatively uninformed about either what the EU means or what they should be expecting in terms of improved rights or democratic standards. For example, a public opinion poll taken by Transparency International Croatia at the end of September showed that one-third of citizens did not realize the EU negotiation process had been finished and only 20 percent were familiar with the main purpose of Law on Transparency of Public Data (*Zakon o javnom informiranju*), which obligates all public institutions to work transparently.

Government efforts to address war crimes of the 1990s are still insufficient. The adoption of a controversial law rendering any investigations by Serbia of war crimes in Croatia invalid and the government's reaction to The Hague's guilty verdicts for two generals in April illustrated a society and state that still lack critical examination of crimes committed by Croatian forces during the war.

National Democratic Governance. The EU's positive decision on Croatia's accession in June recognized the government's many efforts at reform, particularly more recent attempts to step up corruption investigations. Corruption investigations have tested the maturity of the institutions, but these have managed to remain stable and perform their duties. *Accordingly, national governance remains at 3.50.*

Electoral Process. Preparations for parliamentary elections did not address two problematic components of election regulations. The election campaign began in a turbulent environment, with the ruling party being investigated for corruption, but the election itself was considered to be well within democratic standards. *Croatia's rating for electoral process remains at 3.25.*

Civil Society. Diverse and sometimes competing factions within civil society exercised their voice through public demonstrations throughout the year. Protestors organized against the first gay rights parade in Split and protestors against The Hague's guilty verdicts for two generals showed the power of the conservative

and nationalist currents within civil society. Meanwhile, protests by workers and a general increase in street protests against the political class reflected efforts by another segment of the population to advocate for their rights and influence society. *Croatia's civil society rating remains at 2.50.*

Independent Media. Media have not demonstrated efforts to improve their performance; rather they continue to exhibit political and economic interests over professional standards. *Croatia's rating for independent media remains at 4.00.*

Local Democratic Governance. Reform of local government administrations was put off for yet another year. Some political will towards fiscal decentralization has emerged for the elections, but will only be tested after the elections. *Local democratic governance remains at 3.75.*

Judicial Framework and Independence. Reform efforts for the EU accession process and the new version of the criminal code have been shadowed by poor war crimes judicial performance and the new law nullifying Serbia's investigation into war crimes in Croatia. *Croatia's rating for judicial framework and independence remains at 4.25.*

Corruption. Investigations have been opened on all levels from former prime minister to current ruling party, the Christian Democratic Union (HDZ, Hrvatska demokratska zajednica). *Prosecution of cases has been ramped up; sentencing of cases is still to be tested, but further efforts to chip away at the complex web of high-level corruption result in an improvement of the rating from 4.25 to 4.00.*

Outlook for 2012. The new government in 2012 faces a number of challenges, not least of which is keeping corruption-related investigatory efforts and war crime processes on track. The EU will be doing a biannual report on Croatia specifically in these areas to track progress. Expected rulings on a number of Bosnian Croat indictees in The Hague will provide the next opportunity for the government to show responsibility and political will in the face of war crimes verdicts. At the same time, the new government faces a tough economic environment where all easy choices have already been used up, and real budget reforms and new efforts to generate economic growth are demanded by the population. Croatia has made it through the EU accession process, but the next year will be full of unglamorous, but necessary follow-up and further reform efforts. The mandate of the new government, accordingly, will be full and challenging.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.50	3.50	3.50	3.25	3.50	3.50	3.50	3.50

In June, two decades after it established its independence, Croatia finally completed negotiations with the European Union (EU) on accession, which is scheduled to take place during the second half of 2013. The positive response from Brussels was seen as a milestone in Croatia's transformation from a war-torn, transitional state to a solid, EU-candidate country with increasingly consolidated democratic institutions and practices.

In some ways, the EU's decision was less a reflection of an improvement in democratic governance during 2011 than an acknowledgement of the cumulative effort Croatia has put forth in the past decade to engage more seriously in democratic reforms, which began after the death of President Franjo Tudjman in 2000. Since then, progress has slowly been achieved on some of Croatia's key challenges, including forming an independent judiciary, establishing a more balanced executive branch—shifting many powers from the president to the prime minister—and professionalizing public administration.

In 2011, government institutions demonstrated their capacity to function despite yet another turbulent political year. Specifically, the government attempted to tackle the vicious cycle of corruption through numerous investigations of government officials. Before the year was out, a number of current and former elite of the ruling party, the Croatian Democratic Union (HDZ) had been charged with involvement in corruption-related or other criminal activity. Widespread corruption is a legacy of the Tudjman era that persists despite moves by the current government to confront it, and public funds are routinely handled in murky deals benefiting key members of the ruling party and their affiliates.

Prime Minister Jadranka Kosor has been at the head of the anticorruption campaign. To some extent, analysts believe the prime minister's interest in tackling corruption is self-serving, stemming from a desire to clean up the HDZ and bolster loyalty among party factions to her government rather than former prime minister Ivo Sanader. Sanader's arrest in December 2010 on corruption charges shook the country as it was the first time a former head of state had been arrested and prosecuted on such charges. It also clearly defined Kosor's image as independent from Sanader, her former boss. Sanader was arrested in Austria and extradited to Croatia in July 2011. Sanader's case set an important precedent for the prosecution of high-level officials in Croatia, and in the Balkans.

Regardless of Prime Minister Kosor's motives, the fact remains that the most effective anticorruption actions to date have been carried out under her mandate. The opening of corruption investigations against the HDZ party in October along with earlier investigations of specific members means that almost every current and

former HDZ minister is under investigation. Not surprisingly, the main opposition parties, especially the Social Democrats (SDP) supported such measures, but it is noteworthy that the HDZ leadership, who is most vulnerable to the anticorruption campaign, did not interfere with the investigations and judicial process.

This demonstrates some maturity in government institutions, particularly the functioning of the executive in relation to the judicial branch, which has played a less than independent role in the past. The European Commission (EC) 2011 status report noted these efforts, encouraging the country to continue with reforms in the fight against corruption and the promotion of fundamental rights. The EC will continue to monitor these areas closely until the accession date.¹

The government performed less admirably in relation to the guilty verdicts of the International Criminal Tribunal for the Former Yugoslavia (ICTY) against Generals Ante Gotovina and Mladen Markac and the release of General Ivan Cermak in April for crimes committed during the 1991–95 conflict in Croatia. Few if any public officials accepted the verdicts, focusing instead on the appeals process and declaring support for the generals.² Statements focused on institutional responses to the verdicts such as filing appeals. This can be considered positive from the point of view of acknowledging the court rulings, but they did not acknowledge the facts proven in the court related to victims and crimes committed.

While some right-wing parties remain less EU-oriented, mainstream parties like SDP have been pro-EU and generally supportive of the Kosor government's priorities. However, as elections approached, public pressure to address the effects of the continued economic crisis spurred the SDP and other opposition parties to be less compliant with HDZ, criticizing the government's ineffective economic policies and underscoring the distinction between themselves and the ruling party.

While the ruling party attempted some last-minute politicking in the introduction of controversial legislation—specifically, the Law on Rendering the Legal Acts of the Yugoslav National Army, the Socialist Yugoslavia and the Republic of Serbia Illegal—the state of the economy and public disillusionment with HDZ elite given the many corruption investigations ultimately resulted in a change of government at the end of the year. The victory of the SDP-led coalition in parliamentary elections on 4 December promised a new emphasis on addressing the economic crisis. Regardless of the performance of the new government moving forward, the maturity of the leadership of the outgoing government in anticipating and accepting its defeat should be acknowledged as a mark of improving national democratic governance.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.25	3.25	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25

The parliamentary elections eventually scheduled for 4 December loomed large in political discourse throughout the year. While the elections themselves can be

considered in line with democratic standards both in parliamentary elections and on the local level,³ problems remain in the electoral process.

Most at issue remains the fact that for the 10 voting districts or electoral units (plus 1, for the diaspora), the difference in proportional representation breaches the election law allowances of up to 5 percent differences in voter populations and calls into question whether elections can be considered to be procedurally correct. However, the nongovernmental organization (NGO) watchdog *Građani Organizirano Nadgledaju Glasanje* (GONG) pointed out that, based on previous elections, one electoral unit had a 12 percent lower number of registered voters than the average; another unit had 12 percent more voters than it should; and four more electoral units recorded irregular disproportional levels as well.⁴

Neither the ruling coalition nor the main opposition parties attempted to readjust the voting districts in order to correct these inconsistencies. Nor did any major political party show an interest in updating the faulty voter registration list with new data from the 2011 national census, despite the fact that the old list had been linked to voting irregularities in previous elections. The lack of action on these issues across party lines suggests that either these problems are not significant enough to affect election results, or that the irregularities may actually aid major political parties in winning elections.

Laws allowing war criminals to run for office also came into question in 2011 when the Croatian Democratic Alliance from Slavonia and Baranja (HDSSB) announced at the end of October that war criminal and former member of parliament (MP) Branimir Glavas would be at the top of their electoral list in the parliamentary vote. Glavas was convicted of war crimes in Croatia, but fled to Bosnia where he is currently serving out his sentence. A lack of clarity in the law concerning war criminals' rights to participate in elections allows Glavas to be elected to parliament. Although the government condemned HDSSB's announcement, the State Electoral Commission at first delayed making a formal decision on the issue until it received the formal submission of electoral candidates in late November.⁵ It later decided that Glavas could not compete in the electoral race, but he could be a headliner on the voting lists.

By late October, public opinion polls for parliamentary elections indicated that the center-left coalition—consisting of the SDP, the Croatian People's Party (HNS), and the Istrian Democratic Assembly (IDS)—seemed likely to receive 38 percent of the vote while only 20 percent of those polled favored HDZ.⁶ The Croatian Laborists–Labor Party of Dragutin Lesar and the far-right Croatian Party of Rights (HSP) of Anto Djapic were among the smaller parties guaranteed a couple of parliamentary seats, in addition to seats allocated for ethnic minorities.

Accordingly, the victory of the SDP-led *Kukuriku* (“cock-a-doodle-doo”) coalition was expected, but the extent of the win was still a bit of a surprise. The SDP coalition won a majority of parliamentary seats—81 of 150, while ruling party HDZ only received 44. The other surprise in the election was the performance of two new parties, Dragutin Lesar's labor party which won 6 seats and retired priest Ivan Grubisic's independent list with 3 seats. Convicted war criminal Glavas's HDSSB

also got 6 seats. The Peasants' Party (HSS) managed to get one seat, as did the far-right coalition between HSP and dr. Ante Starcevic/Croatian Clean Rights Party (AS/HCSP). The Croatian Liberals (HSLs) and HSP (one branch alone) did not make it into parliament,⁷ which is the worst electoral result for both parties to date.

With these results SDP and its coalitional partners HNS, IDS, and the Croatian Pensioners' Party (HSU) can form a coalition government alone. The SDP-led coalition won in all urban areas except the city of Gospic. The HDZ managed to win in only 2 out of 10 electoral districts: in North Dalmacija (electoral district 9) and the area of Slavonia bordering Bosnia (electoral district 5).

Considering that HDZ's platform was based on EU accession actions and that SDP has always been more pro-EU than HDZ, it appears that only about 5 to 10 percent of MP seats would belong to those opposed to the EU (those gathered around HDSSB). However these electoral results do not yet reflect a political shift towards the left in the electorate since parties from the winning coalition actually gained only 40 percent of total votes; in the previous parliamentary elections in 2007, the same parties won 44 percent and lost elections. There were no new voters for SDP; the present change is rather due to the fact that HDZ collected only 23 percent of the vote in 2011 in relation to the 32 percent it collected in 2007.

Minority party dynamics were also present in the elections, but did not result in major changes in minority representation in parliament. Frustration over the slow resolution of problems related to Croatian-Serb property restitution prompted the creation of a new coalition between smaller Croatian-Serb parties⁸ and Serbia's main right-wing opposition party, the Serb Progressive Party (SNS). This attempt failed to win over supporters of the major Croatian Serb party of Milorad Pupovac's Independent Democratic Serb Party (SDSS), but it served as a reminder of the unresolved issues related to the emigration (or forced emigration) of ethnic Serbs during the war.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.00	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.50	2.50

Civil society in general plays a significant role in public life, exerting direct influence on the political sphere. Civil society in Croatia has traditionally been divided into two main blocs of actors and interests—socially conservative and human rights-oriented groups. Both blocs effectively influence the government, but the social-conservative bloc has historically been more successful than the human rights-oriented bloc.

Human rights NGOs, along with environmental, gender, and related organizations, have gradually built up their constituencies and influence in society. Organizations like the non-partisan citizens' organization GONG, Transparency International, Iskorak, and Kontra remain active in promoting anticorruption and gender-issue programs by educating the public, especially voters, on specific

issues. Several of these organizations, such as Documenta and the Center for Peace, Nonviolence, and Human Rights have publically supported the EC proposal for the additional monitoring of Croatian government efforts in relation to war crimes investigations.⁹

The other bloc of influence is made up of more socially conservative focus groups, either connected to the Catholic Church, war veterans' associations, or ethnic and cultural organizations. The church retains a significant amount of influence on state policy in issues such as family planning, religious education in public schools, gay rights, and war crimes issues and has undergone little transformation. The exceptions are rare such as Dalmatian catholic priest, Ivan Grubisic, who is known for his tolerance and inclusive stance on issues. His decision to run for parliament as a retired priest and with a liberal focused agenda was denounced by the church even as his party won three parliament seats. Some war veterans' associations have begun to show signs of accepting more moderate positions and engaging more with broader sections of society in relation to humanitarian causes in the world and in Croatia. However, for the most part, veterans' groups still oppose state cooperation with Serbia, Montenegro, or Muslim officials in the Federation entity of Bosnia and Herzegovina and remain opposed to cooperation with the ICTY in The Hague.

Labor unions' influence in civil society has waxed and waned. Three main unions have been active since the country was formed and as a byproduct of the socialist era: the Union of Autonomous Trade Unions of Croatia (SSSH), the Independent Trade Union (NS), and the Croatian Trade Union Association (HUS). Most efforts are focused on workers' rights in botched or bankrupt privatizations, but 2011 also saw an increased emphasis on workers' living standards in general, bringing the unions and personalities like the head of the Labor Party more clearly into the political debate.

Inspired partly by the growing momentum of political uprisings in states like Egypt, as well as protests across Europe, Croatian civil society actors engaged in peaceful demonstrations throughout 2011, with broad public support. Social networking websites like Facebook and Twitter were instrumental in organizing large groups of demonstrators, seemingly overnight, especially in Zagreb.¹⁰ Grievances behind the protests were varied, ranging from a general dissatisfaction with the political class to EU accession. Authorities managed to keep public order, mostly without the use of force.

In June, the coastal city of Split hosted its first annual gay pride parade. Despite a heavy police presence, a number of injuries resulted from attacks by counter protesters hurling stones and Molotov cocktails at roughly 400 people marching on the city's main seaside promenade in support of gay rights. Over 100 counterprotesters were arrested.¹¹ Several Catholic priests made public statements during the parade using hate speech, and analysts suggest that some priests, such as Father Jozo Cirko, may have been behind the counterprotests.¹² In contrast to Split, Zagreb hosted its annual gay pride parade without incident, with several well-known public personalities supporting it.¹³

The guilty verdicts and long sentences delivered by the ICTY in April against Ante Gotovina and Mladen Markač—two Croatian commanders of the 1990s war against the Serbs—provoked a strong public reaction and were denounced by the majority of public officials. The verdicts also revived old ethnonationalist public discourse reminiscent of the 1990s, with only a few NGOs, such as Documenta, publically challenging the discussion.

Notably, public protests in support of the convicted commanders were nonviolent. War veterans' associations organized a number of large protests, including one in the fall that bussed in several thousand veterans to The Hague. These protests clearly have an influence on the government and have prompted most officials to appear pro-commander in their public statements. Despite their illiberal opinions, protesters have largely respected the legality of the rulings and adhered to democratic processes, unlike similar protests nearly a decade ago.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	3.75	3.75	3.75	4.00	3.75	4.00	4.00	4.00	4.00

While most indicators show Croatia gradually moving towards democratic consolidation, the country's media sector remains plagued by nontransparent ownership, journalistic unprofessionalism, and self-censorship. The media sector in 2011 continued to display many of the same corrupt practices of other big businesses, with the state doing little to correct this negative trend.¹⁴

The media sector's development has been similar to that of other economic sectors in Croatia. The murky privatization practices of the 1990s allowed most media outlets to be swallowed up by a handful of companies, creating monopolies. In the case of television, the privatization of state television has diversified programming, but has only marginally improved opportunities for investigative journalism.

Print media outlets, like many other companies, are controlled by a small set of business interests that are far from transparent in their ownership roles. The negative effects of nontransparent media ownership gained increased attention from public officials in 2011, making their way onto the agenda of the Council for National Security (*Vijeće za nacionalnu sigurnost*)¹⁵ and the National Journalism Association (*Hrvatsko novinarsko društvo*). However, little action has been taken to correct the situation, despite the fact that economic and political pressures have contributed to substantial self-censorship.¹⁶

In print media, the German WAZ Medien Gruppe that owns Europapress Holding (EPH)—together with local media owner Nino Pavić and his former associate Miroslav Kutle (currently in Bosnia, half-hiding from Croatian authorities)—owns about 50 percent of the print media, including the major dailies *Jutarnji List*, *Slobodna Dalmacija*, *Sportske novosti*, *Slavonski dom*, *Dubrovački*

vjesnik, *Šibenski list*, and weeklies and monthly magazines such as *Globus*, *Arena*, *Auto klub*, *Gloria*, *Cosmopolitan*, *Teen*, *Moja tajna*, *O.K.*, and *Playboy*. The other large print media investor is Styria Media Group of Austria, which owns most of the remaining dailies and weeklies.

The connection between media ownership and ongoing corruption investigations is speculated upon with increasing frequency in the Croatian, Austrian, and German media. Nino Pavić, in particular, has been under public suspicion in connection with the Hypo Alpe Adria Bank corruption scandal. At the end of the year, Pavić had yet to be formally charged for illegal banking in relation to Hypo Alpe Adria or illegal privatization of media and other properties in Croatia. Though the police requested his arrest in a case concerning illegal privatization their request was not supported by the public prosecutor, Mladen Bajic. This produced more public speculation regarding the unclear connection between the media tycoon and the public prosecutor.¹⁷

Croatia's national television network, Hrvatska Radio Televizija (HRT), remains the most influential news source in the country, with more than half of the population using it as its primary source of information. The development of private, nationwide television stations in the past several years (including Nova and RTL) has not challenged HRT to improve but, rather, to commercialize. While HRT has transformed from state to public TV, in reality, it is a hybrid of public, state, and commercial TV. By law, all households must pay a fee for HRT even though it continues to run advertisements. Although competition is present, investigative news programming appears less than sensationalistic tabloid-style programming.

All television stations failed to exhibit a basic level of media professionalism in their coverage of April's ICTY verdicts. Each of the three stations presented almost identical coverage of the trials, with heavily subjective and emotional commentary and historical analysis depicting the generals as the only true victims in the events of 1995. Seasoned reporters for HRT openly cursed the ICTY on the air, while RTL and TV Nova presenters experienced the trial as they might a soccer game—cheering and heckling rather than conveying facts or using the opportunity to explore the events of 1995. Overall, the trial coverage more closely resembled the biased state television programming of the 1990's Tudjman era than the independent media of a country on the verge of EU accession.

Three months before the December elections, Hloverka Srzic Novak, a notorious Tudjman loyalist, returned to HRT with her own daily political show. Besides the corruption investigation that was brought against the Tudjman-era HRT journalist, Dijana Culjak, little progress has been made to hold the influential public TV station accountable for its reporting and management.

Investigative quality in print media also showed little improvement in 2011. Mainstream media have begun publishing original police and investigators' statements concerning ongoing anticorruption investigations. While this material may appeal to journalists, evidence suggests that decisions about what and when information is leaked are highly managed in order to manipulate public opinion

in ongoing investigations. For example, if Sanader's lawyers want something that would show him in a better light leaked, certain editors are called and this is in the papers the next morning. Similarly if the chief prosecutor's office wants to shore up its political support on an issue, it leaks something against one or another investigated and politically powerful individual. The most recent example of this was the use of a video clip of Mr. Sanader's statements in a closed meeting with the Bureau for Combating Corruption and Organized Crime (USKOK) investigators that appeared on YouTube, and many local news portals in early December.¹⁸ Such practices are not uncommon anywhere, but the concern is that journalistic standards have fallen low enough in Croatia that few if any media question such practices or use such information responsibly. Given the current and anticipated number of corruption investigations, the role of the media in accurately investigating these cases only increases.

Online media continue to serve as a popular source for higher-quality journalism; however, their impact and audience remain small. About 60 percent of households have a personal computer and 57 percent have an internet connection. Current studies suggest that most people use the internet for commercial/sales purposes, followed by e-mail correspondence, and reading magazines/news in third place.¹⁹ Print media and television are still the dominant information resources for the majority of the public.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75

There was little progress in reforming Croatia's bloated local government administration in 2011. For a country of just 4.3 million inhabitants, Croatia maintains a system of 20 *županijas* (counties established around the 20 largest cities), 126 cities, and 429 municipalities. It has been suggested that Franjo Tudjman created *županijas* to more easily control the country during the war years (1991–95), and afterward, *županija* administration offices were mostly used as a political patronage system to consolidate the president's power and that of his party, the HDZ. Half of today's cities have populations of less than 10,000.

Over the past decade, a stream of proposals for reorganizing this expensive and inefficient system of local governance have been put forward by different experts and political parties, but no serious steps have been taken to change the system. This is despite the fact that EU requirements and recommendations have urged changes in this area for years. Eventually, a decision needs to be made in line with EU standards, reducing the number of regions to a maximum of eight. However, the geographical shape of the country as well as local disputes between cities vying for regional city status (such as between Zadar and Split or Rijeka and Karlovac) present many political challenges. Additionally, reducing the number of municipalities is not popular among local populations. People generally prefer to

have their villages called towns, as towns employ at least a few people in local administration, whereas villages do not get funding for these positions.

The reorganization of local government entities received more public attention in the runup to parliamentary elections. All major political parties made statements in favor of increasing the level of fiscal authority of local authorities from a current ceiling of 10 percent to 25 percent.²⁰ However, only a few candidates have proposed concrete measures for lowering the number of counties, cities, or municipalities.

Županija-level government budgets have suffered significantly from the financial crisis. As a result of overall government reductions, already small regional government budgets were reduced by 11 percent in the past two years, and administrative restrictions on public finances limited the ability of counties and municipalities to take out loans. Cities fared slightly better and, in general, retained larger budgets than counties and municipalities.

Confidence in local governance practices decreased in 2011, especially with regard to the mayors of the two largest cities, Zagreb and Split. In Zagreb, long-time mayor Milan Bandic has been linked to corruption charges and illegal business dealings in an ongoing investigation. In Split, support for independent tycoon and politician, Zeljko Kerum, has worn thin due to Kerum's failure to make good on promises to boost economic development in the city and region. As mayor, Kerum also brought numerous family and business associates into city government and made personal investments in the tourism sector.²¹ Both had poor election results, with Bandic not making the five percent threshold, and Kerum gaining just two seats for his Croatian Citizens' Party (HGS), even after forming a coalition with HDZ.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.25	4.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25

Reforms to the judicial system continued in 2011, with mixed results. On the one hand, prosecution of corruption cases intensified and administrative reforms continued, demonstrating a determination to strengthen Croatia's feeble judicial system. However, efforts to handle war crimes cases with objectivity and judicial independence proved less successful, revealing persistent weaknesses in the system. In its October progress report, the European Commission (EC) noted that future monitoring would focus on Croatia's commitment to reforming the judiciary and protecting fundamental rights areas, especially regarding the efficiency and impartial handling of war crimes cases and the fight against corruption. In July, the EC announced the continuation of regular, six-month assessments in the lead-up to Croatia's accession to the EU in 2013.²²

The most significant of new regulations adopted in 2011 included revisions to the Criminal Law Code in September which allowed for the seizure of property during criminal investigations, as an instrument previously used only in select

corruption cases investigated by USKOK. However, there is concern that the provision gives potentially unlimited power to the prosecutor's office, which could use its unchecked power to violate the basic rights of suspected criminals.²³

Domestic war crimes prosecution remains a weak point of the judicial system, which moves incredibly slowly and displays an institutional bias in favor of ethnic Croat suspects. According to public data released during the summer of 2011, only 3 percent of criminal cases against members of the Croatian armed forces for alleged crimes committed during the 1991–95 war have begun to be processed. State prosecution noted that 274 individuals are currently under investigation for war crimes, but only 20 of them are Croatian. Of the 555 cases that have already been tried, only 31 of the convicted individuals were Croatian.²⁴

The other criticism leveled at Croatia's war crimes trials is that only lower-ranking officials are being prosecuted. In a report released in December 2010, Amnesty International condemned the selective policy of the Croatian judiciary, noting their reluctance to charge top state officials such as Vladimir Seks, Domazet Loso, and Tomislav Mercep with war crimes, despite the existence of convincing evidence against them.²⁵ In response to international criticism, the state prosecutor reopened the well-known *Zec vs. Mercep* case²⁶ in the second half of 2011. The case had been hastily investigated in the early 1990s but due to procedural errors no conclusive evidence had been found of war crimes. The reopened case is now part of a much larger charge that includes up to 43 victims, mostly civilians of Serb ethnicity.²⁷

A potentially problematic law was adopted in late October with the aim of protecting Croatian citizens from Serbian war crimes investigations. The law nullifies all Serbian rulings connecting Croatian citizens to war crimes in Croatia from 1991–95. It also says that Croatia's judicial bodies will not cooperate with their Serbian counterparts in "criminal proceedings" if such cooperation "is against Croatia's legal order and harms its sovereignty and security."²⁸ The law was backed by 72 deputies in the 151-seat parliament. This law was pushed by the government despite EU concerns, as well as strong criticism from the Croatian president Ivo Josipovic, almost the entire opposition, and the state prosecutor. At one of the first public statements after the elections and before forming the new parliament and government, the new minister of foreign affairs and leader of HNS, Vesna Pusic, proposed dismissing this law.²⁹

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.75	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.25	4.00

Corruption investigations were stepped up even further in 2011 with the continued search for high-profile targets and numerous thorough investigations led by USKOK. During the last two years, the State Attorney's Office (DORH) has

drastically increased its anticorruption activities, resulting in more than double the number of corruption-related arrests and convictions seen in the previous, two-year period. So far, only a few sentences have been handed down; many cases have been dismissed by the courts or are still in the appeal stage.³⁰

In contrast to earlier years, by the end of 2011, it looked like all of HDZ and related individuals were considered fair game by the prosecutor's office. Provisions against "the misuse of public position and privileges" in the newly applied provisions of the criminal code aided USKOK and the prosecutor's office in bringing charges against a number of hitherto untouchable officials, including many members of HDZ. USKOK also charged top party officials Mladen Baresic, Ivan Jarnjak, Ratko Macek, and Branka Pavosevic for engaging in a joint venture to extort money from state funds and channel them through real (and sometimes imagined) projects to select partners.

In July, former prime minister Ivo Sanader was extradited back to Croatia from Austria to face a number of charges, including war-profiteering.³¹ At the end of October 2011, Croatian state prosecutors formerly charged him in two different cases: the first involved illegal finances from Austrian Hypo Alpe Adria Bank, and the second involved the Hungarian oil company MOL and their activities during the time of merging with the Croatian oil company, INA. As prime minister, Sanader had been incredibly popular, but support for him dropped dramatically³² as the corruption charges were initiated and news of his arrest elicited almost no protest. It is evident that the public's distaste for corruption among state officials and politicians is rising.

Just two days before the official end of the October parliamentary session and five weeks before general elections, USKOK opened a formal investigation of the HDZ political party. Freezing assets, USKOK began investigating HDZ's so-called "black funds"—money allegedly accumulated illegally, through fixed public tenders with party or government-affiliated companies and then used in party-related activities.³³ Prime Minister Kosor displayed visible shock at the USKOK charges, but maintained full cooperation with the investigation. This marks the first time in two decades of Croatian independence that the HDZ has cooperated openly with a criminal investigation into its finances.

However well-founded the allegations against HDZ may prove, the timing of the investigation raised serious concerns over the practice of selective prosecution at the chief prosecutor's office. The NGO watchdog, GONG, criticized the prosecutor's office, suggesting that the issue of HDZ finances could have been raised in 2005 or 2007.³⁴ Nevertheless, the determination with which USKOK took on the investigation against the powerful HDZ party suggests that it intends to establish itself as a serious player in the fight against corruption. The EC took note of these efforts in 2011, as reflected in its October 2011 progress report.³⁵

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Czech Republic

by Jeremy Druker

Capital: Prague
Population: 10.5 million
GNI/capita, PPP: US\$23,540

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	2.00	2.00	2.00	2.00	1.75	1.75	1.50	1.50	1.25	1.25
Civil Society	1.50	1.50	1.50	1.50	1.50	1.25	1.50	1.75	1.75	1.75
Independent Media	2.25	2.25	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.50
Governance*	2.25	2.25	n/a							
National Democratic Governance	n/a	n/a	2.50	2.50	3.00	2.75	2.75	2.75	2.75	2.75
Local Democratic Governance	n/a	n/a	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Judicial Framework and Independence	2.50	2.50	2.50	2.25	2.00	2.00	2.25	2.00	2.00	2.00
Corruption	3.50	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
Democracy Score	2.33	2.33	2.29	2.25	2.25	2.14	2.18	2.21	2.18	2.18

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

If 2010 was a year of excitement and cautious optimism after parliamentary elections gave the center-right coalition a mandate to implement long-delayed reforms and to fight corruption, then 2011 was a year of massive disappointment. A government that pledged to clean up politics itself succumbed to repeated scandals and infighting, alienating a wide swath of the population and overshadowing some real reforms.

National Democratic Governance. While the coalition passed long-needed reforms to the health care, pension, welfare, and tax systems—aimed partly at reducing the budget deficit—a vast range of scandals and internal bickering robbed the government of much of its initial popularity. That left many people disillusioned and convinced of the entrenchment of political patronage networks. Further evidence of political corruption and cronyism offset positive reforms during the year, *leaving the Czech Republic's national democratic governance rating unchanged at 2.75.*

Electoral Process. No elections took place in 2010. The scandals that rocked Public Affairs (VV) again called into question the viability of new parties on the Czech political scene, and declining membership numbers at some of the big parties created greater pessimism about their ability to attract young, motivated individuals. With political parties facing a poor reputation among the general public and no progress made on political inclusion of the substantial Roma minority, *the rating for electoral process remains at 1.25.*

Civil Society. Longer-term inaction in certain areas of public life and the disillusionment triggered by the current government's scandals have led to greater civic activism, with a series of new civic initiatives populated by those tired of corruption and the arrogance of power. That optimism, however, has to be tempered with the reality that far-right groups also increased their activity and even managed to attract many local citizens to the troubling anti-crime, anti-Roma demonstrations that spread through northern Bohemia in the summer and fall. *The civil society rating therefore remains at 1.75.*

Independent Media. Czech media are independent and diverse, with one of the strongest public broadcasting systems in the wider region. Despite some worries, the election of the new head of public television took place without apparent political interference. The press is less restricted and increasingly active in uncovering official wrongdoing after the passage of an amendment to a controversial law banning the

publication of information gained from police wiretaps. *The rating for independent media remains at 2.50.*

Local Democratic Governance. While more control systems are needed to rid the local administration of clientelism and improve efficiency, local governments have continued to prove their worth and have found relative popularity among citizens. While local power brokers still have too much power, local politicians continue to push their interests on the national level. *The Czech Republic's rating for local democratic governance rating remains at 1.75.*

Judicial Framework and Independence. The weakest link in the judicial system, the state attorney's office, showed new commitment to pursuing even politically sensitive cases and improving its tainted reputation. The justice ministry also readied new changes to preserve the system's long-term independence. Pending implementation of these changes, *the country's judicial framework and independence rating remains at 2.00.*

Corruption. Accusations of corruption and financial malfeasance plagued the government in 2011, prompting the resignation of several government ministers. Notwithstanding these distractions, the administration successfully pushed through crucial anticorruption legislation, drafted with input from the nonprofit sector. Additional anticorruption measures were under discussion at the end of 2011, and are expected to pass in early 2012. Together with the efforts of civil society and the media, the fight against corruption finally seems to be making progress, *but it is still too early to change the country's corruption rating from 3.25.*

Outlook for 2012. After wasting much of its first year in office, by the end of 2011 the ruling coalition seemed to have mustered enough unity to push through crucial reforms and seriously address the problem of corruption. Changes at Prague City Hall, the new willingness of the state attorney's office to tackle politically sensitive cases, and further changes planned for early 2012 are all cause for optimism. However, the question remains whether such progress will be enough to counter opposition to painful reforms and bring the coalition parties success in regional and Senate elections, especially with the European Commission forecasting gross domestic product (GDP) growth of only 0.7 percent during the year. Large trade unions—including transportation workers—had already begun protesting these reforms in 2011.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.50	2.50	3.00	2.75	2.75	2.75	2.75	2.75

The institutions of governance in the Czech Republic are stable and democratic. No single party dominates the political scene, and regular rotations of power occur at national and local levels. Political parties generally agree on the nature and direction of democratic change, with one major exception—the largely unreformed Communist Party (KSČM), which has not served in a post-1989 national government and continues to attract those nostalgic for the old regime as well as those left behind during the economic transition. The KSČM holds 26 of the 200 seats in the powerful lower house of parliament, but the refusal of other political parties to include the Communists in ruling coalitions has greatly complicated the process of forming stable governments among the remaining, often conflicting parties.

There was reason to believe that this would change following the May 2010 parliamentary elections. A new coalition between the Civic Democrats (ODS), TOP 09, and Public Affairs (VV) gained 118 seats out of 200, the most ever in the history of the Czech Republic. Petr Nečas of ODS took over as prime minister during a time of rising optimism that this government would have the support necessary to implement serious anticorruption reforms previous administrations had been too weak to pursue. Unfortunately, the government's reform efforts were soon overshadowed by a series of controversies affecting each of the ruling parties.

A total of six ministers resigned in 2011, most of them over accusations of corruption or dubious financial dealings in their past. In April, Transport Minister Vít Bárta—the de facto leader of VV—resigned after the daily *Mlada fronta DNES* newspaper published documents strongly suggesting that he had cynically pursued political office in order to secure lucrative state contracts for his security company. Around the same time, two VV parliamentary deputies accused Bárta of trying to buy their loyalty with large handouts of cash. VV subsequently expelled the two deputies, and after an investigation, the police recommended to the state prosecutor that Bárta stand trial for bribery. He has explained the money as personal loans and denied wrongdoing.

The corrupt intersection of business and high-level political interests remained a key theme throughout 2011. The sudden resignation of Martin Roman, the head of state-controlled energy giant ČEZ, elicited damning commentary from one of the Czech Republic's most respected politicians, Foreign Minister Karel Schwarzenberg. Schwarzenberg accused Roman and ČEZ of having secretly financed various political parties for years.¹ Schwarzenberg did not provide any proof of his accusations, which many feel explain a long-observed synergy between ČEZ's interests and state policy.

Many supporters of the new coalition were also disappointed to find that the departure of some of the old party bosses did not immediately elevate the level of political culture in the country. In September, Finance Minister Miroslav Kalousek famously slapped a demonstrator on his way to work in the ministry; on another occasion, the same minister was accused of vulgarly insulting a female minister at a cabinet meeting.²

This general climate of bickering and allegations of corruption contributed to a sharp dropoff in the government's popularity to some of the lowest rates in the last 20 years. By November 2011, only 22 percent of those polled said they trusted the government (down from 33 percent a year earlier); the figure for parliament decreased from 25 percent to just 17. The same poll revealed only 6 percent of respondents to be satisfied with the political situation (down from 12 percent a year earlier) and 75 percent dissatisfied (up from 56 percent).³ At the same time, people feel hopeless to compel any change: a mere 9 percent said they were satisfied with civic participation in government decision making.⁴

Low public support may threaten the tough—and, in some cases, impressive—reforms the government has been implementing to cut back the deficit. In November, the president signed into law a package of health care and welfare reform laws that will allow patients to choose paid, above-standard care and that will tighten the conditions for unemployment benefits, among other key changes. The lower house of parliament also passed major pension reform that introduced a second pillar into the current system, allowing people to redirect part of their pension payments from the state to private funds (pension reform will be partially financed through an increase in value-added tax rates). In both cases, the governing coalition had to use its healthy majority in the lower house to override vetoes from the left-dominated Senate.

Some commentators hold that the Czech parliamentary system affords individual deputies too much power by allowing them to speak during parliamentary sessions at will; arbitrarily insert changes into bills proposed by the executive; force the presence of ministers at meetings; and push through an excessive number of their own, poorly prepared laws.⁵ The legislative process is further complicated by deputies' ability to make an unrestricted number of proposed amendments during the second reading of bills. This tradition often disorients parliamentarians and derails long-awaited legislation with calculated additions that have little to nothing to do with the debated bill. In general, lobbying of the executive and the parliament remains largely unrestricted, and the public continues to believe that special interests play a major role in determining the political agenda.

The position of the president is chiefly ceremonial yet retains some important powers, such as forming a government. In a rare show of agreement between the left and right, in December parliamentary deputies voted overwhelmingly to institute direct presidential elections. If the Senate agrees, which is expected, citizens will gain this right in time for the 2013 elections. President Václav Klaus, in office since 2003, has sought out candidates closely tied to his political philosophy when appointing new governors to the central bank and new justices to the Constitutional Court. Some analysts believe that the constitution creates an overlap of executive power

between the government and the president, which has led to various interpretations of the powers of the president and the government, especially in the realm of foreign policy. Despite government criticism of his activities, President Klaus has espoused his personal views at various international forums and during official visits, clashing with the official government line on issues such as global warming, the introduction of the euro, and the Lisbon Treaty.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.00	2.00	2.00	2.00	1.75	1.75	1.50	1.50	1.25	1.25

Political organizations in the Czech Republic have no problems in registering or campaigning. Although shaky coalition governments have been the norm in recent years, the system itself is solidly multiparty, with a strong opposition and diversity at all levels of government. Despite the unprecedented, large governing majority, leading politicians continue to speak of changes to electoral legislation that would foster stronger, more stable governments and eliminate the past need to rely on rebels and outcasts from other parties to pass legislation. No such changes took place in 2011.

The Czech Republic uses a parliamentary system with two houses. Real political power resides in the Chamber of Deputies, the 200-seat lower house, with deputies elected by proportional vote on party ballots. The 81-seat Senate is elected on the basis of single-mandate districts. The Senate can return approved bills to the lower house, but the Chamber of Deputies can override the Senate by a simple majority.

The parliamentary elections of May 2010 served as a partial rejection of the current political elite in favor of new parties. Together, the country's two biggest parties, the Social Democrats (ČSSD) and ODS, lost 1.5 million votes from the last elections in 2006, even though they came out on top (ČSSD with 22.1 percent and ODS with 20.2 percent). Two parties, TOP 09 and VV, picked up most of those votes, vaulting into double digits in their first attempt to get into parliament and winning 16.7 percent and 10.9 percent, respectively. The Communists, at 11.3 percent, were the only other party to pass the 5 percent threshold, leaving the Greens (SZ) and the Christian Democrats (the Christian and Democratic Union–Czechoslovak People's Party, KDU–ČSL), a long-time fixture on the political scene, out in the cold. Many voters even took the unusual step of using preferential votes for individual candidates on their parties' lists, helping these candidates leapfrog past some political veterans that had placed high on their parties' candidate lists. In the end, 114 out of the 200 seats in the lower chamber went to newcomers, with a record 44 seats going to female parliamentarians.

Political party membership remains very low and appears to be dropping even further. The KSCM is the largest party (around 60,000 members), followed by the KDU–ČSL (35,000), the ODS (30,505), the ČSSD (around 22,000), TOP 09 (5,000), and the SZ (2,000). According to the weekly *Respekt*, ODS lost 3,000 members in the year preceding December 2011, while hundreds left ČSSD.

Declining membership also continued in KSČM and KDU-ČSL, whose ranks have traditionally been filled with members of the older generation. Even TOP 09, which did so well in the parliamentary elections, has seen no significant increase in party membership.⁶ A recent poll by the Center for Public Opinion revealed that 81 percent of respondents consider political parties above-average or highly corrupt, more so than any other public institution.⁷

A low membership base has clear repercussions for the political elite. With relatively few members to choose from, parties often recycle the same personalities and reward loyalty rather than expertise. That said, the election results seemed to indicate a widespread desire for new blood and the parties managed to present some new faces to voters in time for the 2010 local elections, an optimistic development for the future, as was the success of the Mayors and Independents (STAN) movement that ran on the TOP 09 ticket.⁸ Voters' hunger for fresh faces on the political scene may also explain the significant attention devoted to Andrej Babiš, one of the richest Czech businessmen, who founded the Action of Dissatisfied Citizens (ANO) movement in the fall of 2011. Despite Babiš's own involvement in the opaque business and political environment of the 1990s, he laid the groundwork for an anticorruption platform and vowed to compete in the next elections.

Low party membership has also contributed to a phenomenon known as "whale-hunting" whereby wealthy businesspeople (so-called "godfathers," usually in the regions) allegedly "buy" new party members in return for greater influence in parties' regional or local structures. For many, Prime Minister Petr Nečas's choice of Martin Kuba—a man with known ties to a famous regional "godfather"—as the new minister of industry in fall 2011 confirmed that regional heavyweights would continue to pull the strings in the new government. Party financing continues to operate with little regulation. Prime Minister Nečas pledged to pass legislation targeting a wide range of nontransparent campaign and party funding practices, but this had not yet happened at year's end.⁹

The country's largest minority, the Roma, is effectively shut out of national politics. Although the number of Roma is estimated at between 200,000 and 250,000, there are currently no Roma parliamentarians. Roma are, however, active at the local level. Mainstream parties believe that placing Roma candidates on their lists may do them more harm than good among average voters. At a national conference in October, Romany representatives agreed to form a united organization to represent Roma interests in talks with government officials, a possible first step toward creating a Roma political party.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.50	1.50	1.50	1.50	1.25	1.50	1.75	1.75	1.75

Nongovernmental organizations (NGOs) have fully recovered from several scandals that tarnished their early postcommunist existence. Most Czechs now see NGOs

as influential organizations, helpful in solving social problems, and essential to a functioning democracy. Consequently, there has been an increase in donations to nonprofits from individuals and, until the economic crisis hit, from the business sector. Environmental and humanitarian organizations, in particular, have earned widespread respect among the Czech public.

NGO experts generally view the legal framework as adequate in terms of easy registration and independent operation, though the inability to define precisely the term “nonprofit organization” and other gaps in Czech legislation have created problems related to NGO taxation and their activities.

The state is the largest funder of NGOs, providing extensive financial support through grants and coordinating nonprofit activities through the Council for NGOs. Lately, NGOs have begun using the council to promote their views, including the need to create a standardized system for state grants to NGOs, instead of the confusing current state of affairs where each ministry has its own methods of providing funds.¹⁰ NGO representatives also sit on advisory bodies of various ministries. Meanwhile, some politicians—most notably President Klaus—maintain that NGOs should not attempt to influence public policy or interfere unnecessarily in government work. The political elite is wary of more “aggressive” forms of action, such as demonstrations and petition drives, and is quick to label the initiators as politically motivated. Many officials prefer NGOs to serve strictly as service providers, filling in where the state does not or cannot. The nonprofit community lost one of its bigger supporters in December 2011 with the death of former President Václav Havel, who championed the role of civil society throughout his political career and right up until he passed away.

Millions of euros in EU structural funds have replaced to some extent resources once donated by numerous foreign foundations and governments before the country joined the EU. An increasing number of nonprofits have launched campaigns to raise funds from individual supporters and experiment with social entrepreneurship ventures, though Czech law provides extremely low tax incentives for donations of this kind. According to the USAID NGO Sustainability Index 2010, the majority of NGOs still find themselves in poor financial shape, exacerbated by the impact of the financial crisis on would-be sponsors (state and non-state alike). Toward the end of 2011, a number of NGOs launched a campaign to preserve the flow of funds from taxes on gambling to the nonprofit sector. Their initiative was meant to counter a proposal in the Senate to divide up these funds between municipalities and sports organizations, leaving the nonprofit sector to fend for itself. The Senate’s proposal ultimately passed, though the finance minister pledged to release separate funds to help NGOs.

Grassroots initiatives have become more common in the Czech Republic, counting some achievements in 2011. One of the most prominent examples was the successful campaign to pressure Education Minister Josef Dobeš into replacing one of his subordinates, Ladislav Bátor. Bátor, who had once campaigned for the xenophobic National Party, had continued to actively participate in far-right-oriented events and pronounce what many considered extremist, racist opinions.

Disillusionment with the current government appears to be leading to greater civic activism in the arena of anticorruption, as well. Joining the nonprofit sector, academics, artists, and more businessmen are now getting involved, including the founders of the new Anticorruption Endowment (NFPK) launched in March 2011 to support whistleblowers and others fighting for greater transparency. NFPK also launched its own investigations into certain instances of suspected corruption and turned up evidence that the Prague Public Transportation Company had paid inflated prices for the printing of metro tickets. Websites encouraging citizens to find out more about their public representatives and send them messages also sprouted up in 2011.¹¹

Unfortunately, far-right extremist organizations have also increased their presence in society in recent years, forming alliances with established political parties such as the far-right Workers' Party (DS).¹² In February 2010, using abundant evidence of DS ties to neo-Nazi groups and representative of a new toughness against extremist groups, the interior ministry succeeded where others had previously failed¹³ in convincing the Supreme Administrative Court to outlaw the DS party. "This ruling needs to be understood as a preventive one, to maintain the constitutional and democratic order in the future," Judge Vojtěch Šimíček said at the time, issuing the first ban on a Czech political party since the country gained independence in 1993.¹⁴ Czech law permits a banned party to re-register under a new name, however, which former DS members did almost immediately.

The newly reconstituted Workers' Party of Social Justice (DSSS) played a major role in the large scale ethnic unrest that wracked the northern part of the Czech Republic in the summer and fall of 2011, the worst outbreak of tensions between the Roma and majority communities in the country's history.¹⁵ Sparked by brutal attacks by groups of young Roma in the towns of Rumburk and Nový Bor and rising crime in some of the poor regions of northern Bohemia, anti-Roma demonstrations and marches on areas populated by Roma took place on a weekly basis during this period.¹⁶ In contrast to previous incidents, which were mainly attended by extremists, thousands of local townspeople also participated in the 2011 demonstrations, accusing the Roma of living off social handouts and not attempting to work.¹⁷ The government ordered more police troops to the region, and the situation escaped further escalation. Amid the unrest, the government in September adopted an official "Strategy for Fighting Social Exclusion," with over 100 measures aimed at improving the situation in the areas of education, employment, housing, and security. The plan, which calls for spending up to 15 billion crowns (US\$773 million) in the next four years, will attempt to both remedy the conditions in the ghettos and prevent ghettos from forming.¹⁸

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.25	2.25	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.50

Press freedom has long been secure in the Czech Republic, and no major media are state owned. The “serious” press has now matured to a point where it offers more balanced political coverage and opinions; publications may favor one side of the political spectrum, but they are generally not viewed as political propaganda favoring one party or another. However, some analysts have noted that the last few elections have prompted a relapse, with the press returning to the political polarization of the 1990s both before and after the May 2010 elections.¹⁹

The national print media offer a diverse selection of daily newspapers, weeklies, and magazines, but the economic crisis has placed greater pressure on many, increasing the threat that they will shy away from critical coverage of major advertisers and—some argue—accelerating the tabloidization of the serious press. For the first time in the Czech market, in 2011 the combined circulation of tabloid daily newspapers surpassed that of the news-oriented dailies, continuing a long-term trend.²⁰ The economic downturn has also stunted the regional newspaper market as sharp dropoffs in advertising income helped kill off new ventures, leaving VLP—a German-controlled chain with over 70 publications under its wing—in its traditional, dominant position.²¹

While some of the main dailies may have added tabloid-like elements, they have shown more investigative initiative regarding allegations of improper and illegal behavior among politicians, regardless of party affiliation. Revelations by the press led directly to the resignation of a number of ministers in 2011. Such efforts will be aided by the June 2011 amendment to a controversial 2009 law banning the publication of information gained from police wiretaps—a major source of incriminating evidence against politicians in recent years. The law, which took effect in April 2009, had prompted a rare show of unity among media outlets and sharp criticism from international journalism rights groups. The 2011 amendment allows the publication of police wiretaps in cases of public interest. Laws criminalizing defamation remain on the books, but prosecutions are rare and are not widely considered a threat to media independence.²²

With improved news and current affairs coverage over the past few years, the public television and radio stations, Czech TV and Czech Radio, have also contributed to the country’s high rankings in press freedom indexes (25th in the world, in Freedom House’s 2012 Press Freedom index). In the past, Czech TV’s financial difficulties have made it particularly vulnerable to political and business interests, but the overall financial situation has improved greatly, and there have been no high-profile clashes between politicians and Czech TV in recent years. The station still boasts public affairs programs that should make it the envy of virtually any other public broadcaster in the postcommunist region. Such programs do not have much competition among private media, where investigative and discussion

programs have largely disappeared from television screens, ostensibly because of financial reasons.

The Chamber of Deputies appoints the supervisory boards of Czech TV and Czech Radio, and politically compromised members are thought to sit on both boards even though these institutions are meant to be apolitical. The governing coalition has pledged to pass a new law changing the system for electing the members of the TV board and generally reducing the potential influence of politicians on public TV, especially on the news.²³ Although that did not happen in 2011, the highly anticipated election of a new director at Czech TV came off without accusations of political influence. While reports surfaced in December of the station's reporters complaining that some politically sensitive stories had been edited or killed outright, the charges may simply have been the result of the introduction of new standards. The station's new director, Petr Dvořák, responded that the stories had not been of inadequate quality.²⁴

It will be important to see how Czech TV deals with the loss of a large portion of advertising revenue. With the stated aim of preventing public broadcasters from chasing advertising dollars at the expense of balanced and high-quality programming, effective 1 January 2012 the government has banned advertising on two of CTV's channels—the main channel and the 24-hour news channel. The advertising limit for the two other Czech TV stations—the culture/arts channel and the sports channel—will remain at 0.5 percent of daily broadcasting time.²⁵ To compensate for some small portion of lost advertising revenues, the same amendment requires the country's commercial stations to contribute 2 percent of their advertising income to the State Fund for the Support and Development of Cinematography. The Association of Czech Advertising Agencies warned that the amendment would only strengthen the marketing position of the two dominant commercial stations and lead to higher advertising costs and thus higher product costs for consumers.

For some, the advertising ban represents one more example of powerful political lobbying by commercial stations to the detriment of public broadcasters. In the run up to digital broadcasting during the mid-2000s, big, private stations successfully lobbied to postpone the digital shift over and were ultimately awarded more stations of their own. So far, hopes that digital broadcasting would help to diversify the playing field have not been fulfilled, as financial pressures have killed off some stations and derailed the plans for new ones.

Toward the end of the year, Czech TV was criticized by some human rights activists for using the term “unadaptables” in reference to people (often Roma) living in remote areas of the country. The legal department of Czech TV disputed the notion that use of the term contributed to stigmatizing the Romany people as a whole. According to the acting director of the department: “Gypsies work at Czech Television. One of them is even a news anchor.”²⁶ This is not the first time Czech TV has used derogatory language in reference to the Roma.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75

Though slow in coming, the development of local government structures and authority has become one of the Czech Republic's major accomplishments. Landmark legislation passed in 1997 led to the creation of 14 regions, which began functioning in 2001. The central government handed over significant powers to these regions in the fields of education, health care, and road maintenance. Additionally, 205 newly created municipalities replaced 73 district offices, which ceased all activities by the end of 2002.

Self-governed regions and municipalities own property and manage separate budgets. Voters directly elect regional assemblies, which then choose regional councils and governors. The regional councils may pass legal resolutions and levy fines. Directly elected municipal assemblies appoint municipal councils and mayors. Municipalities wield considerable power over areas such as welfare, building permits, forest and waste management, and motor vehicle registration.

The regions have made considerable progress in tackling problems neglected by the central government, such as education. Overall, the success in regional management and greater autonomy has made a strong case for allowing regional governments to manage a larger share of the tax money they help to collect. As a November 2011 poll by the Center for Public Opinion showed, Czech citizens trust their local (56 percent) and regional representatives (38 percent) far more than the lower house of parliament (17 percent) or the Senate (23 percent),²⁷ though these figures have dropped over the past few years.

In most matters, however, regions essentially act as middlemen for the state, sending the bulk of their budgets to predetermined recipients. Politicians in regional governments complain that they are now in charge of roads, hospitals, schools, and old-age homes, among other things, but the central government decides how much money to send to cover these budget items. The failure of funds flowing from the center to keep pace with these newly added responsibilities has proven particularly vexing for officials of smaller towns, which receive far less money per capita than big cities. In 2011, regional *hejtmen* (governors) even went so far as to sue the central government for not fulfilling its promises to finance regional transportation, including the railroads. Until recently, the tax redistribution figure was six times more for large cities than smaller municipalities but pressure from local representatives led to changes that dropped the figure to 4.5 times.²⁸

Even with these obstacles, the influence of local officials has increased dramatically from the early years of the country's independence, in both good and bad ways. During the past election, the STAN movement ran on the TOP 09 ticket and picked up eight parliamentary seats, putting it in a strong position to push local interests on the national level, including the tax redistribution cause (STAN and TOP 09 have prepared a proposal to reduce the figure even further, to only three times per capita for the big cities). On the negative side, local "bosses" still control

regional party cells, which, in turn, choose candidates for parliament and the Senate, and elect party chairmen. Therefore, although the 2010 national elections did result in the removal of some compromised politicians and the weakening of the biggest political parties, some observers believe that only a similar revolution on the local level—diminishing the power of the local clans—can lead to real change.

Early indications following the 2010 local elections were not promising in this regard, especially in some of the country's largest cities. In Prague, Brno, Ostrava, and Plzen, the greatest rivals, ODS and ČSSD, formed grand coalitions that, in some cases, allowed compromised politicians to stay in power. Some of those aspiring for change either were not able to achieve leadership positions or lasted for only a short period of time in high office.²⁹ However, the situation dramatically changed in late 2011. Unexpectedly and quickly, the ODS and ČSSD coalition in Prague collapsed, replaced by an ODS-TOP 09 partnership that managed to sideline or fire key politicians with dubious pasts and suspicious connections to influential businessmen. The mayor Bohuslav Svoboda kept his post throughout the change, encouraging many that believed he had made significant inroads in cleaning up city hall since taking office. Some commentators speculated that the changes in Prague could have reverberations in the regions, having demonstrated that the privileges enjoyed by entrenched business interests could change virtually overnight. Only time will tell whether TOP 09, which has its own links to business interests, made these changes to city administration out of a genuine commitment to reform and increased efficiency.

Greater transparency and corruption-fighting instruments at the national level have not kept up with the transfer of responsibilities and finances to local governments, and endemic cronyism remains a critical problem. Experts believe that most corruption now takes place at the local level, since the economy has been privatized and wrongdoing is more visible on the national stage. The lack of oversight on such dealings is a major part of the problem, as the Supreme Audit Office (NKÚ) currently has no legal authority to examine the financial management of regional governments or municipalities. That could change soon, however, as the government has drafted legislation extending the NKÚ's authority to oversight of regional and local governments, a big step forward if approved by parliament.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.50	2.50	2.50	2.25	2.00	2.00	2.25	2.00	2.00	2.00

The Czech Republic's four-tiered judicial system consists of district courts (86), regional courts (8), high courts (2), and the Supreme Court. The Czech Constitutional Court is a well-respected institution that may be addressed directly by citizens who believe their fundamental rights have been violated. Although the Czech judiciary is constitutionally independent, the justice minister appoints and dismisses the chairmen and deputy chairmen of the courts. The Czech Republic

is the only European country where the executive has such a large influence over the personnel composition of the state attorney's office: the government names the highest state attorney on the recommendation of the justice minister, while the justice minister, on the recommendation of the highest state attorney, appoints state attorneys. Adding to the dependence of the state attorneys on the executive, the justice minister can also initiate disciplinary proceedings against them.

The president of the Czech Republic names the two vice presidents of the Supreme Court and the heads of all other courts (except the lowest district courts), as well as the heads of the Supreme Court and Supreme Administrative Court. The president can submit direct complaints against particular high court judges, including the chairmen and deputy chairmen of the Supreme Court and Supreme Administrative Court. Relations between President Klaus and the Constitutional Court have been frosty over the years, highlighted by the court's final 2009 ruling on the constitutionality of the Lisbon Treaty, which Klaus had challenged. The court also ruled against Klaus when he tried in 2006 to dismiss the chairwoman of the Supreme Court.

Historically, the most problematic part of the judicial system has been the state attorney's office, which was considered highly susceptible to political influence. In 2007, a deputy chairman of the Supreme Court, the chief state attorney, and a former justice minister attempted to get a corruption case against Deputy Prime Minister Jiří Čunek shelved for fear that an indictment could shatter the then-ruling coalition. That case was only one of many corruption cases that led Transparency International's Czech branch (TIC)—in a groundbreaking study of the country's "National Integrity System"—to evaluate the state attorney's office as the weakest pillar among the country's institutions entrusted with limiting corruption. The report, which came out in December 2011, called the office a "black hole that absorbed information about serious cases of corruption without emitting any of its own," and accused it of succumbing easily to political influence and even slowing down the investigation of some cases.³⁰

A new head of the state attorney's office, Pavel Zeman, took office at the beginning of 2011 and appeared intent on pursuing a number of politically sensitive corruption cases that his predecessor, Renáta Vesecká, had failed to investigate. Zeman also re-installed independent-minded attorneys Vesecká had removed. Zeman's efforts met with strong opposition from some parts of the political spectrum when he removed the lead prosecutor from office, though that very prosecutor had received repeated criticism for not acting in politically sensitive cases.

More changes are evidently on the way. The ruling coalition agreed in November on radical changes to the law on the state attorney's office, which would dissolve the high state attorney's office in Prague and Olomouc and replace them with a special team of prosecutors that will deal with the biggest corruption and criminal cases. Justice Minister Jiří Pospíšil said the move would provide greater independence for the prosecutors, offering them clearly defined powers and protection from possible political interference.³¹ The ministry hopes to get the changes into law in the first half of 2012 so that they can take effect in 2013.

The Czech Republic is the only EU country without functioning civil service legislation. The Law on the Civil Service was approved in 2002, in the leadup to the country's entry into the EU, but has never taken effect; its starting date has been repeatedly delayed owing to political disputes. The Interior Ministry is reportedly working on a completely new civil service law in connection with its anticorruption strategy.

On the positive side, in November 2011, the lower house passed a sweeping, new civil code to replace a version that dated back to 1964 and had been amended 40 times since 1989. When the code takes effect in 2014, it will make fundamental changes in such areas as family and ownership law. However, gay rights' activists complained that the new code still did not allow same-sex partners to apply for child adoption or joint foster care, or permit registered, same-sex couples to jointly hold property.³²

Implementation is also lagging on the 2001 amendment to the labor code mandating equal treatment for all employees, as women remain underrepresented in senior positions and are paid less than men for similar jobs. Although more women now hold seats in parliament than ever before, few attain other positions of political power. The share of seats in parliament after the June elections rose from 16 to 22 percent, but the government itself ended up with zero female ministers (in 2011 Karolina Peake from VV became deputy prime minister for the fight against corruption).³³

Discrimination against the Roma in employment and housing also presents a serious problem. A 2006 government report estimated that 80,000 Roma—roughly a third of the country's Roma population—live in ghettos, with between 95 and 100 percent unemployment.³⁴ In a landmark decision in November 2007, the European Court of Human Rights (ECHR) ruled that segregating Roma students into special schools is a form of unlawful discrimination in breach of Article 14 of the European Convention (prohibiting discrimination), taken together with Article 2 of Protocol No. 1 (securing the right to education).³⁵ However, in a November 2010 complaint filed at the Council of Europe, the Open Society Justice Initiative, the European Roma Rights Centre, and the Greek Helsinki Monitor (GHM) argued that the Czech Republic “has taken no concrete steps to desegregate schools,” producing an under-funded and vague action plan that has not led to improvement. The organizations asserted that Roma children are still 12 times more likely than non-Roma to be enrolled in special schools for children with mental disabilities (and in some parts of the country the figure is 27 times).³⁶ Given the general level of discrimination, it came as little surprise that only 13,150 Czech citizens identified themselves as Roma in the 2011 census.³⁷

In 2011 parliament approved an amendment allowing municipalities to ban residence on their territory to people who in the past had committed misdemeanors without paying the required fine. Critics said the move restricted freedom of movement and was directed against socially excluded people.³⁸ Some villages have also taken to passing ordinances to restrict the use of public spaces, ostensibly to keep public order but likely directed at preventing homeless people and Roma to spend time on the streets.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25

While most in the Czech Republic can live their daily lives without engaging in corrupt behavior, complaints do arise over the need to bribe or “give gifts” to expedite services from the public administration. Although few people encounter corruption directly, the perception of illegal activity, especially concerning the political elite, is widespread. Many have viewed existing anticorruption measures as insufficient to dismantle the intricate web of connections between political and business elites.

Transparency International released the country’s first National Integrity Study in December 2011, analyzing the ability of state institutions to address corruption. The report’s key findings indicate that the weakest pillars in the system are the state attorney’s office and the state administration, followed by the police. In general, excessive politicization had led to unwillingness across the system to actively move against corruption cases with a political subtext. The best-evaluated pillars were the ombudsman’s office and the NKÚ.³⁹ To improve the overall situation, TIC has recommended a list of main priorities for the authorities: increased transparency for political party financing, the acceptance of rules for the appointment of state officials and the de-politicization of public administration; increased independence of the courts and state attorney’s office; and more effective monitoring of business entities controlled by the state and local governments.⁴⁰ The annual report of the domestic secret services (BIS) also called attention to corruption in the judiciary, reporting bribery in return for confidential information, manipulated court cases, and the sweeping of various crimes under the carpet.⁴¹ In October 2011, two judges were accused of accepting bribes, abuse of office, and manipulating certain cases.

The new government came to power with the fight against corruption as one of its main tenets. The coalition finally started to deliver on these promises in 2011, though ironically it did so against a backdrop of its own scandals that saw the resignation of several cabinet members, overshadowing many of its accomplishments in the public’s eyes. According to the anticorruption group Oživení (Revival) the most significant change initiated in 2011 was the lower house’s passage of an amendment to the law on public tenders, which would lower the amount threshold beyond which public contracts must be opened to a bidding process (until now those levels had been among the highest in Europe). At year’s end, the Senate was debating the proposal, which was praised by numerous nongovernmental, governmental, and business groupings. While some critics were disappointed that the bill did not contain provisions that would force bidders for public contracts to disclose their ownership structure, the government pledged to address that issue separately.

A number of additional anticorruption initiatives were either passed or prepared in 2011. The Justice Ministry has already presented to parliament a bill restricting

anonymous ownership of joint-stock companies in a bid for greater transparency, which is expected to be debated in early 2012. New legislation introducing criminal liability for companies as of 2012 should also be a powerful instrument for fighting economic crime and corruption. At year's end, the government and individual ministries were in the process of preparing new laws or amending existing ones dealing with political party financing, freedom of information, lobbying, the state attorney's office, civil service, and the press (to counter the misuse of local periodicals by political parties).⁴²

Lack of transparency in major business deals involving the state remains a serious problem at both national and local levels. NKÚ has uncovered massive irregularities and overspending on various government contracts, but politicians generally ignore its findings, the same fate that also often befalls rulings by the respected ombudsman's office. Current law does not allow the NKÚ to impose sanctions. Long-running court cases against the NKÚ's head, František Dohnal, over financial mismanagement of the organization itself and his state-financed rental of a luxury flat have also damaged the agency's reputation. Though Dohnal was later cleared of wrongdoing with the flat, he was found guilty in July 2011 of abuse of office and handed a suspended sentence for repeatedly blocking attempts by parliament's budget committee to review NKÚ's accounting. Even informed observers had difficulty concluding whether Dohnal had done anything wrong or whether this was a case of political pressure on an independent institution.

Journalists often do not invoke their rights under the Law on Freedom of Information, and officials still sometimes refuse to provide the requested information or ask for unreasonably high administrative fees. The Supreme Administrative Court ruled in May that information about the salaries and bonuses of state officials should be public.

Though 2011 saw the conviction of a number of local officials and politicians, many still complained about the failure to prosecute any "big fish." At year's end, Czech corruption fighters got their wish when police charged former defense minister Martin Barták with attempting to elicit a bribe to smooth over a troubled deal to supply the military with Tatra trucks.

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Estonia

by Vello Pettai and Martin Mölder

Capital: Tallinn
Population: 1.3 million
GNI/capita, PPP: US\$19,370

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75
Civil Society	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
Independent Media	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Governance*	2.25	2.25	n/a							
National Democratic Governance	n/a	n/a	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Local Democratic Governance	n/a	n/a	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Judicial Framework and Independence	1.75	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Corruption	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25
Democracy Score	2.00	1.92	1.96	1.96	1.96	1.93	1.93	1.96	1.93	1.93

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Estonia passed another political milestone in 2011, when Prime Minister Andrus Ansip and his center-right government secured a new mandate following parliamentary elections in March. His coalition emerged even stronger than before, suggesting that his government could well be the first since 1991 to survive a full four-year term. Equally promising for the government was a modest economic recovery that took hold in 2011. While unemployment remained high and the economy still needed to develop new sectors of innovation to sustain growth over the longer term, the overall picture was turning positive after the severe crisis of 2008–09. The adoption of the euro as Estonia’s currency in January 2011 helped to deepen the country’s integration with the European Union (EU). At the same time, entering the eurozone meant that Estonia became responsible for helping to bail out indebted member states like Greece and Portugal. Given its strong political position, the Ansip government had few problems in securing parliamentary support for such decisions.

However, if the crisis worsens, public disapproval could mount. Already in October, teachers staged a demonstration in the capital, Tallinn, calling for higher pay and comparing themselves directly with their Greek counterparts. Other civil society protest actions took place to oppose the launching of a costly municipal television channel in Tallinn, which activists feared would merely become a propaganda outlet for the city’s ruling Center Party.

The mainstream press in Estonia continued to be free and robust, although its economic situation—in an era of multiple media and information sources, and in a small national market—was always somewhat fragile. The judicial system remained stable, though concerns were raised about the degree to which high state fees for judicial procedures were beginning to threaten effective access to the courts. Corruption issues centered on a number of high-profile bribery arrests at the municipal level as well as one criminal investigator who was charged with selling police information.

National Democratic Governance. Thanks to the reelection of Prime Minister Ansip’s center-right government following parliamentary balloting in March, Estonia’s national democratic governance remained stable in 2011. The fact that the new coalition was based on just two parties made policymaking relatively simple, and the government put together an extensive set of plans for the next four years. In June the government pushed through a measure that eliminated property taxes for most residential property owners, and in the fall it began work on restructuring the financing of higher education. The government had to tread carefully, however, when it came time to decide on Estonia’s participation in various bailout plans

for the eurozone. Having just joined the monetary union in January, Estonia was immediately confronted by the broader European crisis. Nevertheless, the political process was not impaired by these pressures. *Estonia's national democratic governance rating remains unchanged at 2.25.*

Electoral Process. Estonia held two elections in 2011, parliamentary and presidential, both of which passed without incident and led to incumbents being returned to office. In the parliamentary poll, Prime Minister Ansip's Reform Party came out on top, followed by the opposition Center Party. Ansip's coalition partner, the Pro Patria and Res Publica Union, came in third, and the Social Democratic Party placed fourth. With just four parties in the parliament, down from six, Estonia's party landscape took another step in the direction of consolidation. This outcome also facilitated the presidential election process. In August the parliament was able to elect President Toomas Hendrik Ilves for another five-year term with a hearty two-thirds majority. *Estonia's electoral process rating remains unchanged at 1.75.*

Civil Society. Estonia's efforts to build a multidimensional support framework for civil society groups continued in 2011 with the adoption of a new government policy program and the expansion of different funding schemes for nongovernmental organizations. Ahead of the March parliamentary elections, a number of civil society groups spearheaded an effort to monitor the electoral campaign, scrutinizing campaign spending and different political promises, among other activities. *Estonia's civil society rating remains unchanged at 1.75.*

Independent Media. The media in Estonia continued to be free and robust, although controversy continued to surround the launch of a municipal television channel in Tallinn. The high cost of the new broadcaster prompted a group of civic activists to organize a petition campaign calling for the money to be spent instead on renovating kindergartens. They accused the Center Party-led city government of using the channel to promote its own political fortunes. This controversy notwithstanding, *Estonia's independent media rating remains unchanged at 1.50.*

Local Democratic Governance. For yet another year, debate continued to swirl around the need to carry out a reform of the country's fragmented local government system. While Prime Minister Ansip at one point explicitly ruled out any reform in the near future, he relented a short time later, suggesting that the reform process could be rejuvenated by shifting it to the Ministry of Justice. Given that there was no real movement on this issue in 2011, *Estonia's local democratic governance rating remains unchanged at 2.50.*

Judicial Framework and Independence. In the wake of Estonia's failure to pass a major judicial reform package in 2010, the new Ansip government decided to leave the issue aside during 2011. Instead, it pledged to work on smaller problems,

such as reducing the high level of state fees for judicial procedures and shortening the length of judicial proceedings. In view of these rather minor developments, *Estonia's judicial framework and independence rating remains unchanged at 1.50.*

Corruption. One of the key areas in the fight against corruption in Estonia—ensuring the transparency of political party financing—took a half-step forward in 2011, when a special parliamentary commission was formed to review campaign financing reports. Although the commission was controlled by representatives of the political parties themselves, it was a start toward creating a true oversight body to regulate party finance. Influence peddling became a major issue in December, when it was revealed that three prominent right-wing politicians (including two parliament members) had been operating a private business that helped Russian citizens obtain residency permits in Estonia through sometimes questionable investment schemes. *Estonia's corruption rating remains unchanged at 2.25.*

Outlook for 2012. The reelection of Prime Minister Ansip's center-right coalition with an even larger parliamentary majority portended a relatively stable political future for Estonia. The economic upswing that solidified in 2011 promised likewise to ease the challenges of governance. The danger lay in potential overconfidence on the part of the government, which could prompt it to push through policies or appointments without sufficient debate or consultation. At the same time, recent civil society actions as well as the continued strength of the media suggested that the democratic process would remain vigorous. The government could come in for public discontent if the eurozone crisis turns even more serious and Estonia becomes liable for actually paying out bailout money to other eurozone countries. Although most of Estonia's political elite was behind EU policy, new political parties could emerge on the basis of growing Euroskepticism.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25

Although much of Estonian politics during 2011 was overshadowed by parliamentary and presidential elections, the political indecision and hamstrung governance that often accompany such interludes did not occur in Estonia. On the contrary, national governance ended up being strengthened, primarily by the fact that incumbents in both polls were returned to office.

The center-right ruling coalition between Prime Minister Andrus Ansip's liberal Reform Party (RP) and the conservative Pro Patria and Res Publica Union (PPRPU) was reelected in March, marking the first time in Estonian history that a coalition remained intact after parliamentary elections. With a healthy majority of seats (56 out of 101) and just two member parties, the coalition seems likely to remain in office for the duration of the parliamentary term. The new, 13-member cabinet formed in April retained nine ministers from the previous cabinet, though some of them changed portfolios. The new government includes not only Prime Minister Ansip, but two former prime ministers, Juhan Parts and Mart Laar, both from PPRPU.

For the first time in independent Estonia's history, indirect presidential elections also resulted in a rapidly confirmed victory for the incumbent candidate, President Toomas Hendrik Ilves. In previous elections, no candidate had obtained the two-thirds supermajority vote in parliament required by the 1992 constitution, so the elections were always transferred to a special electoral college consisting of members of parliament and representatives from local governments. This time, Ilves garnered enough parliamentary votes (73) on the very first ballot, rendering this supplementary stage unnecessary.

Continuity of leadership and the absence of controversy or protracted negotiations over electoral outcomes allowed the government to concentrate on assembling a robust package of policy goals for the next four years. The tempo of Estonia's economic recovery accelerated dramatically in the first half of 2011, exceeding 8 percent growth, the highest rate in the European Union (EU). After two years of economic crisis and one of 2.3 percent growth, this positive development prompted the governing coalition to frame its program around continued recovery through limited public spending and preservation of an attractive investment climate for businesses.

With unemployment still over 13 percent, job creation remained a top priority for the administration. However, instead of experimenting with economic stimulus packages, the government pledged to increase employment by maintaining flexible labor market policies and investing more in retraining schemes. The coalition also

vowed to keep in place Estonia's simple tax system, which includes a flat-rate income tax of 21 percent (set to decrease to 20 percent in 2015) and no corporate taxes on reinvested profits. In June, the coalition went even further in its tax-cutting zeal by approving the abolition of property taxes for most private homes and apartment buildings as of 2013. The measure prompted worries among local governments, since most property taxes go to municipalities. However, the government promised to compensate any major shortfalls, and insisted that the economic growth to be gained through such measures would bring in more tax revenue in the end.

The government's most important social initiative during the year was the introduction of a so-called "parental pension," a special pension contribution by the state for up to three years to parents raising children. The measure, which will go into effect in 2013, will be retroactive, benefitting parents of all children born after 1990. The measure was intended as a follow-up to Estonia's highly successful parental leave policy for newborns, which started in 2004 and allows one parent to take up to 18 months of leave at full pay. These schemes were undertaken with the hopes of increasing the birthrate in the country, as Estonia has suffered a population decline for over 20 years.

Another planned reform—the abolition of tuition fees in higher education for all full-time university students—met with strong resistance from universities dependent on student fees, especially via part-time learning programs, whose rates were also to be cut. The reform had been a campaign promise of the PRRPU, and the special project of Education Minister Jaak Aaviksoo, a onetime university rector and former defense minister known for his resolute policy style. In October, schoolteachers joined the chorus of discontented educators, demanding a long-overdue pay raise.

While teachers protested at home, the government continued to navigate the monetary crisis engulfing the eurozone, which Estonia joined in January 2011. The introduction of the euro in January went quite smoothly, and the new currency gave a further boost to investors' confidence. However, becoming part of the eurozone immediately placed Estonia in the position of having to sign off on different rescue plans for Greece and other indebted member states. Although the government succeeded in getting parliament to approve Estonia's participation in the European Financial Stabilization Fund, it did so against considerable public skepticism in the media and elsewhere. Estonia's protesting schoolteachers noted dryly that their salaries were roughly half those of their Greek counterparts, and yet to them the Estonian government seemed more preoccupied with guaranteeing Greece's well-being than theirs.

Shortly after taking office, Estonia's new parliament completed an important realignment of the country's military command structure. A constitutional amendment confirmed in April handed the prerogative of appointing the commander-in-chief of the armed forces directly to the government. Previously, the commander-in-chief had been nominated by the president, and approved by the parliament. Over the years, however, conflicts between different governments and military commanders often led to deadlock, which could only be solved via a cumbersome process involving

both the president and parliament. To avoid such complications, President Ilves himself proposed the change in 2007. However, enacting the constitutional change required the approval of two successive parliaments. Though the opposition Center Party criticized the measure for concentrating still more power in the hands of the government, ultimately the reform was passed with a near two-thirds majority.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75

Estonia's democratic electoral process was reaffirmed in 2011 with two major elections, one parliamentary and one presidential, both of which passed without significant incident or controversy. The legislative elections in March represented a significant milestone of stability and predictability in the Estonian political system, as only four parties returned to parliament. In turn, the streamlined composition of parliament helped to facilitate the smooth reelection of President Toomas Hendrik Ilves, as three out of the four parties declared their support for Ilves, securing the necessary two-thirds majority for his reelection without the need for a supplementary electoral college vote.

The parliamentary elections themselves kicked off in January with nine parties putting forth electoral lists. Alongside the RP and the PPRPU, the electoral prospects of the two main opposition parties, the Center Party and the Social Democratic Party, were also promising. In comparison, smaller parties represented in the outgoing parliament, such as the rural People's Union and the Estonian Greens, faced an uphill battle. The former had suffered repeated leadership crises ever since its long-standing chair, Villu Reiljan, was convicted of corruption charges in 2009. Meanwhile, the Greens had struggled to find a place on the Estonian political map since coming into parliament for the first time as a start-up party in 2007. When the final votes were counted, neither was able to top the 5 percent threshold.

Estonian voters came out strongly for Prime Minister Ansip's RP, giving it its strongest electoral showing ever, with 28.6 percent of the vote and 33 places in the 101-seat parliament. PPRPU received 20.5 percent of the vote and 23 seats in parliament, putting it in third place. Together the coalition partners secured a comfortable majority, likely to keep them in government for the next four years.

The strongest opposition force remained the Center Party, with 23.3 percent of the vote and 26 seats in parliament. However, it lost roughly 3 percent of its vote compared to the last elections, primarily because its longtime leader, Edgar Savisaar, was once again embroiled in a scandal questioning his political ethics. At the end of 2010, the Estonian Security Police disclosed that it had carried out secret audio recordings of Savisaar trying to get financial support for his party from senior Russian Federation railway authorities. Although Savisaar claimed that he was merely looking for sponsors to build a new Russian Orthodox Church in Tallinn,

the controversy caused a quiet rift within the Center Party that kept it from putting on a strong electoral campaign.

Thanks in part to this dissension in the Center Party's ranks, the other opposition party, the Social Democrats, posted the largest electoral gain of any of the parliamentary parties, going from 10.6 percent in 2007 to 17.1 percent in 2011. The party had decided in October 2010 to appoint a new and younger leader, former defense minister Sven Mikser. The contrast between the 38-year-old Mikser and the 60-year-old Savisaar worked to the SDP's advantage among opposition voters, reversing for the first time the two parties' ranking order.

The final winner of Estonia's parliamentary elections was the country's innovative system of internet voting. Since its introduction in 2005, the system has steadily gained in popularity, accounting for nearly a quarter of all votes cast.¹ The procedure allows voters to cast their ballot via the National Electoral Committee's website, using their national identity card, which is embedded with a computer chip and special security codes. Since these same tools are used by Estonians regularly to give digital signatures and access all kinds of e-government services, the system is widely seen as trustworthy.²

The second poll of the year, the presidential election in August, was in many ways determined by the results of the parliamentary one, as the incumbent President Ilves had the support of both the two governing parties and the Social Democrats (his onetime party). The lone party to oppose him, the Center Party, sought to save face by proposing the candidacy of Indrek Tarand, the maverick politician elected to the European Parliament in 2009 with a spectacular 25 percent of the vote. Tarand welcomed the chance to shake up the race with his nonconformist style and refused to issue any political program until the day of the election, when he sought to imitate the 16th century actions of Martin Luther by nailing nine theses to the front door of the parliament. In this declaration, Tarand promised to challenge what he saw as a growing domination of politics by cartel-like political parties and an overcentralized government. His critiques notwithstanding, parliament reelected Ilves with a convincing vote of 73 to 25.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75

In 2011, an Estonian government policy program to develop the third sector, the Development Plan for the Support of Civic Initiative 2007–2010, came to an end. In its final report, the Ministry of Interior, which was responsible for the program, noted that during the four-year duration of the program, the number of nongovernmental organizations (NGOs) registered in Estonia had grown by 30 percent to 31,208 and the number of foundations by 19 percent to 851.³ About half of these associations are actually apartment cooperatives, which are registered like NGOs. Moreover, the ministry's report noted that just under half

of all nonprofit associations were inactive, judging by the fact that they had not submitted a financial activity report for the previous year. Meanwhile, a survey conducted by Statistics Estonia about people's use of their time showed that in 2009–10 only 4.5 percent had participated in voluntary activities and 9.2 percent of the population had made a donation to an NGO in the last three months. While one report showed the latter figure going up over time, it was still far off trends elsewhere in the democratic world based on the *World Giving Index*.⁴

To address these lingering problems, the government approved a follow-up program focused on expanding civic education; improving the capacity and viability of NGOs; developing partnerships with NGOs in the area of service provision; expanding participation; and strengthening charity.⁵ In August, the government approved an additional program to improve public financing of NGOs alongside the National Foundation for Civil Society and a network of county-level development centers coordinated by the Enterprise Estonia Foundation.⁶ A web page for these development centers was also launched in autumn 2011, to serve as an information gateway about funding, training, and other events aimed at NGOs.

In early 2011 the third sector also became involved in the electoral process as a public watchdog. During the 2011 campaign, the Network of Estonian Nonprofit Organizations (NENO) issued reports on how the parties and candidates had followed guidelines related to transparency of campaign funding, non-abuse of political power while campaigning, and a number of other practices to which all parties had agreed in 2009. Their performance on these indicators was made visible on the elections web page of the Estonian Public Broadcasting Company and other media outlets. Following the election, NENO offered the new RP-PPRPU government suggestions for the development of civil society for inclusion in their coalition agreement, many of which were accepted.

Estonia's gender pay gap, one of the highest in the EU, attracted significant attention during the year. According to a study released by a consortium of policy researchers, men in Estonia earned 31 percent more than women in 2008, the year for which the most reliable data were available.⁷ The researchers controlled for a wide range of explanatory factors, including employment sector, background education and management level, and found that a large share of the pay gap remained unexplained, indicating that there was a definite glass ceiling in the Estonian job market. Gender disparities were also reflected in the parliamentary elections, as only 22.6 percent of the candidates were female, only 19 percent of the new members of parliament (MPs) were women, and all but one of the 13 new government ministers were male.

Some good news emerged toward the end of the year, however, when the government began work on a bill regulating domestic partnerships, defined as both heterosexual and homosexual couples. Originally, the issue had been stalled within the governing coalition because of opposition from the conservative PPRPU, which did not want to be seen as condoning same-sex marriage. However, when observers began to stress the fact that 30 percent of couples in Estonia live in domestic partnerships⁸ and 59 percent of children are born outside of marriage,⁹ even the

PPRPU realized that this domain needed to be reviewed. Estonia's chancellor of justice (ombudsman) later echoed this viewpoint, saying that a situation where no legal framework existed to regulate the partnership of same-sex couples could be seen as unconstitutional.

Estonia's highly successful civic engagement movement "Let's Do It" sought to go global in 2011 by setting up affiliate groups in as many as 69 other countries.¹⁰ The movement called on people to organize campaigns to voluntarily clean up public spaces and their local environment. For 2012, the organizers hope to mobilize millions as part of a World Cleanup initiative.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

The year 2011 brought no major changes to the Estonian media landscape, though controversy continued over how certain media outlets are financed. Overall, Estonian media can be divided into national and local media as well as Estonian- and Russian-language forums. On the national level, the landscape was dominated by three major television channels, the public channel ETV and two private channels TV3 and Kanal2, along with a handful of minor channels. There are four national Estonian-language daily newspapers (*Postimees*, *Eesti Päevaleht*, *Õhtuleht*, and *Äripäev*) and two major Estonian-language weeklies (*Eesti Ekspress* and *Maaleht*). Of these, the two most successful dailies (*Postimees* and *Õhtuleht*) averaged a circulation of around 50,000–55,000 copies, while the weeklies sold 31,000–43,000 copies. At the regional level there were over a dozen county newspapers, usually appearing three to four times per week. All national as well as many of the regional Estonian-language papers maintained internet news portals, which for the most part were free.

Among Russian-language media, the landscape was much barer, especially considering the potential market of some 400,000 Russians, Ukrainians, and Belarusians in the country. The only Russian-language daily, *Postimees na Russkom Yazyke*, was distributed by its Estonian-language equivalent. Though generally seen as a respectable publication, the newspaper was still relatively young (founded in 2007) and had a circulation of just 10,000 in September 2011. Older Russian-language papers such as *Estoniya* and *Molodyozh Estonii* went bankrupt in 2009. The country's one Russian-language weekly, *Den za Dnjom*, also suffered from the tight media market, with a circulation of around 10,000. All of Estonia's regional newspapers in Russian were concentrated in the northeast, where two papers, *Viru Prospekt* and *Severnnoe Poberezhye*, had circulations averaging around 5,000 to 7,000 each. The relative paucity of minority-language print media stemmed from the fact that Russian Federation–based media are also widely available in Estonia, including localized versions of Russian Federation newspapers. Among electronic media, the Baltic-wide TV channel Pervyi Baltiiskii Kanal was also very popular.

With regard to internet media, growth has been steady, although internet usage as a whole in Estonia was not much higher than in other European or Western countries. According to the International Telecommunication Union, the percentage of individuals using the internet in 2010 (74.1) was just above that of the United States (74) and well behind the Nordic countries and Germany.¹¹ Still, the overall number of internet users in Estonia has influenced the media landscape as virtually all newspapers and media outlets provide online content. In order to raise revenue and compensate for the declining role of print media, many papers have started to charge a fee for some or all of their online content, while others have also starting providing mobile applications. Delfi.ee is the most popular online news portal, with close to 900,000 weekly visits at the end of 2011,¹² followed by the online version of *Postimees*. The Estonian television channels, especially the publicly financed ETV, have also started to offer their own content online.

In 2008, the Tallinn city government first announced a plan to create a municipal channel called Tallinn TV. Although Tallinn mayor and Center Party leader Edgar Savisaar argued that the new medium was essential for delivering municipal information to residents, the idea was seen by many as another politically motivated project by Savisaar's Center Party. In January 2011 the channel began regular broadcasting, featuring a range of programming including children's shows, cultural programs, sports, news from other municipalities, as well as movies and entertainment. The channel was soon broadcast via cable free of charge across Estonia.

Opposition politicians in Tallinn refused to participate in any current affairs programming produced by Tallinn TV. Moreover, when the operating costs for the new broadcaster (more than €2 million per year) became known, the issue sparked an unprecedented civic campaign to stop the profligate spending. A group of Tallinn residents began a Facebook page calling for the exorbitant sum to be transferred to financing kindergartens, where a shortage of places had long been a source of suffering to young families. The appeal was so successful that the movement shifted to a full-scale webpage, and activists quickly gathered enough signatures to force the city government to consider a special citizens' initiative demanding the financing transfer. The city government vacillated over the bill and then finally passed it on to the city council, where the Center Party held an absolute majority and could easily have disposed of the measure, had they wanted to. However, when a 3-year-old boy died tragically in a Tallinn kindergarten while playing unattended on an old, broken jungle gym in November, city authorities immediately promised increased funding for kindergartens in 2012.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50

The principle problem with Estonia's system of local government remains its fragmentation, with some 220 municipal units ranging in size from the capital Tallinn (roughly 400,000 inhabitants) to local governments like Piirisaare with less

than 100 people. Indeed, more than 60 percent of rural municipalities in Estonia have fewer than 2,000 residents. For more than 10 years, countless attempts at consolidating these municipalities have failed, and while the national government has attempted to provide monetary incentives for local governments to merge, only a handful have chosen to do so.

Discussions over the need for administrative reform resumed toward the end of 2011, though there seemed to be no agreement between the coalition partners over the urgency and nature of the problem. Whereas the PRRPU included administrative reform as part of its electoral platform, the RP seemed to move in the opposite direction by proposing to abolish the post of Minister for Regional Affairs altogether. As a compromise, both parties agree to forego the issue in their final coalition agreement.

The other two parliamentary parties also seemed divided on the issue. In their electoral platform the Social Democrats put forth an idea to create a second level of local government above the current one in order to consolidate certain state services higher up the chain of bureaucracy. The Center Party's platform, meanwhile, remained silent on the matter, and subsequent statements by the party's top leaders were ambivalent at best.

Despite the stalemate, new players added their voices to the demands for change. Minister for Regional Affairs Siim Valmar Kiisler (PPRPU) stated in an October newspaper interview that administrative reform had been shelved for political reasons. A few days later, a team of geographers released Estonia's local government capacity index, a study measuring the ability of local governments to govern effectively, taking into account indicators such as land area and population, local economy, welfare of the population, the financial situation of the local government unit, and services provided by the local government.¹³ The strongest local governments included the capital Tallinn and its surrounding municipalities, while the least capable were concentrated in eastern and southeastern Estonia. One of the most important conclusions of the study was that the ability of local governments to govern effectively depended strongly on the size of the local population, with local governments encompassing less than 5,000 inhabitants being significantly less effective than larger local government units.

The need for reform was emphasized again by Estonia's chancellor of justice during his annual report to parliament in late October.¹⁴ The chancellor stressed that if poor local government capacity meant that citizens were being deprived fair access to government services, the question could become a constitutional rights issue. A few days later, Estonia's auditor general also chimed in by reminding parliament that in 2010 the Estonian Supreme Court had issued a ruling warning the government to be clearer in the tasks it imposes on local governments on top of those specified by the constitution.¹⁵ The combination of constitutionally-mandated functions and state-imposed tasks has often left local governments in a financial bind, further complicating their governance abilities.

Under this barrage of criticism, Prime Minister Andrus Ansip defiantly repeated his claim that no local government reform was necessary. He declared that Estonia's local governments had evolved over the course of 1,500 years and that if anyone

wanted to break up that system, they would be acting like a conqueror, whose first goal was always redrawing borders and renaming localities. Ansip later softened his tone, saying that reform would probably happen someday, and suggesting that the issue be transferred to the Ministry of Justice, which was controlled by his RP colleague, Kristen Michal.

Many local governments were also wary of a new tax reform that was pushed through during the first months of the reelected Ansip government. In it, property taxes for all residential dwellings under 1,500 square meters were abolished, meaning local governments were set to lose an important independent source of their revenue. The government promised to compensate local governments by raising the share of personal income tax that would come their way, but since this share had already been reduced in 2009 during the financial crisis, many local leaders suspected that this readjustment of rates would still leave them with less money than before.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

Following the failure of a major attempt at judicial reform in 2010, many of the outstanding issues within Estonia's court system remained largely untouched in 2011. The fact that the court system is formally administered by the Ministry of Justice continues to raise concerns about the independence of the judiciary. Although to date there have been no serious problems in this regard, the executive branch should not be in a position to potentially put pressure on the judiciary by influencing the amount of administrative financing it receives. According to a comment by the new minister of justice, his office had not yet made plans to rectify this issue, which was also left out of the new government's coalition agreement.

The state fees charged for different judicial procedures in Estonia are significantly higher than in most other European states. In 2011, this issue began to raise questions about the principle of fair access to judicial proceedings, as plaintiffs who know they will face unusually high court fees may feel they cannot afford to demand their rights. In April, the Estonian Supreme Court took a stand on the issue, finding in favor of a company that had been denied a waiver of such fees while appealing a financial dispute with the Estonian state worth some €2.5 million.¹⁶ Under current rules, such an appeal would cost the plaintiff almost €100,000, on top of any previous judicial action. The Supreme Court sided with the plaintiff, and followed up its decision by issuing in May a research report showing that Estonia's fees were comparatively high across the EU.¹⁷ The study acknowledged that a special judicial aid fund does exist where plaintiffs can request financial assistance to pay their fees; however, they may still be liable for these amounts if they lose. Moreover, the report found that it is not justified to have a practice whereby fees are high and a majority of plaintiffs end up asking for financial assistance, as this goes against the principle of effective access to judicial relief.

A third judicial matter to receive attention in 2011 was the length of court proceedings in Estonia. In a special report issued in May by the Estonian Supreme Court, analysts noted that while average statistics about the duration of single judicial proceedings are not very excessive, these do not count whether a case has been sent back on appeal to a lower court for re-adjudication.¹⁸ In such instances, the case is counted as a new judicial procedure, although for the parties involved it is still one long saga. These issues, the report said, required attention, since over the past ten years Estonia has lost several cases in the European Court of Human Rights, where plaintiffs have complained over the excessive length of their judicial proceedings. The issue also found resonance in the new coalition agreement between the RP and the PRRPU, where the parties pledged to make judicial proceedings less expensive and more efficient. They also hinted at the possibility of lowering state fees and increasing the availability of free legal aid, although by year's end no specific proposals had been passed.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25

Although much has already been done to raise awareness in Estonia about bribery, fraud, and conflicts of interest, the fight against corruption remains high on the public agenda. The Estonian Security Police (KAPO) has increased its role in the battle against high-level corruption in Estonia. Alongside its regular powers to investigate charges of corruption against high-level state and local officials, KAPO's jurisdiction was broadened in September 2011 to include legal entities (companies, foundations) established by the state or with state participation, as well as legal persons governed by public law (such as universities). In their new coalition agreement, the RP and PRRPU also pledged to extend the mandate of KAPO to encompass all corruption cases that are declared a threat to national security. This proposal was presumably motivated by the Edgar Savisaar case of alleged party fundraising from Russian Federation officials.

Some of the more prominent corruption cases arising or continuing in 2011 showed that corruption at the municipal level remained an important issue. In early 2011, a trial began against Ivo Parbus, a high-ranking Tallinn city government official accused of taking some €60,000 in bribes while working as an advisor to the deputy mayor of Tallinn. In August, the Harju County Court convicted a planning official in the Tallinn city government, Toomas Õispuu, and a high-profile private lawyer, Viktor Kaasik, when it was revealed that Kaasik had been offering bribes in order to speed the approval of a real estate project in the capital.

Among law enforcement authorities, KAPO arrested a prominent police investigator, Indrek Ploompuu, on charges of selling confidential information about police activities. Ploompuu had been responsible for investigating economic crime

in southern Estonia, including organized criminal activity. KAPO officials alleged that Ploompuu had agreed to sell police information to certain suspects for a price. He was arrested in January and convicted in March after a plea bargain. In April, a former director of the Tallinn Municipal Police, Kaimo Järvik, was also convicted of taking bribes. In his case, prosecutors alleged that Järvik had taken money from the owner of a collection agency in exchange for steering the collection of outstanding municipal fines to this company. Järvik, too, was convicted on a plea bargain and sentenced to 2.5 months in jail and two years of probation.

The party financing system in Estonia, especially its provisions related to oversight of donations, has for years been a locus for corruption. Until 2011 there was no real system of oversight for these matters, even though state funding for parties amounted to nearly €5.5 million in 2011,¹⁹ roughly matched by private donations. Following several years of debate over the issue, parliament finally agreed to create a special commission, tasked with reviewing parties' regular economic activity reports. However, the commission consists primarily of representatives from the major political parties, and only a few independent members—nominated by the chancellor of justice, the National Electoral Committee, and the auditor general—are included. The new commission began its work immediately after the March parliamentary election, but found no irregularities with the major parties' campaign expense reports. Instead, it focused on chasing independent candidates for their reports, even though some of these individuals had spent only a few hundred euros on their campaigns. A few weeks into the commission's work, Commission Chair Ardo Ojasalu complained that the body had not been given enough money to remunerate its members' work.

Influence peddling as a form of corruption became a high-profile issue in December, when a pair of investigative journalists revealed that three prominent members of PPRPU (including two MPs) had for years been running a consultancy business helping citizens of the Russian Federation obtain residency permits in Estonia by allowing each of them to register a business in the same address as the consultancy firm itself. Under a special provision of Estonian migration law, individuals from non-EU countries who invest at least €63,912 in the Estonian economy can apply for a long-term residency permit. However, oversight in terms of what counts as a real investment has been lax, and easy to exploit—allegedly to the tune of up to €4000 for each successfully registered business, in the case of the PPRPU politicians. The scandal was all the more shocking since the nationalist PPRPU had long been seen as the most vocal critic of excessive Russian political and economic influence in Estonia. One of the PPRPU MPs accused in the case, Indrek Raudne, was also accused of pressuring his party colleagues, Economics Minister Juhan Parts and Interior Minister Ken-Marti Vaher, to increase the yearly quota for expedited residency permits, thus further promoting his own business interests. As the recriminations ensued, Raudne resigned from parliament and Nikolai Stelmach, one of the others accused of complicity in the permit scheme, resigned from the Tallinn City Council. The third accomplice, MP Siim Kabrits, remained in politics, since his role in the company was apparently relatively minor.

Nonetheless, Interior Minister Vaher promised to immediately review the ways in which external investments are monitored and pledged to rescind any residency permits issued under false pretenses.

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Georgia

by David Aprasidze

Capital: Tbilisi
Population: 4.45 million
GNI/capita, PPP: US\$4,990

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	5.25	5.25	4.75	4.75	4.50	4.75	5.25	5.25	5.00	5.00
Civil Society	4.00	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75
Independent Media	4.00	4.00	4.25	4.25	4.00	4.25	4.25	4.25	4.25	4.25
Governance*	5.50	5.75	n/a							
National Democratic Governance	n/a	n/a	5.50	5.50	5.50	5.75	6.00	6.00	5.75	5.75
Local Democratic Governance	n/a	n/a	6.00	5.75	5.50	5.50	5.50	5.50	5.50	5.50
Judicial Framework and Independence	4.50	4.50	5.00	4.75	4.75	4.75	4.75	4.75	5.00	5.00
Corruption	5.75	6.00	5.75	5.50	5.00	5.00	5.00	5.00	4.75	4.50
Democracy Score	4.83	4.83	4.96	4.86	4.68	4.79	4.93	4.93	4.86	4.82

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Georgia was one of the first Soviet republics to declare independence and introduce a multiparty system in 1990. However, the country's rapid political emancipation coupled with slow institutionalization led to a number of serious problems. In 2004, the new government launched profound reforms aimed at modernizing the state, the economy, and society. In some respects, these reforms tangibly increased the capabilities of the Georgian state, resulting in better public protection and services. In other areas, such as democratic participation and conflict resolution, the new administration has failed to adequately address the complexities of the issues. Russia and Georgia fought a war in 2008 that ended in occupation and formal recognition of independence of South Ossetia and Abkhazia by Russia.

The political crisis that began in 2007 calmed considerably in 2010. However, tensions rose again in May of 2011, when several days of antigovernment demonstrations took place in Tbilisi, ending in clashes with police. The authorities' crackdown on protesters sparked international condemnation and mildly tainted President Mikheil Saakashvili's image, though he still remains quite popular. Presidential elections scheduled for 2013 will determine his successor, but political alternatives are few as the opposition remains fragmented by infighting and unprepared to seriously challenge the ruling party. Several constitutional amendments that were adopted in 2010 will come into effect in 2012–13, transforming Georgia's political system from a semipresidential to a parliamentary model. Despite facing several major crises, the current government has made exceptional efforts to combat corruption, nearly eradicating it in lower-level forms. Significant progress has been made in increasing the transparency of state institutions and new technologies have been implemented to minimize bureaucracy and improve access to information.

National Democratic Governance. The May riots organized by former speaker of the parliament Nino Burjanadze ended in clashes with police. While the organizers of the rally reportedly provoked violent confrontations, security forces were also criticized for acting outside the law and exercising excessive force. Four people died in connection with the demonstrations. In the second half of 2011, the Georgian billionaire Bidzina Ivanishvili announced his entrance into politics, which proved controversial. Some members of the opposition welcomed him as a viable alternative candidate, but the government viewed his political activism with suspicion and used bureaucratic formalities, such as stripping him of his citizenship, to hinder his legal participation in politics. *Despite several challenges, the situation of national democratic governance remained mostly stable during 2011, leaving the rating unchanged at 5.75.*

Electoral Process. A working group consisting of ruling party and several opposition parties continued a dialogue on electoral issues through the first half of 2011. Negotiations halted in March, however, when the ruling party refused to discuss the opposition's proposals. In June, the ruling party returned to the negotiation table with its own proposals, which were accepted by two opposition parties, and an agreement on the transformation of the electoral system was reached. The parliament adopted the new electoral code in December, which the Venice Commission hailed as a step forward. The impact of the new code cannot fully be assessed until the parliamentary and presidential elections scheduled for 2012–13 have taken place. *Therefore, the electoral process rating remains unchanged at 5.00.*

Civil Society. The influence of civil society on policy formulation and implementation remains weak. Sources for local funding are still limited; in terms of access to international funding and networking, large and established nongovernmental organizations (NGOs) are better positioned than new or less experienced organizations. In 2011 the Georgian parliament passed amendments to the Law on Grants, allowing ministries to issue grants directly to NGOs as well as individuals. As the results of these changes have not yet materialized, *Georgia's civil society rating remains unchanged at 3.75.*

Independent Media. Parliament adopted amendments to the Law on Broadcasting banning broadcast media ownership by offshore-registered firms. The legislation marks an important step towards greater transparency in media ownership and financing, since broadcasters must also submit information about funding sources to the Georgian National Communications Commission (GNCC). A recent survey released by the GNCC revealed that only a minority of respondents prefer news and analytical programming over entertainment-based shows. The results stirred controversy about the future of news and analytical programming, since the law requires the GNCC to use survey results to shape its priorities for issuing broadcast licenses. *Georgia's independent media rating remains unchanged at 4.25.*

Local Democratic Governance. New amendments to the constitution adopted in 2010 entered into force in January 2011, establishing a separate chapter on local self-governance. The new chapter sets and defines some institutional guarantees for the independence of local governance. However, the ruling party's monopoly on power still diminishes political competition at regional and local levels. Local authorities depend on funding from the central government and their activities are very often dictated by regional governors, who are appointed by the central government. *Georgia's local democratic governance rating remains unchanged at 5.50.*

Judicial Framework and Independence. The justice system suffers from inconsistencies in interpretation and enforcement of legislation as well as poor conditions in penitentiary and detention facilities. Confidence in the court system is slowly improving with 53 percent of respondents trusting the system in 2011 compared to

22 percent in 2007. Courts are better equipped and funded and generally perceived as less corrupt. The court system handles civil law cases with greater independence, but the handling of many criminal cases is still influenced by the prosecutor's office. The rate of acquittals remains extremely low, though this showed signs of improving in 2011. *Georgia's judicial framework and independence rating remains unchanged at 5.00.*

Corruption. The fight against corruption continued to be a high priority of the government. Low-level corruption has been practically eradicated. The government pursues policies that limit bureaucratic regulations and requirements, targeting existing opportunities for corruption. New technologies and services have been increasingly incorporated to improve access to and transparency of public services. Unofficial payments in public services now occur far less frequently in Georgia than in other former Soviet states or even new European Union member countries. The government's consistent anticorruption efforts since 2003 have yielded extraordinary results and are proof of its strong political will to eradicate corruption. *For this reason, Georgia's corruption rating improves from 4.75 to 4.50.*

Outlook 2012. In the coming year Georgia will enter another election cycle, with parliamentary elections in 2012, followed by presidential elections in 2013 and local elections in 2014. The main challenge for Georgia's democratic governance will be ensuring that elections are fair and transparent. Improvement in media standards and the impartiality of the judiciary are necessary preconditions for guaranteeing an adequate election environment. President Saakashvili will end his second term in 2013, making way for the transition of power. The upcoming election cycle will be an important test for Georgia's democracy both in terms of stability and efficiency.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.50	5.50	5.50	5.75	6.00	6.00	5.75	5.75

In 2010, the Georgian parliament adopted a revised constitution that will shift the country's political system from a semipresidential to a parliamentary model during the 2012 parliamentary and 2013 presidential elections. The shift will increase the role of parliament as well as the importance of parliamentary elections, which in the past have been overshadowed by presidential elections. The implementation of the new system's framework will be tested in the upcoming elections and present a major challenge for Georgia's political system. Although the asymmetrical political landscape—with its strong ruling party and weak opposition—has allowed for the smooth passage of many reforms since 2004, it has prevented the other branches of the government from developing into effective checks and balances. As a result, the executive has retained its dominance over the legislative and judicial branches, and the strength of Georgia's institutional framework is not equaled by its powers of implementation.

Campaigning for the parliamentary elections will not intensify until spring 2012, but already in the second half of 2011 the political landscape showed signs of significant reorganization. In October, multibillionaire Bidzina Ivanishvili, who launched a successful business career in Russia in the 1990s, announced his decision to enter politics, establishing the political movement "Georgian Dream" in December. The move surprised many, as Ivanishvili had avoided the political and public spotlight since returning to Georgia almost a decade ago, engaging mostly in philanthropic activities. Several oppositional parties welcomed his entrance into politics, seeing it as an opportunity to re-launch their own campaigns.

Regardless of the reasons behind Ivanishvili's decision to enter politics, his emergence as a political actor may have a significant impact on the political power distribution of a government, which until recently had no powerful political challengers. Ivanishvili's financial resources, which amount to more than the state's 2012 revenues (GEL 6.6 billion or US\$4 billion), give him a significant advantage over most candidates. The government's first reaction to Ivanishvili's emergence in politics ranged from apathetic to hostile. Some leading figures, including President Mikheil Saakashvili, ignored Ivanishvili's statements, while other representatives from the ruling party criticized his political immaturity or drew attention to his Russian connections.¹ When Ivanishvili publicly declared that he was in possession of French and Russian passports (stating, in the same breath, his intention to relinquish them), the Georgian government quickly used the opportunity to strip him and his wife of their Georgian citizenship, as Georgian law prohibits dual

citizenship. Without Georgian citizenship, Ivanishvili was prohibited from engaging in Georgian politics.² Ivanishvili has since renounced his Russian citizenship and is seeking to regain his Georgian citizenship through naturalization. The National Bank of Georgia also investigated the billionaire's bank, Qartu, on allegations of money-laundering, seizing one of its cash-in-transit vehicles as evidence. At the end of the year, the investigation was still ongoing.

The first half of 2011 saw major political events in the form of street demonstrations organized by former speaker of the parliament Nino Burjanadze. Over the course of a few days in May protestors picketed the building of the Georgian Public Broadcaster, moving towards the parliament building on the eve of the planned Independence Day military parade on 26 May. While the organizers of the protest clearly tried to provoke violent confrontation with security forces, the riot police were also implicated in the use of excessive force as they broke up the demonstration.³ Four people died in connection with the 26 May events. One police officer and one protester were hit by the protest organizers' motorcade when they were fleeing the site of the demonstration.⁴ Two more bodies were later found near the scene of the demonstration on the roof of a shop. According to an official statement, they died of electrocution when they touched the live rooftop cables while trying to escape riot police.⁵ The Georgian Young Lawyer's Association (GYLA) challenged this explanation on the basis of a UK forensic firm's facial comparison of news agency photos. The results suggest that the victims had been in police custody at the time of their deaths because one of the victims appears in a photo of a group of arrestees. Escaping police custody between his arrest and the time of his death would have been nearly impossible. However, the Ministry of Internal Affairs denied allegations of foul play and released its own photos and video statement of the man depicted in the press photo, claiming that the person shown among arrested protesters was alive.⁶ Other major opposition parties did not support the May protests, deciding rather to engage in negotiations with the ruling party on improving electoral legislation.

The Geneva talks on conflict-related issues continued throughout the year, without resulting in significant developments. However, in November 2011 Georgia and Russia both accepted the Swiss proposal of hiring a private company to observe the movement of goods between Russia and the *de facto* independent regions of Abkhazia and South Ossetia, which had been a major concern for Georgia. The deal was significant for Russia, as well, because it gave the green light for its continued accession to the World Trade Organization. Other topics of discussion between Georgian and Russian governments during the year included deployment of Tochka-U rockets in South Ossetia as well as the Russian Duma's ratification of military treaties with Abkhazia and South Ossetia, which allow Russia to operate military bases there for the next 49 years.⁷

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.25	5.25	4.75	4.75	4.50	4.75	5.25	5.25	5.00	5.00

While no elections took place in Georgia in 2011, a new electoral code adopted in December introduced important improvements to the electoral system. Public opinion surveys show that electoral reforms are considered among the most important reforms for Georgia, along with agriculture, education, taxation, and judicial reforms.⁸ In principle, the new legislation enables fair and equal campaigning, balanced pooling, transparent tabulation, and generally introduces an institutional framework for free and competitive elections. The degree to which the changes are implemented will not be visible until the fall 2012 parliamentary vote. Further problems also remain concerning the low level of trust towards the electoral process and administration.

The code adopted in December is the result of a two-year negotiation, interrupted twice by political stalemate. A working group with representatives from the ruling party and several opposition parties first convened to discuss electoral reform in 2009, but was unable to reach consensus and decided to resume dialogue during the second half of 2010. Negotiations froze once more in March 2011 when the ruling party refused to discuss the opposition's draft proposals, which they likened to an ultimatum. In June, the ruling party returned to the negotiation table with its own initiatives. Six out of eight opposition parties represented in the working group rejected the plan as insufficient for improving the electoral environment, but signatures from the remaining two—along with some additional, smaller parties—were enough to approve the main principles of the ruling party's plan.⁹ These principles made up the basis for the new code.

Under the new code, the number of seats in parliament remains unchanged at 150. Seventy-three parliament members are to be elected in single mandate constituencies, and 77 through party lists—previously, 75 members were elected through each method. Unfortunately, the issue of disproportionality between single-mandate constituencies was not addressed, even though this was one of the major comments from the Venice Commission concerning the draft code.¹⁰

One of the novelties of the code is the principle of distributing mandates according to the party list. Any party or political bloc will gain at least 6 seats in parliament if it clears the 5 percent threshold, even if the actual votes translate into fewer mandates. This means that any party or bloc will have the possibility of forming a political faction in the parliament, because according to the constitution, only six members of parliament are required to create a faction. This will increase the chances for small parties to participate more actively in the parliament, which may diversify the political landscape.

A state commission has been set up to oversee the accuracy of voter lists. The representative of the opposition New Rights Party chairs the commission, which will be required to submit lists to the Central Election Commission (CEC) before

1 August 2012. After this the voter-list commission will continue to monitor the implementation of procedures for compiling the lists and will notify the CEC if they need modification. The voter list commission is composed of 21 members with membership divided equally among the ruling party, the opposition, and nongovernmental organizations (NGOs). Several opposition parties and most NGOs specializing in electoral issues refused to participate in the commission because they insisted that the Civil Registry should manage voter lists instead of the CEC. Some also felt that biometric passports should be used to improve the accuracy of voter lists.¹¹

According to the new code, any party or political bloc clearing the 5 percent threshold can claim from the state GEL 1 million (US\$606,000) to cover its campaign expenses.¹² Out of this sum, GEL 300,000 (US\$181,800) must be used for political television advertisements. The code also obliges broadcasters to set equal prices on political ads for every party and bloc as well as to allocate some free airtime. As before, parties that qualify by receiving at least 4 percent of votes in previous parliamentary elections and 3 percent in previous local elections are separately funded by the state budget. In total, fourteen parties received state funding in 2011.¹³

The funding of political parties and blocs is regulated by new rules on political donations introduced by amendments to the Law on Political Parties adopted by parliament in December. The rules introduce several restrictions, including a ban on corporate donations, limits on overall annual party funding to 0.2 percent of GDP, and the raising of the maximum individual donation from GEL 30,000 to GEL 60,000. Party funding will be monitored by the state audit agency, the Chamber of Control. Previously, the CEC performed this function, but never exercised any effective control over party financing.¹⁴ Although the Venice Commission has consistently appealed to Georgian authorities to address the issue of campaign finance, the government paid little attention to the problem until Mr. Ivanishvili transferred GEL 4.1 million to four opposition parties in November–December.¹⁵ Although the transparency of party financing is important for electoral reform, the new laws have the potential of being abused as tools for regulating the activities of select political parties.

The code partially addresses the abuse of administrative resources such as the use of state property, like official vehicles and communication and other technical equipment, for campaigning purposes. Unplanned increases in state spending just before the elections have also been outlawed. Political figures such as the president, members of parliament, ministers and their deputies, members of local councils, and also governors and *gamgebeli* (heads of local administrations) are permitted to campaign while serving out their current terms. Official buildings can be used for campaigning events as long as all political actors are guaranteed equal access. An interagency task force will be created by July 2012 to prevent and respond to violations committed by public officials.

Despite some shortcomings, like the continued existence of disproportional constituencies, the Venice Commission has hailed the new electoral code as a step

forward.¹⁶ It is also notable that the changes were made well in advance of the next elections, unlike many previous amendments to electoral legislation, which were often passed quite unexpectedly in the run-up to an election. However, implementation of new rules will still represent a major challenge for the election cycle in 2012.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.00	3.50	3.50	3.50	3.50	3.50	3.75	3.75	3.75	3.75

Civil society in Georgia began to emerge in the late 1980s and witnessed vibrant activism in the second half of the 1990s. However, many observers have pointed to a decline in the impact of the civic sector following the departure into politics of influential civic activists who participated in the peaceful demonstrations of 2003. Although there was no decrease in the number of organizations since 2004, the influence of civil society in policy formulation is rather low. This is partially due to a reluctance of public institutions to engage in systematic public policy debates with civil society actors. Public officials often fail to see the benefit of involving a wide range of stakeholders in the policy formulation process, since non-profit organizations are often considered interest-driven and biased, and their products are seen as unprofessional. Although some NGOs press for more transparency and the increased participation of civil society, cooperation with the government is not actively sought out and most NGOs limit their involvement to watchdog activities.

Financial instability remains a major concern of Georgia's civil society organizations. International funding and partnering are available, but are monopolized by the country's most established and successful groups. Local funding is still scarce, and while business entities provide funds for charity, they refrain from funding civic activities. To improve this situation, in 2011 parliament passed several amendments to the law on grants, allowing ministries to issue grants directly to universities, NGOs, and individuals.¹⁷ Previously, ministries were prohibited from issuing direct grants. The amendments, which will go into effect in 2012, require grants to be reflected in the ministries' budgets. Ministries will be allowed to set up their own procedures for monitoring the awards process.

In 2011, civil society organizations continued to work in coalitions to address various social and political issues. For example, Transparency International Georgia, the International Society for Fair Elections and Democracy, and the Georgian Young Lawyers' Association were actively engaged in consultations and debates about election legislation and issued several assessments and statements. Eleven organizations participated in the establishment of a Media Advocacy Group to coordinate efforts related to transparency of media ownership, simplified procedures for issuing licenses, and protection of journalists' rights.

The influence of the Georgian Orthodox Church on society and politics remains high. A controversial 2002 concordat guarantees the church's special role

and status in the country, and church leadership is usually consulted on major decisions affecting religious groups. In July 2011, parliament acted without the church’s approval by passing amendments to the civil code that enable religious groups to register as legal entities, which solved a longtime problem regarding the undefined status of religious minorities in Georgia. Georgian Orthodox leadership called the amendments dangerous, and insisted the Church should have been consulted before the law was changed. Led by Georgian Orthodox clerics, thousands gathered in Tbilisi for a two-day protest, one of the largest in years.¹⁸ Nevertheless, President Saakashvili signed the bill and highlighted its importance in guaranteeing equal rights for all religious minorities in Georgia.¹⁹ Four religious minority groups have used the amendment to register for legal status since July.

Protection of labor rights remains low and the labor code has often been criticized for not sufficiently protecting the rights of employees. The role of trade unions remains marginal, even though the Georgian Trade Union Confederation (GTUC) lists about 20 member organizations on its webpage.²⁰ Limited impact of unions can be attributed to Soviet-era antipathy towards unions as well as a less developed culture of associations and organized labor. In practice, organized labor activities are rare and do not get adequate attention from state authorities. One exception to this rule occurred in February 2011, when the third deadly explosion in one year at the Tkibuli mine in west Georgia led to a strike of miners spearheaded by the Metallurgical, Mining, and Chemical Industry Workers’ Trade Union. The mining company agreed to safety improvements and pay increases tagged to inflation rates.²¹ Other union actions during the year were less successful. In September, 150 workers at the Hercules metallurgical plant in Kutaisi set up a strike over poor working conditions, which resulted in the arrest of thirty participants. The majority were released shortly afterwards, but police arrested three participants a second time for “disobeying police orders.” The GTUC and the International Trade Union Confederation harshly criticized the repressive actions of the authorities in shutting down the strike and the negligence of the government in mediating the dispute.²²

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.00	4.00	4.25	4.25	4.00	4.25	4.25	4.25	4.25	4.25

The legal framework regulating Georgia’s media environment meets broad international standards. However, serious problems have always existed in the transparency of media ownership and funding sources, with many media outlets purposely registering in offshore zones to protect the confidentiality of the companies’ owners. In 2011, 70 percent of the central media station Rustavi2 were still owned by the firm Degson Limited, a company registered in the Virgin Islands.²³

Greater transparency of media ownership and business or political ties is critical in a country where political actors often attempt to influence the media. In April 2011, parliament adopted amendments to the Law on Broadcasting, banning broadcast media ownership by offshore registered firms. The amendments—which come into effect on January 1, 2012—require broadcasters to submit information about the source of their funding with a detailed breakdown of revenue from advertisements, sponsors and donations to the National Communications Commission (NCC). In addition, broadcasters must publish information about their owners on their webpages. Changes to the law banning government ownership of media will also affect the status of Adjara TV, which is currently the only state-run television company in Georgia, owned by the autonomous Adjara government. The parliament requires the Adjara government to develop a proposal for the privatization of the station before the changes take effect in 2012.

In November 2009, the owners of the television station Maestro (among them opposition activist Giorgi Gachechiladze) hired the management firm founded by Erosi Kitsmarishvili, one of the leaders of the opposition Georgian Party, to manage the station for a duration of three years. In November 2011, Kitsmarishvili accused the owners of Maestro of trying to void the agreement and planning to sell the station to Bidzina Ivanishvili, after the billionaire-turned-politician announced his plans to buy a television station. Journalists working at Maestro supported the owners in this conflict, claiming that Kitsmarishvili had broken into Maestro's offices and refused to allow staff to come to work.

Television dominates the media landscape, with 84 percent of Georgians watching television news daily.²⁴ Despite television's popularity as a news source, respondents consider television stations to be biased towards either the government or the opposition.²⁵ National broadcasters Rustavi2 and Imedi TV tend to favor the government, while others, Maestro and Kavkasia, demonstrate a pro-opposition orientation. The Georgian Public Broadcaster (GPB) has demonstrated a clear effort to provide balanced programming, airing several political talk shows with different anchors and formats weekly. The second channel of the GPB is open to political parties and NGOs for broadcasting their events, including press conferences, discussions, meetings, and other activities. Television stations earn a major share in total broadcast revenues. In 2010, broadcasters generated GEL 76.3 million (US\$46.2 million) in revenue with GEL 69.3 million (US\$42 million) from television stations and about GEL 7 million (US\$4.3 million) from radio stations.²⁶

By law, the Georgian National Communications Commission (GNCC) is obliged to use survey results for defining priorities for issuing broadcast licenses. A recent survey released by the GNCC triggered controversies because it revealed that only 10.6 percent of respondents prefer news programs over entertainment programs and 3.9 percent prefer analytical programs. Organizations like Transparency International Georgia warned the commission against using the survey results as a pretext for denying broadcast licenses to stations airing news and political programming.²⁷

In general, the rights of journalists in Georgia are protected by law, but occasionally cases emerge against reporters based on questionable charges. In July, the Ministry of Internal Affairs arrested four photojournalists working for national and international news agencies, on charges of espionage. Fifteen days after their arrest, the journalists were found guilty and released with conditional sentencing, pending approval of their plea agreements. A lawyer for some of the defendants stated that their clients had confessed while under psychological pressure during the investigation, but these claims were never officially pursued.²⁸

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.00	5.75	5.50	5.50	5.50	5.50	5.50	5.50

The constitution and the Law on Local Self-Governance set and define institutional guarantees for the independence of local governments. For example, the law requires the central government to consult with local entities before the latter may be abolished or reorganized. Amendments adopted in 2010 and in force since January 2011 establish a separate chapter defining basic principles of local governance, which provides local governments with greater financial guarantees, such as the transfer of adequate material and financial resources to local municipalities in cases where the central government delegates new responsibilities.

Georgian legislation outlines three levels of governance: national, regional, and local. The country is divided into nine regions: Samegrelo and Zemo Svaneti, Guria, Imereti, Racha-Lechkhumi and Kvemo Svaneti, Samtskhe-Djavakheti, Mtskheta-Mtianeti, Kvemo Kartli, Shida Kartli, and Kakheti. These regions have no autonomy and are governed by presidential appointees (*sakhelmtsipo rtsmunebuli*). Starting in 2013, the constitution envisages the transfer of the power of appointment so that governors will be appointed by the central government, and not by presidential decree, as is the case now.

Adjara remains the only regional entity with limited autonomy. The head of Adjara's regional government is elected by the local Supreme Council, but proposed by the president of Georgia. The president currently has extensive rights to dismiss Adjara's parliament and government, but in the new version of the constitution, effective in 2013, he will be required to seek the government's approval in advance. The autonomous republics, Abkhazia and South Ossetia, are out of the central government's control, since they were declared Russian-occupied territories by the 2008 Law on Occupied Territories.

At the level below the regions, there are currently 59 municipalities under central government control and 5 self-governing cities—Tbilisi, Batumi, Rustavi, Poti, and Kutaisi. In municipalities and cities, local and city councils (*sakrebulo*) are elected for 4-year terms. Councils appoint heads of municipalities (*gamgebeli*) and city mayors (*meri*) in self-governing cities. Heads of municipality or mayors

appoint their trustees in local communes. Local elections last took place in 2010 in all municipalities and self-governing cities. The ruling United National Movement (UNM) party controls all local councils, although the opposition increased its representation in local councils countrywide from 11 percent in 2006 to 14 percent in 2010.²⁹ The dominance of the UNM enables the ruling party to intervene in the work of local municipalities and diminish political competition at the local level. In practice, the decentralization process is dictated by the central government, which often uses decentralization as a means for transferring costs to local budgets for services previously covered by the central budget. Local authorities still depend on central fund transfers, which are frequently dictated by regional governors.

In general, the quality of local governance could be enhanced with a greater degree of citizen involvement. Local NGOs and civic groups do not fully utilize available legal tools to oversee the work of local officials. For instance, local council meetings are open to the public, but local citizens and organizations rarely attend.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.50	5.00	4.75	4.75	4.75	4.75	4.75	5.00	5.00

Georgia's constitution and national legislation guarantee fundamental political, civil, and individual rights, which are generally respected by the state. However, the justice system remains plagued by inconsistencies in interpretation and enforcement of legislation, weak institutional organization, questionable judicial independence, poor conditions in penitentiary and detention facilities, and inadequately trained justice employees.

In institutional terms, the court system's independence from the executive branch is supported by several guarantees. State officials are legally prohibited from having any contact with judges during case hearings. Judges are appointed by the High Council of Justice, a body headed by the chairman of the Supreme Court. Budgetary allocations for the court system have increased during recent years from GEL 11 million (US\$6.6 million) in 2003 to GEL 38.5 million (US\$23.3 million) in 2011, resulting in salary increases for judges, improved court infrastructure, and better-trained staff.³⁰

Popular perception is that the courts are free of corruption. At the same time, acquittal rates in criminal cases in Georgia remain extraordinarily low, demonstrating the judiciary's lack of independence from the prosecutor's office. Recent data indicates that this could be improving, albeit slowly. In the first nine months of 2011, 30 out of 13,359 persons (1.7 percent) involved in criminal cases at first instance courts in Georgia were acquitted.³¹ During the same period in 2010, only 8 people were acquitted out of 19,956 (or 0.2 percent).³² From January–September, 41 percent of all persons involved in criminal cases were sentenced to imprisonment, down from 46.2 percent during the same period in 2010.

Since its introduction to the Georgian justice system in 2004, the plea bargain method is increasingly used for resolving criminal cases. In the first nine months of 2011, 86.6 percent of individual cases were settled through plea bargaining, compared to 77.7 percent during the same period in 2010.³³ Supporters argue that plea bargaining increases the efficiency of resolving cases, saves costs related to criminal justice proceedings, and potentially prevents further overcrowding in prisons. However, many feel the growing popularity of plea bargaining is due to the low acquittal rate and a lack of public confidence in the judicial system. The plea bargaining system increases the role of the prosecutor's office and diminishes the role of courts, serving as a crutch for the failures of the justice system.³⁴

The use of jury trials and a new criminal procedure code came into force in October 2010. So far, jury trials have only been implemented in Tbilisi. There are plans to introduce them in the regions in 2012, but they will be applied only in special criminal cases, such as aggravated murder. Lawmakers and court administrators believe that public involvement in trials will increase trust in the justice system. In a survey conducted in October–November 2011, 54 percent of those polled said they viewed the work of the court system positively, a significant increase from 2007, but still lower than the majority of Georgian public institutions. The three most positively viewed institutions are the Georgian Orthodox Church (93 percent), the army (89 percent), and the police (87 percent).³⁵

The process of forcibly resettling hundreds of Georgian citizens displaced by war (mainly from Abkhazia) from temporary housing in Tbilisi continued in January 2011. Although the government offered alternative housing, Internally Displaced Persons (IDPs) protested because of limited job opportunities or worsened living conditions in the new dwellings, many of which were quite far from Tbilisi. During the resettlement process, several people were detained and fined. While recognizing the need to find long-term housing options for Georgia's nearly 250,000 IDPs, the public defender and other national and international organizations severely criticized the methods used during the evictions.³⁶ A total of 1,248 displaced families were evicted in two rounds of resettlement between June 2010 and February 2011.³⁷

In a report on Georgia's human rights situation, the office of Public Defender Giorgi Tugushi named penitentiary and detention systems as a top priority in need of immediate attention. According to Transparency International, over 22,000 individuals were serving sentences in 19 facilities in 2010. The ombudsman's report noted severe overcrowding and lack of access to healthcare in detention facilities in 2011, as well as increased cases of mistreatment of inmates by prison administration. Living conditions in psychiatric institutions and childcare facilities remain grave. Several new facilities have been built since 2008, but the ombudsman emphasized that the rate of construction cannot keep up with the rate of convictions and prison sentences. He urged the government to revise its zero tolerance criminal policy.³⁸

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	6.00	5.75	5.50	5.00	5.00	5.00	5.00	4.75	4.50

Since 2004, low-level corruption has practically disappeared in the area of state services. According to recent World Bank data, unofficial payments occur far less frequently in public services in Georgia than in other former Soviet states or even new EU member countries.³⁹ State agencies are providing better services, many of which are available electronically, and regulations and procedures are much more transparent. The Civil Service Bureau advertises jobs on its website and also publishes asset declarations of public servants. The government pursues policies that limit bureaucratic regulations and requirements, targeting existing opportunities for corruption. Several public service halls were opened in different regions in Georgia in 2011, offering the services of several administrative agencies in one centralized station. Electronic tax services are increasingly popular with 80 percent of all 2011 returns filed electronically.⁴⁰ In 2011, the government also continued trainings for civil and public sector servants, providing education on the legal right to access information and correct procedures for granting it.⁴¹

Anticorruption reform appears to have better-prepared law enforcement agencies to fight corruption. In recent years several cases have involved the arrest of high-ranking officials, showing that law enforcement agencies are able to address corruption cases even at higher levels of government bureaucracy. While anticorruption measures have produced exceptional results, some critics argue that this came at the cost of further power consolidation in the central government and a weakened system of checks and balances. In some circumstances, the implementation of anticorruption measures is unevenly applied and subject to political influence.

The year 2011 saw a controversial ending to the high-profile bribery case initiated in 2010 against two Israeli businessmen, Ron Fuchs and Zeev Frenkiel. In October 2010, the two men were arrested and jailed for allegedly bribing Georgian officials to drop the appeal of a March 2010 decision by the World Bank-affiliated International Centre for Settlement and Investment Disputes (ICSID). The original ICSID decision obliged the Georgian government to pay US\$98 million in compensation to a firm owned by Frenkiel over an oil project Georgia had expropriated in the mid-1990s.⁴² In April 2011, Fuchs and Frenkiel were found guilty and sentenced to seven and six years in prison, respectively; both men insisted they had been entrapped by the Georgian government in an effort to stop the compensation claim.⁴³ The arrest drew considerable attention, and Israeli President Shimon Peres is said to have lobbied on Fuchs and Frenkiel's behalf. After months of debate, President Saakashvili surprised everyone by issuing a pardon for both men, one of whom was in poor health. Suspicions of other motives arose when, on the same day, the government announced it had reached a new settlement with Frenkiel's firm, with compensation now reduced to US\$37 million.⁴⁴

According to the World Bank's 2012 *Doing Business* index, Georgia is among twenty countries in the world with minimal formal regulations for starting businesses, clear regulatory procedures, permits for construction and strong legal protections of property rights.⁴⁵ The liberalization of the labor market is a subject of discussion in Georgia–EU talks on Association and Free Trade Agreements. The EU expects Georgia to increase protections for employees and introduce other regulations and control mechanisms in areas such as food security. However, there is concern that the introduction of new regulations may increase bureaucracy at state control agencies, creating a favorable atmosphere for the reemergence of corruption in certain areas.

In 2011 a new simplified tax code came into force, designed to harmonize tax law with international best practices and EU directives. A defining feature of the new code is the creation of a tax ombudsman, who is responsible for protecting taxpayer rights. Businesses can file complaints with the tax ombudsman regarding violations of tax law caused by ambiguities in the tax code, in response to which the ombudsman has the power to ask the relevant state agency to revise its decision. The ombudsman must also submit an annual report on taxpayers' rights to the parliamentary finance and budget committees. A steady program of tax reforms has multiplied the number of registered taxpayers in Georgia from 80,000 in 2003 to 252,000 in 2010, increasing tax revenue from 12 percent to 25 percent of GDP during the same period.⁴⁶

Media in Georgia are free to report on corruption issues. In 2011, the media covered sensitive issues relating to property rights violations and the sustainability of state-run programs, such as the Cheap Credit program, which provides below-market, state-subsidized loans to entrepreneurs. Several independent channels air special reports on corruption issues. Newspapers and magazines print corruption-related reports. The Investigative Journalists Association was created in 2009 and a collection of investigative reports is available on the association's webpage. In general, however, the quality of investigative reporting remains low, and in high-profile cases, media typically present only the information and interpretation provided by law enforcement agencies. International NGOs, like the Eurasia Foundation, Open Society Georgia Foundation, and the Fund for Investigative Journalism, continue to provide financial support as well as training for investigative journalists in order to address the problem.

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Hungary

by Balázs Áron Kovács

Capital: Budapest
Population: 10.0 million
GNI/capita, PPP: US\$19,550

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	1.25	1.25	1.25	1.25	1.75	1.75	1.75	1.75	1.75	2.25
Civil Society	1.25	1.25	1.25	1.25	1.50	1.50	1.75	1.75	2.00	2.00
Independent Media	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.75	3.25	3.50
Governance*	2.50	2.50	n/a							
National Democratic Governance	n/a	n/a	2.00	2.00	2.25	2.25	2.50	2.50	3.00	3.50
Local Democratic Governance	n/a	n/a	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50
Judicial Framework and Independence	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25	2.75
Corruption	2.75	2.75	2.75	3.00	3.00	3.00	3.25	3.50	3.50	3.50
Democracy Score	1.96	1.96	1.96	2.00	2.14	2.14	2.29	2.39	2.61	2.86

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The elections of April 2010 brought a right-wing government headed by Prime Minister Viktor Orbán to power. It controls a two-thirds supermajority in the National Assembly, consisting of a formal coalition between the Young Democrats' Alliance–Hungarian Civic Union (Fidesz) and its subordinate partner, the Christian Democratic People's Party (KDNP). The landslide electoral victory of Fidesz-KDNP came after the previous government, led by the Hungarian Socialist Party (MSZP), lost credibility due to a number of factors, including the September 2006 revelation (via leaked audio tapes) that Prime Minister Ferenc Gyurcsány had deliberately lied to the public to win elections, and the authorities' gross mishandling of the ensuing protests. Failed fiscal policies predating the onset of the global economic crisis cemented the MSZP's deep unpopularity. The party is currently in opposition, along with the green-liberal Politics Can Be Different (LMP) and the radical nationalist Movement for a Better Hungary (Jobbik).¹ An MSZP splinter party led by Gyurcsány is expected to establish a new parliamentary faction in 2012.

Following Hungary's negotiated transition to democracy in 1989–90, issues including the role of the secret services under communism and the privatization of state assets and services remained unresolved. Citizens' ongoing reliance on public entities instead of the private and nongovernmental sectors pushed the state beyond its capacity. Government after government balked at tackling this problem, and exacerbated it through inaction or superficial remedies. The present government identified many of the areas that need reform, but its initiatives have proven inadequate and had the effect of undermining democracy. Meanwhile, inflammatory rhetoric, such as the government's declaration that the Fidesz-KDNP electoral victory was a "revolution in the polling booths" and its promises to carry out "true regime change," have raised tensions in an already polarized political environment.

A new constitution adopted in April 2011 will enter into force on 1 January 2012. The increased range of laws that will require a supermajority to pass in this new constitutional framework will likely damage the effectiveness of future governments. Should an opposition party come to power in the next elections, it will also be constrained by Fidesz's takeover of independent institutions and installation of clients in key positions for nine-year terms, most importantly in the judiciary. A new law on the Constitutional Court further limits citizens' access to the body, which has in any case been stacked with Orbán's appointees. The government's intimidation and domination of the court recently led to its inaction on an important case related to the protection of private property.

Even as the government has usurped the independence of other public institutions, power within the government has been concentrated in the hands of

the prime minister. Orbán tends to appoint weak figures to key positions, favoring personal loyalty and a lack of serious political ambitions over professional expertise and ability.

Fidesz's electoral triumph gave it a historic opportunity to rescue the country from its dire economic situation and initiate crucial reforms in public services such as health and education. Instead the government has engaged in reckless economic policies, exerted political control over state institutions, pursued an ideologically driven cultural transformation, undermined labor protections, and redrawn the electoral map with the apparent aim of entrenching itself in power for the foreseeable future.

National Democratic Governance. In 2011, a new constitution was passed by the governing Fidesz-KDNP coalition without any meaningful consultation. The charter generally provides for fundamental rights, but opens up the possibility of backsliding. Due to the continued erosion of checks and balances, the growing strength of right-wing paramilitary groups, and the creation of institutional and procedural obstacles for future governments, *Hungary's national democratic governance rating worsens from 3.00 to 3.50.*

Electoral Process. In late December, the National Assembly passed a government-backed electoral law that appears designed to solidify the ruling coalition's grip on power through the redrawing of parliamentary electoral districts and changes to the allocation of seats and votes in Hungary's mixed system of single-member districts and party lists. The law also raised the registration thresholds for candidates and party lists, and granted the vote to citizens with no residence in Hungary, such as ethnic Hungarians in neighboring countries. Due to the gerrymandering and other problematic provisions in the new electoral law, *Hungary's electoral process rating worsens from 1.75 to 2.25.*

Civil Society. Civil society in Hungary is relatively vibrant, and citizens have recently been mobilized by new civic or political movements and resuscitated trade unions. However, an alarming drop in and increasing centralization of public funds may threaten many civil society organizations' existence. *Hungary's civil society rating remains unchanged at 2.00.*

Independent Media. New media legislation that took effect in 2011 has triggered unprecedented national and international indignation. The regulatory rules and institutions associated with the new law give government appointees considerable power to limit freedom of expression and punish perceived violations, creating an atmosphere that encourages self-censorship. *Hungary's rating for independent media worsens from 3.25 to 3.50.*

Local Democratic Governance. Local governments have enjoyed a high level of political independence in Hungary, but their legally enshrined autonomy is

hindered in practice by grim financial difficulties. The new constitution redefines local councils' property as part of Hungary's state assets, but it was not yet clear in 2011 whether this would lead to greater centralization. *Hungary's local democratic governance rating remains unchanged at 2.50.*

Judicial Framework and Independence. The government completely overhauled the administration of the judiciary in 2011. As part of this reform, important officials in the courts and the ombudsman's office were removed prior to the end of their terms, and the wife of a prominent Fidesz politician was appointed as head of the judiciary for a nine-year term. The changes cleared the way for more direct political manipulation of the courts, which had represented one of the last state institutions outside the government's control. *Hungary's judicial framework and independence rating worsens from 2.25 to 2.75.*

Corruption. With their two-thirds parliamentary majority, the governing parties have an opportunity to reform legislation on party financing, one of the most acute sources of corruption in Hungary. However, the government's promises to tackle graft have yet to result in a comprehensive anticorruption strategy. *Hungary's rating on corruption remains unchanged at 3.50.*

Outlook for 2012. By next year the government will have consolidated its hold on almost all areas of public life through the appointment of loyal cadres to head institutions of relevance, including the presidency, the Constitutional Court, and the judiciary. In 2011 the government was already attempting to bring the Hungarian National Bank (MNB) under its control, and it will likely try to replace MNB president András Simor with someone more pliant. Economically, the country will undergo severe duress in 2012, and having nationalized private pension funds in 2010 and 2011, the government may try to confiscate other savings. However, the need for external financing from the European Union and the International Monetary Fund may force the leadership to backtrack on some of the most prominent laws that undermined democracy in 2011.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.00	2.00	2.25	2.25	2.50	2.50	3.00	3.50

Hungary is a parliamentary republic in which the prime minister, elected by a majority of the 386-member unicameral National Assembly (Országgyűlés), holds executive power. The prime minister is responsible to the parliament and can be removed, along with the cabinet, only through a “constructive no-confidence” process, which requires a new prime minister to be endorsed in the same vote. It follows that under normal circumstances the parliament does not serve as a significant check on the government. During 2011 the government effectively eliminated other checks and balances through legislation and amendments to the constitution that was still in force during the year, and by installing loyalists in all ostensibly independent institutions except the Hungarian National Bank (MNB).

The parliament is the main legislative organ and has the exclusive power to pass laws. However, lesser forms of legislation may be passed by the government and ministers so long as they conform to the laws and the constitution. The parliament elects the president of the republic for up to two five-year terms. The head of state plays a mostly symbolic role, but has some control over the nomination and appointment of public officials and may refer legislation back to the parliament for reconsideration, or to the Constitutional Court, before signing it into law. President Pál Schmitt, who took office in 2010, has not once used this limited veto.

Since the April 2010 elections, the right-wing coalition of the Young Democrats’ Alliance–Hungarian Civic Union (Fidesz) and its subordinate partner, the Christian Democratic People’s Party (KDNP), has held more than two-thirds of the seats in the parliament. The opposition is composed of three ideologically divided parties: the center-left Hungarian Socialist Party (MSZP), the green-liberal Politics Can Be Different (LMP), and the radical nationalist Movement for a Better Hungary (Jobbik) on the extreme right. In October 2011, former prime minister Ferenc Gyurcsány and his followers left the MSZP and later formed a new party, Democratic Coalition (Demokratikus Koalíció), which filed a request to establish a new parliamentary faction. After a mandatory waiting period of six months, the new group will be recognized.

By far the most important development of 2011 was the adoption of the country’s new constitution.² Scheduled to enter into force on 1 January 2012, it provides for fundamental rights, though the framework to protect those rights will be weaker than it was under the previous constitution. Overall, the document is seen as conservative and biased toward collectivist values. The preamble’s heavy reliance on Christian language—in a country where religious attendance is around

13 percent—is particularly controversial given the government’s policies on religious freedom to date.³ Some of the constitution’s provisions are considered progressive, such as those concerned with the protection of the natural environment, but critics argue that it represents a step backward in other areas, with passages that define marriage as heterosexual and open up the possibility of stricter rules on abortion. Further causes for concern are the increased number and scope of issues on which any legislation will require a supermajority to pass, making reforms difficult for future governments.

The country experienced peaceful protests during national holidays in March and October, and an especially intense one on 23 December, when the government pushed a raft of controversial bills through the parliament. The protesters came from various strata of society and criticized the government on different grounds, including press freedom problems stemming from the 2010 new media law, labor legislation that eroded protections for workers and harmed vested interests in key sectors such as the armed forces and law enforcement,⁴ the controversial provisions of the new constitution, economic woes, and the undermining of democratic institutions.

The government continued to enjoy the support of the majority of likely voters, according to a poll in late 2011,⁵ but the same survey found that 54 percent of respondents did not trust any of the political parties. In another sign of widespread loss of confidence in democratic institutions, a separate survey by Perspective Institute found that nearly 29 percent of respondents would strongly support and 16 percent would somewhat support changing the present democratic regime for an authoritarian one if that came with rapid economic growth.⁶

In this context, the country’s main extreme right-wing political party, Jobbik, has achieved historically high support, drawing around 20 percent of the voters who expressed a party preference, according to some polls.⁷ In 2011, economic problems, the government’s clashes with the European Union (EU) and International Monetary Fund (IMF), and the successful manipulation of ethnic tensions gave the party opportunities to present itself as patriotic and capable of tackling “Gypsy criminality.” Jobbik’s main selling point is the “Érpatak model,” named after the town whose mayor first implemented it. The program is strongly authoritarian and assimilationist, emphasizing order and a merciless, punitive administration of the law. It has been reproduced in other villages, mostly located in the northeast of the country.⁸ Despite its formal denials, Jobbik has continued to make extensive use of affiliated—and in some cases banned—paramilitary groups to intimidate opponents and especially Roma.

The situation of the country’s Romany population has long been critical, and tensions between Roma and ethnic majority communities have been actively stoked by the extreme right and Jobbik in particular. Perhaps the most important intercommunal confrontation of 2011 was in Gyöngyöspata, where, following altercations and alleged criminality by some local Roma, paramilitary groups threatened the Romany population for weeks. The crisis ended with the deployment of police forces and the holding of a mayoral election.

Two aspects of this case illustrate broader problems. First, the increasing number of intercommunal clashes, the active participation of right-wing paramilitary groups, and the inability or unwillingness of the country's security forces to deal with them are slowly bringing the state's monopoly on the legitimate use of force into question. In the case of Gyöngyöspata, the prime minister failed to even comment on the situation for weeks,⁹ further opening up space for radical elements. Second, the victory of Jobbik's mayoral candidate by a significant margin suggests that the party's authoritarian message and exploitation of ethnic conflict resonate well with residents of villages and small towns who feel that their security is not guaranteed by the state. A recent survey by TARKI indicates that there may be further potential in divisive ethnic politics, as 63 percent of respondents expressed the opinion that criminality is "genetic" among Roma.¹⁰

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.25	1.25	1.25	1.25	1.75	1.75	1.75	1.75	1.75	2.25

Since 1990, Hungarian elections have consistently been assessed as free and fair. Members of parliament have been elected for four-year terms in a two-round mixed electoral system. Parties had to reach a 5 percent threshold to gain seats through regional and national party lists.

In the last general elections in 2010, the severely discredited MSZP was soundly defeated by Fidesz-KDNP, which now holds 67.88 percent of the seats in the parliament. Jobbik has 12.18 percent, the MSZP 12.43 percent, and the LMP 4.15 percent. At the time of writing there were 14 independent members, mostly due to the secession of Gyurcsány and his allies from the MSZP.¹¹

While the electoral system ensured free and fair balloting, it was very complex, and the parliament—with 386 members, of whom 176 were elected in individual constituencies—was consistently deemed too large for the population of the country. A new electoral law passed by the ruling coalition at the end of 2011 retains the mixed proportional-majoritarian nature of the previous system, but will reduce the parliament to 199 members and increase the share of single-member districts, with 106 individually elected members and 93 party-list seats. The law sparked strong resistance from the opposition for its blatant gerrymandering of the new constituencies, an increase in the number of signatures required for candidacy, a shorter period for collecting these signatures, and changes in the allocation of excess and lost votes that favor the dominant party. It also granted the vote for the first time to ethnic Hungarians in neighboring countries who have accepted Hungary's offer of citizenship.¹² Critics allege that the new law will solidify Fidesz's grip on power for the foreseeable future.¹³

The president of the republic is elected by the parliament for a five-year term and can be reelected once. In the first two rounds of the election, a supermajority

is required; if it cannot be reached, a third round is decided by a simple majority. Schmitt, the current president, is seen as a creature of Prime Minister Orbán, having declined to apply his limited veto to any of the government's numerous, highly controversial, and hastily adopted laws during his tenure.

Political parties are active in the country, especially the newer factions, which seem to be more responsive to grassroots concerns. New parties emerged out of the protests of 2011, but whether they will have much impact remains to be seen.¹⁴ Beyond periodic protests, demonstrations, and voting every four years, citizen participation in political and public life is not significant. Meanwhile, the political representation of women and minorities, particularly the Roma, continues to be unsatisfactory.¹⁵

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.25	1.25	1.25	1.25	1.50	1.50	1.75	1.75	2.00	2.00

The legal framework is generally hospitable to civil society, accommodating various forms of nongovernmental organizations (NGOs). Associations, foundations, and nonprofit limited companies are registered by a court and are relatively easy to establish. With its 70,000 registered organizations, the Hungarian civil sphere can be considered vibrant, maintaining about 100,000 jobs and contributing 4 to 5 percent of the annual gross domestic product.¹⁶

However, aside from a handful of high-profile watchdog organizations, most NGOs operate on a very small scale, with miniscule budgets. They are subject to the same tax rules as ordinary companies, including high payroll taxes that pose a major obstacle to small businesses as well, making it difficult to add or retain personnel.

Due to the limited level of private philanthropy, NGOs are still overly dependent on government and EU funds. A significant independent income source for the sector is the so-called 1 percent tax scheme, under which taxpayers can assign 1 percent of their income tax to an NGO of their choice. However, a new flat tax of 16 percent is expected to cause a 300 billion forint (US\$1.5 billion) decline in state tax revenues, and would presumably have a proportional effect on NGOs' funding through the tax mechanism.

State funds for NGOs have been distributed through the National Civil Fund (Nemzeti Civil Alap, or NCA). The NCA's average annual budget in recent years was around 7 billion forints, but this was cut to 2.8 billion in 2011 and will shrink to 1.4 billion according to the 2012 budget plan. This fivefold decrease of the NCA's funds puts the financially fragile civil sphere at serious risk. In November, a coalition of 73 NGOs issued an open letter to the government,¹⁷ stating that conditions for the sector "have been steadily deteriorating over the last 18 months." It is feared that hundreds of organizations will have to close down operations and discharge employees.

Beginning in 2012, a new law will require all civil organizations to submit their financial reports to a court, and failing to do so may result in suspension. The rule is aimed at eliminating thousands of nonfunctioning or phantom organizations from the system, but it will impose an extra burden on many small organizations.

The law also replaces the NCA with a National Fund of Cooperation. To ensure independent self-governance for the sector, 90 percent of the delegates in the NCA's governing bodies were representatives of civil society organizations. Under the new system, this proportion will drop to 30 percent, with the majority of the members chosen instead by the government. Many argue that this reform contradicts the original mission of NCA and that its sole purpose is to cement political influence.

Large-scale civic mobilization has been relatively rare in Hungary, but in 2011 a handful of citizens organized a new movement via the social networking website Facebook called One Million for the Freedom of Press in Hungary.¹⁸ It quickly gained almost 100,000 members and has become a key player in the civic sphere. The One Million group and other NGOs were able to draw thousands of people into the streets on 15 March and 23 October to protest the "authoritarian" Fidesz government, mounting what may have been the largest antigovernment demonstrations of the past 20 years.¹⁹ It remains unclear whether the movement will be able to sustain its momentum.

Austerity measures, retroactive legislation concerning early retirement benefits, and a controversial new labor law seem to have triggered the resuscitation of the workers' movement as well. Twenty years after the fall of communism, trade unions are still struggling with a lack of public credibility. In 2011, however, new leaders successfully mobilized workers and organized numerous noteworthy demonstrations.

One of them was the so-called Clown Revolution. The name came from Orbán's alleged disparaging remark that he would delegate his "clown affairs secretary" to deal with trade unions' request to negotiate planned benefit cuts. In response, some 10,000 people rallied in June in clown costumes and make up. Although the police were seriously affected by the cuts, most of them were unable to protest. The Independent Police Trade Union reported that the head of the National Police summoned all officers to duty on the day of the demonstration.²⁰

Another threat to freedom of assembly arose during the short visit of Chinese Premier Wen Jiabao, also in June. The police rejected a request from local adherents of the Falun Gong spiritual group, which is persecuted in China, to demonstrate against Wen's visit, claiming that it would block traffic. In addition, immigration officers paid an unexpected visit to the homes of three Tibetan refugees, all of them lawful permanent residents, and summoned them to the immigration bureau the next morning to "clarify certain identity questions." The bureau later claimed it was a "routine check-up,"²¹ but the move appeared designed to prevent any China-related protests.

A new law on religions, introduced by the KDNP and substantially remodeled by Fidesz on the day of its adoption, grants formal recognition to only 14 religious groups, down from the previously recognized 352. Beginning in 2012, all other

religious groups will lose the financial privileges associated with recognition and will instead function as associations. Although these groups will have the opportunity to apply for official recognition, the process requires meeting a set of difficult criteria and winning approval from at least two-thirds of the parliament.

The previous regulation was undoubtedly liberal, and the associated financial benefits had fueled an often opportunistic proliferation of religious groups over the last two decades. Nevertheless, the harsh new law triggered widespread indignation. Critics stressed that although it would help eliminate disingenuous “business churches,” the law would also deprive numerous well-established and legitimate congregations of their official religious status. The fact that they will lose their financial privileges and be excluded from the 1 percent income tax scheme will substantially decrease their revenues. The change in designation will also affect their ability to own land and participate in the provision of public services.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.75	3.25	3.50

The Hungarian media market can be considered vibrant, with a relatively low level of concentration secured by a handful of multinational print houses and a few local companies with varying portfolios. A wide range of print, broadcast, and internet outlets provide space for fairly diverse ideas.

Still, the daily newspapers consist largely of apolitical tabloids and openly biased broadsheets, with two major outlets on each side of the political divide. This dynamic is also apparent in the journalistic profession, which is highly partisan. In recent years, quality journalism has mainly migrated to magazines and the internet. A good number of weeklies—*HVG*, *Heti Válasz*, *Figyelő*, *Magyar Narancs*—and online news portals—Origo, Index, *HVG-Hírszerző*, *FN.hu*—employ a new generation of journalists striving for high professional standards. Slowly but steadily, investigative journalism has also been developing. A few NGOs and professional associations provide conferences, free trainings, and scholarships in the field to promote investigative journalism as a fundamental tool of democratic control.

The flourishing scene of high-quality political blogs has attracted a growing number of followers. But the web is also home to radical views, with numerous websites providing an endless stream of far-right, anti-Semitic, racist, and extremely nationalistic content.

The new media law, which took effect on 1 January, was the most important development for press freedom during 2011. It had been severely criticized, even before its adoption, and remained a key concern both nationally and internationally. It received harsh assessments from the European Parliament, the European Commission, the United Nations special rapporteur on freedom of expression, the media representative of the Organization for Security and Cooperation in Europe

(OSCE), the Council of Europe, and a number of governments, human rights groups, and press freedom advocates.

One of the most controversial provisions of the law was its creation of the National Media and Electronic Communications Authority (Nemzeti Média és Hírközlési Hatóság, or NMHH). With authority over all media, including broadcast, print, and online outlets, the NMHH grants licenses and frequencies, monitors content, and both investigates and adjudicates public complaints. Its major regulatory body, the Media Council, consists of six people, all nominated by the governing party, with a chairperson appointed directly by the prime minister for an unprecedented nine-year term.

Due to the questionable independence of the Media Council, the NMHH is seen by many as an “arm’s-length government agency,” and observers have expressed fears that its power to impose steep fines on media outlets that do not respect its guidelines could be applied arbitrarily.²² Recent analysis on the tendering practices in the analogue radio market suggests that the Media Council awarded almost half of all frequencies to the same three applicants in 2011.²³

While the new law has not yet been used to gag dissenting voices, critics argue that its substantial penalties and vaguely worded provisions have undermined freedom of expression by creating a “chilling effect” that may result in self-censorship. One related area of concern is the lack of effective protection for journalists’ sources. The media law states that in exceptional cases, journalists can be required to disclose their sources, but what constitutes an “exceptional case” is poorly defined and left to the investigative authority’s discretion.

For the majority of Hungarians, the primary source of news is television. The evening news programs of the three national terrestrial channels—the public M1 and the commercial RTL Klub and TV2—reach about 30 percent of the population every day. However, the proportion of political and economic news in these programs is incredibly low. For instance, in October 2011, only 12 percent of all news concerned political issues, and three-quarters featured tabloid or crime stories.²⁴ On the commercial channels, political reports have been relegated to the last few minutes of the newscast for many years, and they rarely come to the foreground even in times of political turmoil. More recently, depoliticization has also affected public television, whose central mission is to keep citizens as well-informed as possible. Over the politically fraught months of late 2011, public television seemed to purposefully avoid reporting directly on political news and instead featured neutral current affairs items that were only loosely related to politics. The proportion of hard political news was only about 25 percent in October.

Public-service media have been paralyzed by political meddling and lack of independent funding ever since the fall of communism. They suffer from an extremely poor reputation as well as low ratings figures. Fidesz promised to bring efficiency and rationalization to public media by merging three previous institutions and the Hungarian News Agency (Magyar Távirati Iroda, or MTI) into the Media Services Support and Asset Management Fund (Médiaszolgáltatás-támogató és Vagyonkezelő Alap, or MTVA). But the new umbrella institution is less transparent

than ever, with a proliferation of senior management positions and obscure areas of responsibility. Meanwhile, almost 1,000 employees have been dismissed in two waves of layoffs. A reduction of the overgrown staff had been expected, but hundreds of those dismissed were picked either randomly or on a political basis. As a result, critical and independent voices are almost completely absent from public media, and their content is regularly affected by censorship, intimidation, and factual distortions to suit the government's interests.²⁵

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50

There are approximately 3,200 settlements in Hungary, though about half are small villages with fewer than 1,000 residents, and only around 300 have the status of a town. Regardless of size, each settlement enjoys formal political autonomy. They directly elect their own mayors, councils, and other self-governing bodies, and almost all maintain full-fledged municipalities and manage local public services. This high level of decentralization was a symbolic element of the new democratic era that began after the fall of communism.

However, financial difficulties seriously limit this legally enshrined independence in practice. Many settlements, particularly those in the impoverished eastern parts of the country, have suffered from an absence of industry and consistently high rates of unemployment. With no significant revenues, most depend on the central government's redistribution of taxes. According to the latest figures, on average only 21 percent of local councils' overall expenditures are covered by local income.²⁶ However, the nominal per capita amount of state aid has been steadily decreasing since 2005.

Due to a liberalizing legal amendment in 2006, the value of bonds issued by local governments shot up drastically,²⁷ resulting in an overall debt of 1 trillion forints (US\$4.4 billion).²⁸ Sixty percent of the debt is valued in foreign currencies (euros and Swiss francs), which, given the extreme volatility of the Hungarian forint in recent years, poses an extra risk to the issuing municipalities. Some view this as one of Hungary's most acute financial problems, but others argue that indebtedness only affects a minority of towns, and except for a few cases of mismanagement, debt repayment is under control.²⁹ Whether by rescheduling repayment, realizing assets, or increasing local revenue, most councils are able and willing to redeem debt.

Above the municipal tier is another level of governance—Hungary's 19 counties. These regional administrative units share many public-service functions with the municipalities. Based on an agreement between the central government and county councils, in 2012 the former will take over all institutions previously owned or operated by the counties, including health care and educational institutions, social and youth services, cultural foundations, and business associations. With

the assets comes an accumulated debt of 180 billion forints (US\$776 million).³⁰ While the move is seen by many as another major step toward centralization, the government maintains that it would be in a much stronger negotiating position than the individual counties should the debt payments need to be rescheduled.

The new constitution will fundamentally change the status of local government property. The old charter declared that the state would respect local councils' property, but under the new document, all local assets are considered part of Hungary's national property. They are not owned but merely controlled by the municipalities to perform certain tasks allotted by the state. This shift was ostensibly designed to ensure better management of national wealth, but it also opens the way for the central government to take over local assets without compensation.

As with the parliament, Fidesz controls an overwhelming majority of local councils, including 22 of Hungary's 23 main cities, and all of the 19 county assemblies. The capital, Budapest, comprises 23 autonomous districts, each with an elected mayor and assembly. The structure is topped with an independently elected mayor and council on the citywide level. This two-tiered system, in which the districts are not subordinated to the Budapest municipality, has led to serious conflicts and lack of coordination on key decisions and projects. However, since Fidesz won the mayoral posts in 21 of the 23 districts in 2010, and took the citywide mayoralty for the first time since 1990, these tensions seem to have been reduced.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00	2.25	2.75

Citizens are equal before the law, and the judiciary serves as the primary guardian of constitutional rights. The judiciary is currently organized in a four-tier system of local courts, county courts, high appeals courts, and the Supreme Court. Local and county courts have jurisdiction over their territorial districts, with county courts also serving as appellate courts for minor local cases. The high appeals courts have regional jurisdiction, with seats in Budapest and four other towns. The Supreme Court serves as a final appeals court and ensures the uniform application of laws, developing a limited form of case law.

Since 1997 the Hungarian judiciary has been governed by the National Judicial Council (Országos Igazságszolgáltatási Tanács), a body composed of judges and representatives of the other branches of power and led by the president of the Supreme Court. In November 2011, however, the government pushed through a law that introduced a new system, in which the judiciary's hierarchy will be headed by an official elected via a supermajority vote in the parliament for a nine-year term, with a powerful mandate and broad discretion. While the previous arrangement was duly criticized for engendering a lack of transparency and placing too much power in the hands of the presidents of the county courts, the new system exposes

the judiciary to government influence.³¹ The reform notably allows for the summary removal of the current president of the Supreme Court, András Baka, a nominee of former head of state László Sólyom.

In mid-December the parliament chose the leader of the new system, electing Tünde Handó—the president of the Labor Court, wife of Fidesz member of the European Parliament József Szájer and longtime friend of the prime minister—to serve as president of the National Judicial Office (*Országos Bírósági Hivatal*).³² In 2012 it will be up to Handó to fill the 274 vacancies created by Fidesz's earlier decision to send judges into early retirement, plus over a hundred additional vacancies that will arise in the coming years. Her discretionary powers will include the appointment of the presidents of local and higher-level courts, and the temporary transfer of individual judges to other districts.

Until 2011, the parliament elected four ombudspersons to report on human rights, privacy rights, the rights of ethnic and national minorities, and the right to life and a healthy environment (ombudsperson for future generations). The Fidesz government decided to transform the existing institution, and beginning on 1 January 2012, the functions of the ombudspersons will be taken over by the Office of the Parliamentary Commissioner for Fundamental Rights. As with many other positions created by the current government, the new ombudsman will be elected by a two-thirds vote in parliament for a nine-year term, with the possibility of one reelection.³³

Since 1990, the 11-member Constitutional Court has shaped the legal framework of Hungary. Its members are elected by the parliament from among the country's legal scholars. The court's primary function is to safeguard constitutional rights through its interpretation of the constitution and control of legal norms. Since it lacks an effective enforcement mechanism, however, some of its decisions, most notably on the representation of minorities in the legislature, have not been implemented by the parliament.

As part of the broader drive to eliminate checks and balances in the country's constitutional framework, in 2010 the government had amended the old constitution to strip the Constitutional Court of its jurisdiction over important matters that were already closed to public input via referendums. Thus, so long as they do not pertain to certain fundamental rights, the Constitutional Court no longer has jurisdiction over questions related to the national budget. Importantly, cases regarding the right to private property are also outside the court's purview. In 2011 the Constitutional Court was further weakened through the limitation of those with standing to request a review; only petitions by a quarter of the members of parliament or individuals at the center of specific cases are now eligible. Moreover, all existing requests and proceedings that do not meet the new criteria are to be dropped on 1 January 2012. Also during 2011, the government continued staffing the Constitutional Court with its cadres, some of whom had questionable qualifications.³⁴ The court failed to deliberate on the most contentious issue of the year, the government's nationalization of the savings in compulsory private pension funds in late 2010.³⁵

The chief prosecutor is nominated by the president of the republic and elected by the parliament for a nine-year term, and lawmakers no longer have the right to question him in the parliament. The law governing the rules of the chief prosecutor's election now requires a two-thirds vote. This practically entrenches Péter Polt, an Orbán confidante who was elected in December 2010, for more than two parliamentary terms. Polt had previously served as chief prosecutor during Fidesz's government of 1998–2002, and exercised his functions in a partisan manner.

The judiciary in 2011 continued its practice of disproportionately trying and sentencing Roma for hate crimes—under Article 174B of the criminal code—against ethnic Hungarians, effectively persecuting minorities with a provision intended to protect them. On a positive note, in a second-instance verdict at the Court of the Capital, a judge overturned several sentences passed under this article and downgraded the convictions to a lesser offense that carries a significantly lower penalty.³⁶

Amid protests, the parliament in November 2011 passed legislation to criminalize homelessness. According to the new law, a person may be fined 150,000 forints (US\$750),³⁷ or subjected to detention, if caught living on the streets twice within a six-month period.³⁸ Such legislation is unlikely to solve the problems of the thousands of homeless people in Hungary, though it has the potential to keep them away from the eyes of the public, forcing them to spend the winter months in forests outside the city limits.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.75	2.75	2.75	3.00	3.00	3.00	3.25	3.50	3.50	3.50

There was no state anticorruption strategy in place in 2011, and although the government promised to issue a comprehensive plan in 2012, no details had emerged by year's end.

Party financing is a major arena for corruption, and the legislation governing it has long been heavily criticized. A fundamental reform would require a two-thirds majority vote in the parliament, and the political parties, unwilling to act against their own interests, have blamed lack of consensus for failed attempts in the past. Fidesz could now easily tackle the problem on its own, but it has taken no concrete action to date. While the opposition has offered draft legislation based on the suggestions of a joint civil initiative that has been lobbying for transparency and accountability for years, the majority has blocked its attempts to put the bill on the parliament's agenda.

The public procurement process is also subject to serious corruption. A thorough research effort in 2011 found that in almost 40 percent of public procurement tenders, only one bidder submitted a valid application.³⁹ When EU auditors question such tenders for projects financed with EU funds, a common

response is that the small size of the Hungarian market means there is only one qualifying company in many sectors. While this may be true in some cases, corrupt tenders are often deliberately drawn up in such a way that only one company can meet the stated conditions.

Small-scale corruption in Hungarian society is a widespread and blatant phenomenon, and many people see it as a necessary part of life. The public health system is afflicted with petty bribery that supplements the income of seriously underpaid staff. The Hungarian Residents' Association (Magyar Rezidens Szövetség) has proposed a solution known as the Green Cross concept, under which doctors who agree not to accept bribes would have their salaries doubled, and would wear a green cross badge on their uniforms to inform patients of their status. According to a survey carried out by the initiators, the idea was backed by 70 percent of all doctors. Still, it was firmly rejected by the Hungarian Medical Association (Magyar Orvosi Kamara). The group's president, István Eger, described the concept as "unfortunate, divisive and ignominious,"⁴⁰ and argued that the proposed salary increase would lead to tensions and unnecessary accusations. The idea was also thwarted by the fact that the doubled salaries could not be covered by the central budget.

A new Hungarian watchdog NGO, Átlátszó (Transparent), was founded in 2011. Combining investigative journalism and civic activism, it publishes articles, handles whistleblower information, and files public-record requests with the aim of tackling corruption and promoting transparency. It managed to raise 2.5 million forints (US\$11,100) in six months from about 100 small donors, ensuring a level of independence for its handful of volunteers that is unique in Hungary.

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¹ The name is a pun in Hungarian on various uses of the word *jobb* (right), meaning at once "the better one," "the one which is more correct," and "the more conservative one." Movement for a Better Hungary is the official English translation.

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Kazakhstan

by Bhavna Dave

Capital: Astana
Population: 16.3 million
GNI/capita, PPP: US\$10,770

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	6.50	6.50	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.75
Civil Society	5.50	5.50	5.50	5.75	5.75	5.50	5.50	5.75	5.75	6.00
Independent Media	6.25	6.50	6.50	6.75	6.75	6.75	6.50	6.75	6.75	6.75
Governance*	6.25	6.25	n/a							
National Democratic Governance	n/a	n/a	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Local Democratic Governance	n/a	n/a	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.50
Judicial Framework and Independence	6.25	6.25	6.25	6.25	6.25	6.25	6.00	6.25	6.25	6.50
Corruption	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Democracy Score	6.17	6.25	6.29	6.39	6.39	6.39	6.32	6.43	6.43	6.54

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Notwithstanding its rising prosperity, continuing social stability, and popular support for President Nursultan Nazarbayev—who secured another seven-year term with 95.5 percent of the popular vote in April 2011—Kazakhstan ended the year on an uncertain note. The country had a rude awakening on the 20th anniversary of its independence on 16 December, when police fired at striking oil workers and their supporters in the central square of Zhanaozen in the Mangistau region, killing at least 15 people. With snap parliamentary elections just four weeks away, the government adopted a conciliatory attitude toward the strikers while simultaneously cracking down on members of regional administration, and persons suspected of organizing the protests.

Seventy-one-year-old President Nazarbayev has been at the helm of Kazakhstan's government since 1989. He has delivered political stability and rising prosperity on the basis of the country's enormous resource wealth, promoting economic modernization and an official discourse of interethnic peace. Meanwhile, the president—officially named “Leader of the Nation” in 2010—enjoys unchecked executive powers, immunity from prosecution, freedom from term-limits, and a pliant parliament composed entirely of his ruling Nur Otan party. The government's ceaseless propaganda campaigns, broadcast by tightly regulated media, portray President Nazarbayev as a guarantor of prosperity and stability, discrediting any opposition or potential alternatives to his leadership.

National Democratic Governance. Bolstered by growing oil exports and prosperity over the past decade, Kazakhstan has used the rhetoric of reform and democratization to appease the West without demonstrating a genuine commitment to these processes in practice. President Nazarbaev has built a strong and personalized presidential system while skillfully maintaining a balance between various elite groups that depend on the president's patronage and indirectly control the parliament, government ministries, and major media outlets. *There is no improvement in Kazakhstan's rating for national democratic governance, which remains at 6.75.*

Electoral Process. Presidential elections were held in April 2011, 20 months ahead of schedule. As usual, the media and the entire political and administrative apparatus were unified in depicting Nazarbayev as the only guarantor of peaceful prosperity and portrayed rival candidates as losers or threats to the country's economic stability. According to the Central Electoral Commission, Nazarbaev obtained 95.5 percent of the vote, breaking his 2005 record of 90.5 percent. In November 2011, parliament was officially dissolved to make way for the establishment of a supposed

multiparty legislature in 2012. *Kazakhstan's rating for electoral process remains at 6.75.*

Civil Society. The Kazakhstani government continues to coopt nongovernmental organizations (NGOs), businesses, and public associations into the state sphere while constraining the space for genuinely independent associations to emerge. The right to assembly is severely curtailed by a 1995 law requiring citizens to seek advanced approval for all public assemblies from local authorities, which typically only grant permission to pro-government groups. Religious congregations, opposition groups, and independent NGOs are all required to register with the Ministry of Justice. In 2011, the government heightened its monitoring of religious groups, enacting new laws that force all religious groups to re-register and denying re-registration to many. The official Federation of Trade Unions maintained a pro-management stance during the protracted labor dispute in Zhanaozen. On 16 December, police opened fire on a group of unarmed Zhanaozen protesters, leaving 15 dead and over 100 injured. Due to new restrictions on religious freedom and the arbitrary use of force against civilians in Zhanaozen, *Kazakhstan's rating for civil society declines from 5.75 to 6.00.*

Independent Media. Kazakhstan's media outlets are privately owned but firmly under the control of major financial groups affiliated with the regime. While the government has initiated minor amendments to the highly restrictive Media Law, it has not initiated any significant liberalization of this law or the criminal code, both of which criminalize criticism of the president and of leading government figures. Having used libel convictions and massive fines to drive the handful of surviving independent newspapers out of circulation, the government has now begun to monitor and manage online content, closing down—without proper inquiry—several websites suspected of spreading religious extremism in 2011. The state-controlled media blamed the striking workers in Zhanaozen for attacking the police and portrayed them as “hooligans,” whereas independent media and eyewitness accounts highlighted police atrocities. *Kazakhstan's independent media rating remains at 6.75.*

Local Democratic Governance. In Kazakhstan's unitary administrative framework, the central government exerts top-down control over the regional and local levels of government, with the president maintaining full authority over the appointment of the heads (*akims*) of all regions and districts. The dominance of the Nur Otan party at all levels of government effectively nullifies the formal powers granted to local bodies. The center put no pressure on the local authorities to resolve the protracted labor dispute in Zhanaozen. Following the use of force by local police against the protesters, Nazarbayev dismissed several local leaders and consolidated control over the local administration. *The lack of initiative and accountability on the part of the local authorities causes Kazakhstan's rating for local democratic governance to decline from 6.25 to 6.50.*

Judicial Framework and Independence. Kazakhstan's judiciary, like the legislative branch, operates under presidential patronage; it is loyal to the regime and protects the interests of the state rather than those of individuals, minorities, and the weaker strata of society. To date, all major political or public figures brought to trial on politically motivated charges have been convicted by the courts. In September, Nataliya Sokolova, the lawyer representing about 2,000 striking oil workers at Zhanaozen, was sentenced to six years in prison for "inciting" the strike. Throughout the year, worsening prison conditions caused an escalation in suicide, self-harm, and violence among inmates. Management of the prison system, which was transferred to the Ministry of Justice in 2002 in the interest of addressing grave shortcomings and increasing civilian oversight, was returned to the Ministry of Interior in fall 2011. *This reversal, combined with the continuing compliance of the judiciary with the interests of the regime, causes Kazakhstan's judicial framework and independence rating to decline from 6.25 to 6.50.*

Corruption. Corruption is systemic in Kazakhstan and entrenched in rent-seeking behavior that guides the appropriation, control, and distribution of key resources by ruling elites. The existing legal system formally upholds principles of justice and impartial inquiry, but in practice defends the privileges of the incumbent elite over the rights of citizens, journalists, or nongovernmental bodies. Inquiries into official corruption are handled by the presidentially appointed prosecutor general and the financial police, working in conjunction with the Ministries of Justice and Internal Affairs and National Security Committee (KNB), also loyal to the president. *Kazakhstan's corruption rating remains at 6.50.*

Outlook for 2012. Despite its self-proclaimed stability, the personality-based governance system of Kazakhstan remains inherently insecure and incapable of meaningful reform under its current leadership. Snap elections in January 2012 are expected to usher two, handpicked, pro-presidential parties into parliament, while preserving the dominance of Nazarbayev's Nur Otan party. After securing a compliant multiparty parliament, the government is likely to continue its crackdown on local administrations, rickety opposition parties and media channels supported by exiled opposition figures, and a plethora of "non-traditional" religious groups and NGOs suspected of engaging in politics.

Ultimately, Kazakhstan's upper-middle classes—including entrepreneurs, government officials, and state functionaries—are the foremost beneficiaries of the Nazarbayev regime, and have an enormous stake in preserving the existing system and praising its alleged stability. However, Kazakhstani society is undergoing fundamental changes: the rising middle classes are uninterested in political pageantry and do not seek advancement by pledging loyalty to the regime. Instead, they desire guarantees rooted in the rule of law. The public discourse trumpeting stability, ethnic peace, and the legacy of the "first president" is becoming increasingly hollow and stolid.

As speculations about Nazarbayev's health lead to debates about succession struggle, Kazakhstan's major financial groups, prime minister, chairman of the upper house (who according to the constitution will succeed the president in the event of his removal or death), the head of the Presidential Administration and KNB are likely to have a decisive say in shaping the balance of forces.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75

Under President Nursultan Nazarbayev, Kazakhstan has emerged as the most dynamic economy in the post-Soviet space after Russia, with rapidly rising levels of prosperity. Its success has been underwritten by enormous resource wealth, a small but well-educated population, well-developed industrial infrastructure, and rich legacy of multiethnic solidarity. Behind the claims of stability and prosperity, however, Nazarbayev has established extensive and uncontested personal control over the country's resources and institutions, systematically eliminating challenges and alternatives to his authority. He has generously rewarded his supporters with rapid economic gains and career mobility, while at the same time discrediting or coopting all self-organized economic, political, and civic activities, ethno-religious associations, and severely cracking down on challenges to his authority. Widespread regime propaganda aggressively promotes the myth that political liberalization and the emergence of democratic institutions and civil society can proceed only after Nazarbayev's Nur Otan party has brought the country to a high level of social stability and economic prosperity.

Kazakhstan's political system is a hybrid of Soviet-era institutions and practices that formally endorse democracy and rule of law but are entrenched within a patriarchal authority structure. At the top of that structure is the president, on whom the entire political system hinges. President Nazarbayev has sweeping powers to appoint and dismiss the prime minister and dissolve the parliament, an institution whose role is limited to formulating and passing laws proposed by the prime minister and the cabinet. The prime minister has little independent power to formulate policies, although Prime Minister Karim Masimov—in office since 2007—has accumulated considerable personal influence, and is widely seen as an independent political player and power broker. The president also appoints a third of the members of the Senate (the upper house of parliament), and all members of the Assembly of People of Kazakhstan (APK), a body representing ethnic minorities. The president appoints nine members from the APK to serve in the Mazhilis (the lower house of parliament), and chooses the chair and two of the seven members of the Central Election Commission (CEC). The remaining 98 members of the Mazhilis are elected from party lists on a proportional basis. The additional senators are selected, two each, by the assemblies of the 14 regions, the capital Astana, and the former capital Almaty.

About half a dozen prosperous and powerful business groups form the backbone of the present regime, coalescing around the broad-based platform of

Nur Otan and indirectly controlling the parliament, ministries, and major media outlets. Foremost among these are the “Eurasia Group” (Eurasian Natural Resources Corporation or ENRC), the copper giant Kazakhmys, and the sovereign wealth fund Samruk-Kazyna, over which Nazarbayev’s son-in-law, Timur Kulibayev, and his close ally, Prime Minister Masimov, exert control. Until December 2011, Kulibayev was the chairman of the US\$80 billion sovereign wealth fund Samruk-Kazyna, but was removed after a prolonged strike by sacked employees of Samruk-Kazyna’s subsidiary, KazMunaiGaz (KMG) culminated in police shooting of the strikers and a public relations crisis for the regime. Kulibayev remains a powerful figure, and his removal from the chairmanship most likely denotes an attempt to shield him from public scrutiny. KMG accounts for 22 percent of all tax revenue nationwide and for 25 percent of the National Oil Fund’s revenues.¹ These separate business entities may compete intensely amongst themselves but publicly display their loyalty and veneration for Nazarbayev. Vladimir Kim, the CEO of Kazakhmys and Kazakhstan’s richest person, is one of Nazarbayev’s closest allies.²

The military and security services remain under firm control of the president, who appoints their heads and key members. In 2010, the return of Nazarbayev loyalist Nurtai Abykayev as head of the National Security Committee (KNB), after a hiatus as ambassador to Russia, further extended the president’s personal authority over the security services. Nazarbayev’s nephew Samat Abish, a Russian-educated lieutenant colonel, is head of the Astana department of the KNB. As 71-year-old Nazarbayev’s health deteriorates, Kazakhstan’s major financial groups, the prime minister, the chairman of the Senate (who according to the constitution will succeed the president in the event of his removal or death), and the head of the KNB are likely to have a decisive say in shaping the balance of forces.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.50	6.50	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.75

Although Kazakhstan has held regular parliamentary and presidential elections and invited international monitors to observe, none of the polls have qualified as free and fair or been conducted in compliance with international standards. Almost all elections have been held ahead of schedule—announced with short notice—allowing very little time for the motley and marginalized opposition parties and candidates to organize themselves in order to run on what has never been a level playing field.

Preempting any Arab Spring–inspired democratic sentiment, in early 2011 President Nazarbayev vetoed a long-anticipated constitutional amendment that would have triggered a referendum to extend his current term until 2020. After parliament rejected its leader’s veto just one week later, Nazarbayev humbly appealed to the Constitutional Council, which ruled that the proposed amendment did, in fact, violate the constitution. As an alternative to the term extension,

Nazarbayev called for early elections on 3 April, a full 20 months ahead of schedule. In a predictable, landslide victory, Nazarbayev improved his previous standing by garnering 95.5 percent of the vote, with the second candidate mustering a paltry 1.9 percent and voter turnout at almost 90 percent.³

The initial pool of 22 presidential hopefuls included some regular presidential contestants authorized by the regime, as well as some obscure figures, whose participation seemed designed to demonstrate that anyone can run for president. Strict registration procedures requiring each candidate to produce signatures representing 1 percent of the entire electorate (about 91,000) as well as a rigorous examination in Kazakh language skills eliminated most candidates, as the administration has wide discretion for evaluation of language skills and verification of the signature lists. Eventually only three candidates, all pro-regime figures, were able to register alongside the incumbent. Mels Eleusizov, one of the preauthorized candidates contenders, publicly cast his vote for Nazarbayev in April.

A final report by the election observation mission of the Organization for Security and Cooperation in Europe's Office for Democratic Institutions and Human Rights (OSCE/ODIHR) noted that the presidential election held in April 2011 "revealed shortcomings similar to those in the previous elections. While the election was technically well-administered, the absence of opposition candidates and of a vibrant political discourse resulted in a non-competitive environment."⁴ Although Kazakhstan is also an OSCE member state and even chaired the organization in 2010, it has continued to disregard the OSCE/ODIHR verdict on elections and recommendations on electoral reforms, portraying these as typical of a Western approach to democracy that fails to appreciate cultural contexts.

Few observers disagree that Nazarbayev would easily win a truly free and fair election by at least 65–70 percent of the vote, as would Nur Otan. However, it is impossible to organize truly competitive elections under the present regime given the degree of patronage and abuse of administrative resources. Utilizing its monopoly over the parliament and control over the administrative machinery and propaganda channels, the Nur Otan party is able to induce state officials, media, prominent businesses, public figures, and university and school administrators to publicly pledge support to Nazarbayev. Furthermore, neither the Central Election Commission, the judiciary and Constitutional Court (which could adjudicate cases of electoral dispute), nor the media are independent.

Amendments to the Law on Elections and Political Parties in 2007 require all candidates in parliamentary elections to be members of political parties, and set a high, 7 percent threshold for representation in the Mazhilis. In 2009—after a widely-criticized 2007 election in which Nazarbayev's Nur Otan party captured every seat in parliament—Kazakhstan introduced a cosmetic amendment to its electoral legislation, mandating the creation of at least a two-party legislature. Under the new system, the second-placed party will be represented in the parliament whether or not it obtains 7 percent of the vote. Yermukhamet Yertysbayev, a presidential advisor who also serves as the president's lobbyist, has declared that Nazarbayev greatly admires the party system in the United Kingdom and desires to promote it at home.⁵

Soon after the 2011 presidential vote, Nur Otan members began grooming pro-presidential parties to serve as the authorized opposition in parliamentary elections scheduled for August 2012. In July, parliamentary deputy Azat Peruashev, who has close ties with Timur Kulibaev and the Eurasia Group, resigned his membership of Nur Otan in order to become leader of Ak Zhol, a business-focused party. Ak Zhol's previous leader—who had maintained links with the genuine opposition while remaining loyal to the regime—was offered a key position in state bureaucracy as informal compensation for his exit.⁶ Meanwhile, authorities sought to revamp Ak Zhol's public image, presenting it as a party of entrepreneurs rather than a group with ties to the opposition movement. In mid-November 2011, Nazarbayev called for the parliamentary elections to be moved up from August to January 2012. Kazakhstan's soon-to-be-elected "multiparty parliament" is expected to include Nur Otan, Ak Zhol, and the pro-regime Communist Peoples Party of Kazakhstan.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.50	5.50	5.75	5.75	5.50	5.50	5.75	5.75	6.00

Kazakhstan's carefully maintained image of prosperous stability was threatened in 2011 by a series of violent public incidents, including a series of bombings and killings, and a protracted labor dispute in which police opened fire on protesters. In September, the government heightened its monitoring of religious associations, enacting new laws that force all religious groups to re-register and denying re-registration to many.

The Kazakhstanian state continues to restrict and coopt the space occupied by NGOs and public associations, particularly those engaged in advocacy for civil liberties and political reforms. The regime routinely uses its powerful patronage network to coopt nascent NGOs and public associations, using them to promote an agenda of social and infrastructural development rather than allowing the nongovernmental sector to develop independently. The vast majority of Kazakhstan's approximately 5,000 registered NGOs are merely quasi-governmental groups, propped up to compete against independent NGOs for grants. There are reports of private businesses covertly funding some civil rights advocacy campaigns and independent media channels in an effort to safeguard their own interests and carve out a sphere of activity that is free from governmental control; however, it is estimated that fewer than 200 organizations in total are able to make a positive impact. The few genuinely independent groups among these are subjected to surveillance by the KNB and the Office of the Prosecutor General. All NGOs, public associations, and religious bodies are required by law to register with the Ministry of Justice.

Restrictions on religious communities tightened in 2011 with the adoption of a new law on religious activities and institutions in September. The law requires

re-registration of religious organizations; bans unregistered religious activities; prohibits the provision of prayer rooms inside state buildings; bans foreigners from setting up faith groups; and severely limits acquisition of what it defines as “religious literature.” Forum 18, an international NGO that promotes religious freedom, has criticized official bodies such as Kazakhstan’s Agency of Religious Affairs (ARA), the state-backed Muslim Board, and local administrations for making a distinction between “traditional religions” and “non-traditional religions,” with the latter term being used to describe several non-Islamic religious groups as well as specific Islamic groups.⁷ The categorization of various minority religions as “sects” or “nontraditional” groups suggests that they are potentially subversive or extremist in nature. Evangelical Christians, Jehovah’s Witnesses, Hare Krishna devotees, and independent Muslims whose affiliations, beliefs, or practices are at variance with the officially approved version of Islam all continue to face persecution. Throughout the year, state-controlled media and local officials worked together with the various “anti-sect” centers set up by the government to monitor the activities of religious organizations, generating news items and editorials to bolster support for tighter regulations on such groups.⁸

Meanwhile, a series of explosions, killings, and apparent suicide bombings elicited much discussion about the rise of religious extremism. At first—anxious to preserve its reputation for stability—the regime discounted the events as random crimes by psychologically disturbed individuals, rather than acts of political or religious extremism. However, as several incidents were claimed by the previously unknown Jund al Khalifah (JAK) Islamist group,⁹ the regime embraced its new antiterrorist mandate, using the new legislation on religious groups to root out other “extremists.” Many people have been arrested—often on negligible evidence—for alleged links with Salafi and Wahhabi movements.

The year ended in a public relations crisis for the Nazarbayev regime, as police in the western city of Zhanaozen opened fire on a crowd of striking oil workers. The strike over wage increases began in May, and had already reached the international press, causing significant embarrassment to the regime. The violence, captured on video, sparked public outrage and led to a harsh security clampdown in the surrounding area. The official death toll was 15, with about 100 injuries; some alleged eyewitnesses have claimed higher casualties. Kazakhstani authorities have justified the shooting as self-defense. Nazarbayev, who visited the region three days later, declared that the riots had been instigated by hooligans and drunks.¹⁰ However, with parliamentary elections imminent, the government took a conciliatory position with the strikers, promising to reinstate the sacked workers with compensation and higher salaries. The regime also promised an independent inquiry into the shootings, though none had been sanctioned at year’s end.

Kazakhstan’s media have energetically highlighted the instability and violence that accompanied the “color revolutions” of the early 2000s and the 2011 Arab Spring, sending a message that social mobilization leads to chaos and bloodshed. As a result, many citizens are mistrustful of, and even hostile to, self-organized civic action or political opposition. Insulated from socioeconomic problems in the

regions, Kazakhstan's emerging middle classes—especially its increasingly wealthy entrepreneurs and the so-called intelligentsia in Almaty and Astana—also view labor and civic unrest in a negative light. For this reason, their reaction to the police shooting of protesters in the western town of Zhanaozen in December 2011 was notably muted.

The right to public assembly remains severely restricted in Kazakhstan, as any public appearance or gathering broadly defined as an “assembly” must be sanctioned ahead of time by local government authorities. Citizens holding a public demonstration are required to notify the authorities 10 days in advance. Since the Law on Public Assembly was passed in 1995, permission to assemble peacefully in a downtown area or near government buildings has only been granted to pro-government parties and public associations.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.25	6.50	6.50	6.75	6.75	6.75	6.50	6.75	6.75	6.75

Most media outlets in Kazakhstan are privately owned and formally categorized as independent, but in reality they are regulated by the government and controlled by politically entrenched financial groups. Media outlets may compete intensely with one another, but they do not engage in investigative work or criticize the president, his close family, or other top figures in the regime. Parliamentary deputies and regional heads (*akims*) have increasingly used their positions to punish critical journalists. The few media outlets that are independent of the state, and critical of the direct and indirect control exerted by the authorities over the information space, have found it increasingly difficult to survive in the traditional media market and are forced to operate mainly via the internet.

Kazakhstan's few, truly independent media are owned or financed by opposition figures, many of whom are in self-imposed exile to escape politically motivated prosecution. While state-controlled media refrain from negative coverage of the regime, independent media produce little else, and are prone to sensationalistic, unverified reporting. In 2011, the only news sources to criticize the government—especially during the events at Zhanaozen—were the opposition K-Plus channel, which relies on funding from exiled ex-minister Mukhtar Ablyazov and is available via satellite; the newspapers *Respublika* and *Vzglyad*; numerous independent or pro-opposition websites; and the independent website of Radio Azattyk (Radio Free Europe/Radio Liberty). Independent journalists interviewed Zhanaozen victims and broadcast the video footage of police firing at protesters. State-owned channels did not report on the events and authorities blocked access to all independent sites as well as Facebook and Twitter for several days.¹¹

A mix of highly restrictive laws and unauthorized, indirect, and informal mechanisms of control have ensured the national media's subordination to the government. Article 318 of the criminal code penalizes any person who “insults the

honor and dignity of the president” and is used routinely to prosecute independent journalists. Influential members of the government have also won libel suits against opposition-oriented media. Existing legislation does not regulate compensation for libel, exposing any publishing house to sudden bankruptcy. Nurtai Urazov, Kazakhstan’s deputy minister of communications, has indicated that the state will decriminalize libel and insults in the media by 2014, but no concrete measures have been taken to date.¹² Opposition newspapers have also been subjected to numerous bureaucratic interventions, ranging from tax audits to fire and safety inspections, and they encounter continual difficulties in finding printing facilities.

In December, the government passed a law requiring all foreign television and radio stations to re-register, giving the state a new opportunity to evaluate and potentially ban their operation within Kazakhstan.¹³ Another law passed in 2011 requires media channels to produce at least 50 percent of their programming in Kazakh, rather than translating programs into Kazakh, as had previously been common practice. The national TV channel, Qazaqstan (formerly known as Kazakhstan-1), has fully switched over to Kazakh.

According to independent surveys, Kazakhstan had about 5.3 million internet users in December 2011, denoting a 34.3 percent internet penetration rate. In late 2010, 37 percent in urban areas and less than 10 percent in rural areas had access to the internet.¹⁴ As the country’s urban middle class and student population increasingly turn to the internet for news, the authorities have stepped up their efforts to directly control the availability of information online rather than relying entirely on criminal penalties.¹⁵ The state-owned Kazakhtelecom and its subsidiaries have a monopoly on internet service provision, and they have fully cooperated with the government and security services to apply controls and block access to opposition websites. Under internet-related legislation that came into force in June, all sites using the .kz domain must use only servers within Kazakhstan.

The Center for Computer Incidents was created in 2010 to monitor internet activities, including blogging. According to the head of the state communications agency, the center’s aim is to monitor websites that have “pornographic or extreme character” and prepare a “blacklist of sites which have a destructive character for society.”¹⁶ The failure to involve any independent media watchdogs in such monitoring efforts lends credence to the widespread view that such efforts are geared at intensifying internet censorship. In September 2011, the Office of the Prosecutor General reported the closure of 50 foreign websites accused of promoting religious extremism and terrorism.¹⁷ In October, the National Security Council for Propaganda of Extremism blocked 125 sites determined to promote extremism; another 168 sites were being investigated at year’s end.¹⁸ A new, online news site called Guljan was reportedly targeted several times in 2011 by Distributed Denial of Device (DDoS) attacks—floods of data requests calculated to incapacitate the site. Guljan was one of a few sites to report on President Nazarbayev’s August health crisis, a taboo topic in state-controlled media.¹⁹

Articles praising President Nazarbayev for the country’s accomplishments proliferate in the media. Virtually every page in the state-owned *Kazakhstanskaya*

Pravda and *Egemen Kazakhstan* contains extracts from speeches by Nazarbayev. The state channels Khabar and Qazaqstan continually broadcast the president's speeches and report on his travels. An independent survey of the state media during the parliamentary election campaign in late 2011 found that Nazarbayev's Nur Otan party received at least 52 percent of coverage, followed by the pro-regime party Ak Zhol (16 percent), and the National Social Democratic Party (OSDP) at 12 percent.²⁰

Kazakhstan has engaged top-notch public relations and lobbying groups to enhance its international profile, highlight its economic achievements, and combat criticism of its failure to promote democratic reforms. The British lobbying firm BGR Gabara and Portland Communications are among the key lobbying groups working for the government. BGR Gabara has been accused of changing a number of Wikipedia entries to portray Kazakhstan and president Nazarbayev in a favorable light.²¹ Former British Prime Minister Tony Blair, his former director of communications, Alastair Campbell, and former chief of staff Jonathan Powell are also consultants to the government on "questions of social economic modernization."²² A May 2011 *New York Times* story claims that the Kazakhstani government has been paying major think tanks in Washington, D.C., to issue glowing reports on the country and allegedly made illegal payments to unnamed members of the U.S. Congress to gain their favor.²³

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.50

Local authorities in Zhanaozen proved completely unprepared to deal with the protests organized by civilians in support of striking oil workers on 16 December. The use of force against civilians left 16 dead and over a hundred injured as local authorities imposed a news and information blackout by cutting power supply to the area and imposing a curfew. As the situation escalated, the central government stepped in to take charge, employing a two-pronged approach. The state imposed a state of emergency to reestablish regional stability through police presence and a military curfew. It also conducted a public purge of local and regional administrative officials, police chiefs, and public figures blamed for both the violence and the labor dispute which preceded it. At year's end, no one at the top levels of Kazakhstan's security forces had been held accountable for the shootings.

Among the regional officials to lose their positions after the December violence were Krymbek Kusherbayev, governor of Mangistau region, Orak Sarboppeyev, mayor of Zhanaozen, and Zhalgas Babakhanv, the head of the Zhanaozen administration. The latter two are being investigated on charges of appropriating public funds. In explanation of the dismissals, President Nazarbayev noted: "My instruction to resolve the labor dispute in a timely manner was not carried out."²⁴ Nazarbayev also dismissed the head of KMG, Bolat Akchulakov; and his own son-in-law, Timur Kulibayev, the head of the Samruk-Kazyna National Welfare fund that owns and

oversees all state assets, including KMG. Zhanaozen is a telling illustration of the weakness of local authorities vis-à-vis large companies owned by, or partnering with, the central government. KMG, its various subsidiaries, and Chinese oil companies in the region function with no real accountability to their employees.

Kazakhstan has a unitary administrative framework in which the central government exerts top-down control over regional and local bodies. The centralized nature of the state and concentration of revenues and resources have so far effectively contained regional elites and interest groups. President Nazarbayev has also continually shuffled officials, not allowing them to spend more than a few years in office and rewarding them with a better position for their compliance.

The constitution does not provide for elections of regional or local administrative akims. All regional akims are appointed by the central government and may be dismissed by the president at his discretion. Members of the local legislative councils (or *maslihats*) are elected for five-year terms to represent their constituencies but in practice serve as rubber-stamp bodies to approve acts by the local executives. Patronage and personal influence, rather than a constitutional mandate, define the powers of the incumbent. The regional *maslihats*, and those of Almaty and Astana, each name two members to the Senate. The last *maslihat* elections were held concurrently with the parliamentary elections in August 2007 but attracted little popular or media attention in the shadow of the national polls.

Regional and city *maslihats* have formally been granted the right to refuse the president's nominee for akim, and the share of *maslihat* members required to oust a sitting akim was reduced from two-thirds to one-fifth. However, given the minimal functions assigned to regional *maslihats*, the patronage exerted by akims, and the lack of any budgetary powers make it unlikely that the councils play any significant role in the composition of their governments.

President Nazarbayev has been opposed to holding direct elections for local and regional akims and granting local autonomy, and there has been virtually no public discussion of the subject. The most prominent advocate of such reforms was Galymzhan Zhakiyanov, founder of the opposition party Democratic Choice of Kazakhstan and a popular former akim of Pavlodar, who was jailed from 2002 to 2006 on politically motivated charges. Even if elections were introduced, it is doubtful that they would have a democratizing effect as long as a single party dominates the political landscape. In addition, the incumbent akims and their patrons, together with members of the CEC and district election commissions, wield enormous influence in the nomination of candidates.

The lack of financial autonomy for local bodies is a severe constraint on their authority and ability to implement effective socioeconomic measures. The central government determines taxation rates and budgetary regulations. The regions are officially responsible for the provision of social services, such as education, local law enforcement, and medical assistance. Local governments can keep all fines for environmental pollution but are required to transfer other revenues to higher authorities. Regions are not allowed to keep their budget surpluses, which are forfeited to needier areas.

The extent to which regional administrations may retain collected taxes in their budgets is influenced by the standing of the akim and the region's revenue-generating capacity. The akims in oil-rich regions as well as Astana and Almaty, which have attracted the most foreign investment, exert greater control over budgetary matters, mainly by extracting significant contributions from investors for social and welfare projects and thus informally negotiating revenue-sharing rates with the central government. These akims also tend to have a high personal standing with the central government that appointed them.

Throughout 2011, the labor unrest in Zhanaozen highlighted the enormous disparity between profits accrued by private oil companies and living standards of people living and working in oil-rich territories. Although the regions of Atyrau and Mangistau have the highest per capita economic output and contribution to the national gross domestic product (GDP), they also have a very large share of people living in poverty. In Mangistau 22.6 percent of the population earns less than the minimum subsistence level, and 10 percent in Atyrau; the average for other regions is 8.2 percent.²⁵ The cost of food, basic amenities, and housing in the oil-rich regions is the highest in the country.

In other areas of the country, inadequate employment and infrastructure have led to massive emigration to regional urban centers, as well as Almaty and Astana. As most migrants are unable to find jobs and housing legally, they work in the informal or shadow economy and have no documents or means to obtain the mandatory registration (*propiska*) in the city. The social and legal marginalization of internal migrants as well as ethnic Kazakh returnees (*oralman*) from the near and far abroad—who receive land and cash from the government to settle in outlying regions but often opt to look for jobs in the cities—is a growing and unaddressed challenge for authorities.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.25	6.25	6.25	6.25	6.25	6.25	6.00	6.25	6.25	6.50

While Kazakhstan's constitution recognizes the separation of powers and safeguards the independence of the judiciary, in practice both the judiciary and the legislature remain subservient to the executive. In 2011, the system continued to protect the interests of the ruling elites, state functionaries, and top business groups rather than those of individuals, minorities, and the weaker strata of society. The state's prosecution of trade union lawyer Nataliya Sokolova reinforced the extent to which the judiciary has become an instrument for punishing actors who challenge the status quo by seeking accountability from government or financial elites.

Nataliya Sokolova—a lawyer for the Trade Union of Workers of the oil company Karazhanbasmunay—was detained in May 2011, soon after the company's Zhanaozen-based employees went on strike, seeking higher wages, revision of collective agreements, and non-interference in the work of unions. The owners of

Karazhanbasmunay are China's CITIC Group and the Kazakhstani oil extracting company KMG, which is owned by Kazakhstan's Samruk-Kazyna National Welfare Fund. In the first three quarters of 2011, KMG reported a 7 percent decline in oil production compared to the same period in 2010, which it attributed to the negative effects of industrial action.²⁶ The strikes also caused a public relations embarrassment for the government after human rights organizations persuaded rock musician Sting to cancel his concert in solidarity with striking workers.

Under pressure from KMG, local courts first charged Sokolova with administrative offenses, then added criminal charges. Credible reports indicate numerous violations of due process in Sokolova's trial. For example, the presiding judge refused to admit into evidence video recordings that supported Sokolova's defense and also denied her motions to summon witnesses.²⁷ In August, a court ruled that Sokolova had violated the criminal code by inciting social discord (Article 164) and infringing on regulations for organizing and holding meetings and rallies (Article 334). She was given a 6-year prison term and was banned from legal practice and public work for three years. The sentence was confirmed in September. Kazakhstan introduced jury trials in 2007, but the practice is still restricted to cases involving the death penalty or life imprisonment.

In the weeks following the 16 December violence, the government made a number of promises and small concessions calculated to appease the electorate and reduce international media attention. The regime offered to reinstate the striking workers—some 2,000 of whom had been fired. However, Sokolova's sentence had not been revisited at year's end.

Conditions in pretrial facilities and prisons in Kazakhstan are notoriously harsh, with the highest inmate population per 100,000 citizens of any Central Asian country.²⁸ Inmates are confined in small spaces, under extreme weather conditions, with little food and no medical treatment. Reports of torture and abuse are rampant, and a number of prisoners have tried to escape and stage riots. On 29 June, seven prison wardens were convicted and sentenced to prison for abusing and torturing inmates in Zarechny prison; in July, 16 inmates were killed by a powerful explosion set off by a shootout during an escape attempt. Frustration with inhumane prison conditions has led to an escalation in suicides, self-harm, and violence among inmates.²⁹

At the end of July, the government announced that it was transferring responsibility for the prison system from the Ministry of Justice to the Ministry of Interior Affairs—the same body that administers the police.³⁰ The ministry will now be responsible for investigating crimes and overseeing all aspects of prison life, as it did prior to 2001. Human rights organizations fear that the transfer of authority from a civilian ministry to the security services will mean even less access to the penal system for civil society actors and rights groups.

Corruption is entrenched in the judicial system, as in other organs of the government. Corrupt behavior is widely accepted as natural, and many believe that the judiciary serves only the interests of the rich and powerful. For small and medium offenses, bribery is seen as an effective means of achieving the desired

verdict. It is also widely understood that becoming a judge is extremely difficult without giving bribes to various officials and court administrators.

According to law, Supreme Court judges are appointed by the president on the recommendation of the Supreme Judicial Council and elected by the Senate. Judges of local courts and other levels are appointed by the president on the recommendation of the Supreme Judicial Council. The president also appoints a chairman, secretary, and other members of the Supreme Judicial Council.³¹ In April, the Senate abruptly dismissed six Supreme Court judges accused of “corrupt activities” by the State Agency for Combating Economic Crimes and Corruption, and pressured Supreme Court Chairman Musabek Alimbekov to resign. It is not clear whether the cases in question were investigated further, nor have further details of the original investigation been released.

To date, Kazakhstan’s judiciary has convicted all major political or public figures brought to trial on politically motivated charges, usually without credible evidence or proper procedures. In recent years, charges of religious extremism have become an increasingly popular tool of the regime, resulting in heavy penalties and bans on certain publications or websites.³²

Kazakhstan has a National Human Rights Commission headed by an ombudsman, but the position has limited authority to monitor the government’s observance of human rights and is barred from any “interference with the work of either the police or the judicial system.” As a presidential appointee, the ombudsman appears partial and lacks the support of civil society and human rights activists.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50

Corruption in Kazakhstan is systemic. It thrives on the country’s enormous oil and mineral wealth, as well as the lack of transparency in the privatization of state-owned assets during the country’s post-Soviet transition. Corruption is embedded in the rent-seeking behavior of ruling elites who use their official positions to appropriate, control, and distribute key resources for personal gain and obtain immunity from prosecution or investigation. The absence of a genuinely independent anticorruption body and persistent attacks on and criminalization of investigative journalism reinforce the lack of transparency and make it impossible to publicly identify and investigate the misuse of state resources by top officials.

In recent years, a number of high-ranking civil servants have been arrested and, in some instances, convicted, on corruption-related charges. However, the difficulty of proving and combating corruption has led to a pervasive social perception that the use of state resources for the enrichment of one’s family, friends, and personal networks is normal and constitutes an integral aspect of the local culture and social structure. As long as they enjoy rising prosperity, a vast majority of Kazakhstan’s citizens accept corruption as integral to the system, and remain resigned to its

existence. A related issue is the lack of transparency that surrounds many business and financial activities, both domestic and international, in which members of the elites are involved.

The Ministry of Internal Affairs, the KNB, and the tax and financial police (FinPol) are the main bodies tasked with combating corruption in Kazakhstan. The anticorruption drive has become a political and economic tool that allows officials involved to accrue special power and influence and intimidate rivals to extort bribes and elevate their economic and social status.³³ Charges of corruption and abuse of office tend to be leveled against government officials or political figures only after they enter into a personal or political rivalry with more powerful elites or challenge President Nazarbayev's authority.

Several foreign and international anticorruption watchdogs have sought to pursue corruption investigations where Kazakhstani investigations have been unsuccessful or negligent. In 2011, the UK Serious Fraud Office investigated possible corruption charges involving one of the subsidiaries of the Eurasian Natural Resources Corporation (ENRC), an FTSE 100 mining group with connections to the president.³⁴ A 2010 report by Global Witness, an independent NGO that monitors corruption in the natural resources industry, investigated Kazakhmys, Kazakhstan's biggest copper miner and among the top 10 copper producers in the world. The report alleges that Kazakhmys withheld key information about its final owners during its initial public offering (IPO), which is required from companies seeking to enter the London Stock Exchange. It also raised concerns about Kazakhmys's close links to the Nazarbayev family.³⁵

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KOSOVO

by Krenar Gashi

Capital: Pristina
Population: 1.8 million
GNI/capita, PPP: n/a

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	Yugoslavia	Kosovo								
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	3.75	5.25	4.75	4.75	4.75	4.50	4.50	4.25	4.50	5.00
Civil Society	2.75	4.25	4.00	4.25	4.25	4.00	4.00	3.75	3.75	3.75
Independent Media Governance*	3.25	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75
National Democratic Governance	4.25	6.00	n/a							
Local Democratic Governance	n/a	n/a	5.75	5.75	5.75	5.50	5.25	5.50	5.75	5.75
Judicial Framework and Independence	n/a	n/a	5.50	5.50	5.50	5.50	5.25	5.00	5.00	4.75
Corruption	4.25	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50
Democracy Score	5.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75
	3.88	5.50	5.32	5.36	5.36	5.21	5.14	5.07	5.18	5.18

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTES: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Flawed elections in December 2010 and February 2011 exposed Kosovo's government to scrutiny and harsh criticism throughout 2011, offsetting small but important achievements in municipal governance and judicial independence. Kosovo remains subject to a wide array of governing authorities, with elected Kosovar officials overseen by the International Civilian Representative (ICR) and the European Union Special Representative (EUSR)—two separate offices, as of May 2011—and supported by the European Union Rule of Law Mission (EULEX). The United Nations Interim Administration Mission in Kosovo (UNMIK) maintained its presence in municipalities north of the Ibar river.

In February, parliament elected a new president—prominent businessman and politician Behgjet Pacolli. One month later, the Constitutional Court invalidated Pacolli's election on the grounds that not enough deputies had voted. The ruling, which was praised by the international community and civil society, made it clear that opposition parties could block future presidential elections by boycotting the vote. Consequently, the governing coalition initiated constitutional amendments to introduce direct presidential elections in 2012.

The Republic of Serbia continued to fund so-called “parallel institutions” of governance in Kosovo, mostly in the ethnic Serb-dominated northern municipalities. During the year, these structures weakened, with communities increasingly operating within Kosovo's constitutional framework, except for the municipalities north of the Ibar river. Local governments gained further autonomy, though they remain overdependent on central authorities in some respects. The improvement of municipal services and increased citizen involvement in local self-government were major achievements during the year.

For the first time since Kosovo declared independence from Serbia in 2008, the two countries began European Union (EU)-backed bilateral talks in March 2011. Though five agreements were reached, Kosovo and Serbia failed to find an effective implementation mechanism. In July the Kosovo government decided to enforce trade-embargo reciprocity measures with Serbia, deploying special police forces to two checkpoints on the northern border to block Serbian goods from entering the country. Local Serbs responded with protests, some of which turned violent.

At year's end, the European Commission (EC) agreed to begin a dialogue on visa-free travel for Kosovans in 2012. In another positive step, the government conducted Kosovo's first population census in 30 years, a politically sensitive issue because of the legacy of ethnic cleansing. The EULEX mission also had some increased success in fighting war crimes during the year. Thirteen new countries, mostly African and Asian, recognized Kosovo's independence in 2011. Country officials lobbied intensely for new recognitions.

National Democratic Governance. Kosovo's government was formed following an election criticized by both national and international observers, as a consequence of which the credibility of parliament and the government was questioned often in 2011 and legislators spent much of the year on reforming electoral legislation. The government breached a key loan agreement with the International Monetary Fund (IMF) and pursued the privatization of Kosovo's largest public asset without a parliamentary-approved strategy. The most important process of the year, the dialogue with Serbia, achieved some results, and the EC noted progress on Kosovo's EU integration efforts. Electoral problems and breach of the IMF contract undermined some modest gains in the government's performance, and citizens saw no improvements in the quality of representation and governance. *As a result, Kosovo's national democratic governance rating remains at 5.75.*

Electoral Process. Due to systematic fraud and multiple irregularities in the parliamentary elections of December 2010, the Central Election Commission (CEC) organized multiple re-votes in January 2011. The electorate largely boycotted the new polls and voter turnout was much lower than in December. A recount of 40 percent of the votes cast in December ordered by the CEC and completed in January revealed evidence of electoral fraud by commissioners at 712 polling stations. Perpetrators were not properly prosecuted, which created a perception of impunity. This tarnished a decade of successfully organized free and fair elections. The Constitutional Court overturned the February presidential election. Due to clear evidence that authorities failed to guarantee free and fair elections in 2010 and other electoral shortcomings, *the rating for electoral process worsens from 4.50 to 5.00.*

Civil Society. While freedom of association was respected in 2011, the financial viability and reputation of civil society suffered from funding cuts amid the global economic downturn, the migration of many activists into politics, and the weak performance of the "Democracy in Action" election observers. Moreover, civic groups faced political pressure and harassment, with ruling members of parliament slandering some activists. Due to the sustained financial and political pressure on civil society organizations and the latter's limited ability to scrutinize the ongoing state-building processes, *Kosovo's civil society rating remains at 3.75.*

Independent Media. The government enhanced the legislative framework for the media, but in some cases failed to implement it or protect media freedoms enshrined in the constitution. The public broadcaster Radio Television Kosovo (RTK) continues to be financed directly by the state, and produces increasingly one-sided, progovernment coverage. Journalists faced political pressure and harassment throughout the year, and defamation remained a criminal offense. The government cut advertising in print media. Due to the insufficient implementation of constitutional guarantees on press freedom and no improvement to the reporting climate, *Kosovo's independent media rating remains 5.75.*

Local Democratic Governance. The decentralization process initiated in 2008 continued to show results in 2011. Municipal administration, funding and services are improving, including in the new municipalities created in 2008 and 2009 and majority-Serb municipalities south of the Ibar. In 2011, municipalities improved conditions for the readmission and integration of returnees, a critical consideration in the EC's decision to begin the visa dialogue with Kosovo by year's end. However, local governments remain dependent on central institutions, especially on budgetary matters, and decentralization is a major challenge north of the river Ibar, where parallel structures are entrenched. Owing to a range of progress in the municipalities, from services to administration and conditions for returnees, *Kosovo's local democratic governance rating improves from 5.00 to 4.75.*

Judicial Framework and Independence. Kosovo's court system continued to suffer from structural weaknesses in 2011, and judicial autonomy remained fragile. In April, the government established a special council that many observers feared would create opportunities for the executive to meddle in the judiciary. However, the year also saw important improvements and evidence of progress. A new council to manage prosecutions began to operate, salaries for judges and prosecutors were raised to increase independence, and the government sponsored important legislation like the Law on Protection of Witnesses. The Constitutional Court proved its independence in two key judgments, and modest progress in the prosecution of war crimes and other criminal cases was observed. Owing to important new reforms, evidence of the Constitutional Court's independence, and modest progress on serious criminal cases, *Kosovo's judicial framework and independence rating improves slightly, from 5.75 to 5.50.*

Corruption. As in previous years, privatizations, public tenders, and the management of state-owned enterprises created ample opportunities for corruption. There continue to be many discrepancies between the declared assets and wealth of public officials and their reported earnings. In a positive development, an anticorruption task force was established, consisting of appointed prosecutors who will deal exclusively with corruption cases. Authorities drafted and in some cases adopted new anticorruption legislation, including measures on the declaration and origin of gifts to public officials. Pending clear evidence that these laws will be implemented to fight misconduct and graft, *Kosovo's corruption rating remains at 5.75.*

Outlook for 2012. Domestically, Kosovo will focus on amending the constitution and a few laws in order to conclude its supervised independence, which will formally end with the planned closure of the International Civilian Office (ICO). The government must also enact electoral reforms crucial to redeeming the electoral system after the flawed 2010 elections. Meanwhile, discussions with the European Union will follow two main threads: structured dialogue and the visa liberalization process. The biggest difficulties facing Kosovo in 2012 will be problems in the north and the fight against corruption and organized crime. Improved relations with Serbia and further regional integration will remain key challenges in the coming year.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.75	5.75	5.75	5.50	5.25	5.50	5.75	5.75

State-building efforts by Kosovo authorities and international institutions lagged in 2011 due to the fallout from the problematic 2010 elections and the immaturity of governing institutions. Nevertheless, the country made some progress on European Union (EU) integration, as reflected in the promise of the European Commission (EC) to launch a dialogue with Pristina on visa-free travel within the EU.¹

Electoral problems cast a large shadow all year. Due to the marred December polls and problems with the February presidential election, the main political parties agreed to hold direct presidential polls in 2012 and early general elections in 2013. With such a short mandate, legislators in the Assembly (parliament) of Kosovo spent much of 2011 reforming the Law on General Elections and the constitution. Two ad hoc parliamentary committees led these tasks separately, while the mandate for the Committee on Election Reform was extended for 2012.

The legislative process and parliamentary life improved during 2011; some two-thirds of all members of parliament (MPs) elected in 2010 and 2011 were first-time deputies, bringing new enthusiasm to government sessions. Transparency of parliamentary proceedings was satisfactory, with plenary sessions being partially aired on the public broadcaster Radio Television Kosovo (RTK). In 2011, more ministers were asked to report to parliamentary committees than in previous years, although parliamentary oversight of the government remained very weak.² Due to an extended institutional crisis and delays in establishing democratic institutions following the election process, the parliament did not adopt a single law until mid-July.

The parliamentary opposition remained fragmented in 2011, failing to unite behind a single platform that could realistically challenge the governing coalition. On important issues such as northern Kosovo, opposition parties supported government action. Another important process, the ongoing dialogue with Serbia, received less support from the opposition, especially the *Levizja Vetevendosje* (the Self-Determination Movement), which opposed the talks.

Kosovo's bloated public sector has been a source of criticism by the International Monetary Fund (IMF) for years. Nevertheless, during the formation of the new government in February, Prime Minister Hashim Thaçi expanded the cabinet to placate militants within his Democratic Party of Kosovo (PDK) who are not in parliament, as well as the party's minor coalition partner, the New Kosova Alliance of Behgjet Pacolli. A new ministry for diaspora was established, increasing the number of ministries to 19, each managed by a minister and at least two deputies. By April, the government had a total of six deputy prime ministers. Following through

on a campaign promise by PDK in the 2010 elections, in March the government also increased public sector wages by up to 50 percent over the objections of international lending institutions. In June, the IMF responded by suspending over €100 million in Stand-By Agreement (SBA) loans to Kosovo's government because the wage increases violated public spending caps in the deal.³

International loans and grants were an essential element of the 2011 budget approved at the end of March. The government also made plans to pay down Kosovo's €227 million deficit by privatizing its biggest public asset, the Post and Telecommunications of Kosovo (PTK). The privatization of PTK has been highly contentious, and a failed attempt to agree on a timeline for the sale already brought down the government once in 2010. In 2011, the government bypassed the previous year's approval process by writing the privatization directly into the draft budget. Having nearly exhausted the three-month limit on budget approval, the Assembly approved the draft—with the privatization plan—over the opposition's objection.⁴ The privatization proceeded, but was cancelled in October after the withdrawal of a bidder over a corruption investigation of senior PTK management.

In March, Kosovo began a dialogue with Serbia over technical issues such as customs and telecommunications. Backed by the EU, these are the first high-level bilateral talks between the countries since Kosovo's 2008 declaration of independence. Though five agreements were reached, Kosovo and Serbia failed to find an effective implementation mechanism. In July the Kosovo government decided to enforce reciprocity measures with Serbia by trying to enforce an effective embargo of Serbian products (ever since "UNMIK" was removed from Kosovo customs stamps in 2008, Serbia has blocked Kosovo imports). On 25 July, Pristina deployed special police forces to two checkpoints on the northern border with Serbia to block Serbian goods from entering the country. Local Serbs responded with protests, some of which turned violent. One checkpoint was burned down, and one Kosovo police officer was shot dead in the unrest. As the situation escalated, Kosovo Serbs placed barricades on the main roads between the north and the rest of the country. KFOR, the North Atlantic Treaty Organization (NATO)-led peacekeeping mission, subsequently took control of security issues above the Ibar. Some barricades remained at year's end, surrounded by temporary checkpoints manned by KFOR troops. Despite initial support, the opposition and civic groups later criticized the government's border action as immature and poorly planned. The international community openly opposed it.

In May, the functions of the International Civilian Representative for Kosovo (ICR) and the EU Special Representative (EUSR) split. Fernando Gentilini, an Italian diplomat, was appointed interim EUSR, while Pieter Feith continued as ICR. The EUSR and the European Commission Liaison Office (ECLO) in Pristina merged into the EU Office in Kosovo. On 21 December, EU High Representative Catherine Ashton appointed Samuel Zbogar, former foreign minister of Slovenia, to run the EU Office in Kosovo.

Electoral Process

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	5.25	4.75	4.75	4.75	4.50	4.50	4.25	4.50	5.00	5.00

On 9 January the Central Election Commission (CEC) organized a partial repeat of the December 2010 parliamentary election. This followed an order by the Election Complaints and Appeals Panel (ECAP), an independent body that analyzed 364 complaints of irregularities and fraud filed by political parties and independent observers. The ECAP ordered repeat polls in the municipalities of Skenderaj, Drenas and Decan, as well as two voting centers in the municipalities of Malisheva and Lipjan. New polls in areas where voter fraud had been proven were an attempt to save the election as a whole, which the opposition was preparing to contest. Political parties also appealed some of the ECAP's decisions before the Supreme Court, which ruled in favor of an appeal by the Self-Determination Movement and ordered repeat elections in the municipality of Mitrovica for 23 January.

The repeat votes followed publication of the CEC's preliminary results for the December 2010 polls and three days of renewed political campaigning. This provided space for leaders of political parties to engage in further manipulations to the advantage of certain candidates. Systematic pressure towards loyal electorate of political parties was witnessed, and many cases of vote-buying were reported. Two candidates from the main political parties PDK and the Democratic League of Kosovo (LDK) complained that the release of preliminary results had undermined their chances in the re-vote. Furthermore, smaller political parties that had won a respectable number of votes in these municipalities were discouraged from running again since their national results would not change, and they would fall short of 5 the percent threshold for entering parliament. With supporters of these parties largely boycotting the polls, turnout undershot the overall rate of 47.8 percent. In the repeat polls, the ECAP received another 91 complaints of voting irregularities.⁵

The CEC also ordered a recount of 40 percent of the votes cast in December, which the Count and Results Centre (CRC) concluded in January. The CRC found evidence of vote theft in many polling stations. Irregularities under the system of preferential voting, which allowed citizens to vote for up to five MP candidates within a single party, included candidates receiving more votes than their faction, sometimes by a factor of five. Based on these data, the Pristina-based think tank KIPRED concluded that 4,984 commissioners at 712 polling stations had broken electoral rules by manipulating votes.⁶ The EC also criticized the polling in its progress report, noting "serious shortcomings" in electoral process.⁷

The recount and repeat voting delayed the formation of a new Assembly and government. The CEC published the final certified results on 7 February, just two weeks before the first session of the Assembly, fuelling uncertainty that undermined the credibility of democratic institutions. PDK placed first in the final tally, with 34 of the 120 parliamentary seats. The LDK won 27 seats, Self-Determination Movement won 14, Alliance for the Future of Kosovo (AAK) won 11, and the Coalition for a New Kosovo won 9. The latter coalition is led by the New Kosovo

Alliance (AKR) of Behgjet Pacolli and includes the Justice Party and Social-Democratic Party. This group, together with minority parties, formed a governing coalition with the PDK. With internal divisions in the constituent parties, the government remains unstable.

As part of the coalition deal, Pacolli was nominated to the presidency, and was elected with a simple majority in the third round of parliamentary voting in February. Opposition MPs—who had walked out before the final vote—brought the results before the Constitutional Court, which ruled that in the absence of a two-thirds quorum, Pacolli's election had been unconstitutional.⁸ As a result, the governing coalition had to form an agreement with the opposition LDK on the presidency. Reached after heavy pressure from the international presence in Pristina, the agreement resulted in the election of Atifete Jahjaga, a former deputy head of the Kosovo Police, with no political experience or affiliation. It was widely reported that U.S. Ambassador Christopher Dell had pushed for her presidency in a closed-door session with top political leaders. Jahjaga won more than two-thirds of the votes in the parliament.

Authorities showed virtually no determination to prosecute those responsible for electoral fraud.⁹ At year's end, courts had issued only 119 verdicts in a total of nearly 200 cases of alleged misconduct in the 2010 and 2011 polls, involving over 1,300 defendants. The courts usually levied fines, with prison sentences in only seven cases. Prosecutors have appealed most of the verdicts for what they see as lenient sentencing.

Civil Society

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	4.25	4.00	4.25	4.25	4.00	4.00	3.75	3.75	3.75	3.75

Kosovo's liaison office for nongovernmental organizations (NGOs) lists over 6,000 registered organizations, although most are inactive. Several civic activists—some of them formerly harsh critics of the government—took political jobs in 2011, fueling a perception of government critics as blackmailers looking for public positions. The reputation of civil society organizations was further damaged by their inadequate election monitoring in December 2010. Some 5,000 observers from the civic network of election observers "Democracy in Action" filed zero complaints at the ECAP following the deeply fraudulent parliamentary elections.¹⁰ The coalition seemed disorganized, prioritizing the publication of preliminary results and not filing complaints on irregularities. Some observers reportedly participated in a systematic fraud scheme.

Though the impact of their activities remained modest in 2011, NGOs and informal citizen groups stepped up their efforts at the local and grassroots levels, especially on municipal policy, corruption, and environmental issues. A number of protests took place during the year, most notably related to the privatization of PTK. Throughout 2011, NGOs continued to work on interethnic reconciliation, but

with minimal impact north of the Ibar due to the political tensions there. Groups focusing on human rights, gender issues, and minority representation continued to promote equal access to justice, employment, education, and healthcare, with some impact at the national and local levels.

Environmental issues gained momentum in public discourse in 2011, as an ad hoc consortium of NGOs came together to scrutinize the energy sector, gaining the attention of national and international stakeholders. The group encouraged leading international scientists to reassess both the effectiveness and cost of the government's plan to build a new coal-burning power plant, and closely examined the role of multilateral development agencies in energy-related domestic projects.¹¹ The privatization of electrical energy generation and distribution has been notably nontransparent.

In general, the government's attitude toward NGOs remains unfriendly, and cooperation between NGOs and the legislature in 2011 was mainly ad hoc. The capacity of NGOs in Kosovo to scrutinize laws and draft legislation remains limited. The EC's 2011 progress report criticized Kosovo's government and parliament for not involving civil society in policy and law-making processes, or doing so on a purely pro forma basis.¹²

Throughout the year, government officials employed hostile rhetoric in reference to NGOs and civil society activists, accusing them of working against the country's interests or colluding with foreign intelligence services. During one June 2011 plenary meeting, parliamentary deputy Xhevahire Izmaqi (PDK) accused civil society activists of working for interests of other countries and not their own.¹³

State-backed and government-oriented media also slander civil activists. At regular intervals in 2011, progovernment newspapers and the public broadcaster RTK blasted different NGOs and their leaders, casting aspersions on their funding sources. Kosovo's private and more independently-minded media attempted to counter this trend by promoting a positive image of civil society.

Funding for NGOs has suffered amid the global economic downturn. Moreover, the attention of the donor community has shifted from Kosovo to other geopolitical hotspots, further undermining the financial sustainability of many organizations. Think tanks and advocacy centers have been most severely affected by the drop in funding, with no significant increase in domestically based private donations, philanthropy, or volunteerism. In the absence of tax or other incentives to sponsor NGOs, businesses in 2011 continued to focus their donations on cultural activities.

Trade unions in Kosovo have minimal impact. The Union of Independent Trade Unions of Kosovo, an umbrella organization, has been active since 1990, but it has struggled to protect workers' rights, often lacking consistency and succumbing to government pressure. An effective tactic of the PDK has been to support the creation of other parallel unions, thereby undermining the membership and negotiating position of the unions.

Public education is weak on many fronts. The University of Pristina is controlled by the Ministry of Education, Science, and Technology with its number of students being constantly increased as part of political campaigns, without proper planning. Private universities, meanwhile, have strengthened their curricula and improved

the level of academic discourse in Kosovo by attracting prominent international lecturers and promoting academic journals and debates.

Independent Media

	2002	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.75	5.75

Government authorities took steps to improve the legislative framework for media independence in 2011, though enforcement was very weak. The long-term financial sustainability of RTK remained unresolved, and journalists continued to face political pressure and physical attacks.

In an effort to harmonize existing audiovisual media legislation with EU directives, Kosovo's Independent Media Commission (IMC) issued regulations on licensing fees, cable operators, and protection of minors and children. Expansion of cable operators increased media diversity by bringing local and national TV stations, as well as special cable stations, to the public. The IMC also completed the process of licensing terrestrial broadcasters and cable operators. Under current regulations, cable operators do not have to include local and national terrestrial TV stations in their packages. Most cable operators carry these stations on a fee-basis only and drop them in the event of late payments.¹⁴ At least one television station insists cable operators are not transmitting its signal because its programming criticizes the government.¹⁵

Although the Ministry of Justice has sponsored an amendment to decriminalize defamation, parliament had not yet approved the law at year's end.¹⁶ In the meantime, government officials, diplomats, and the heads of public enterprises continued to press legal action against journalists and civic activists. Though no rulings under the existing criminal defamation provisions were issued in 2011, several cases remained pending. In November, the CEO of PTK sued Arbana Xharra, editor of the daily *Zeri*, for libel. Vehbi Kajtazi, a journalist at the daily *Koha Ditore*, also faces criminal defamation charges brought by a former judge of the court of Pristina. The EC warned Kosovo authorities in its 2011 progress report that defamation is not a criminal offense under European standards.

In 2011, government interference continued at Kosovo's only public broadcaster, RTK. RTK operates as a self-managing organization led by a general director who is answerable to a board of directors. Kosovo's government controls most of the managerial positions at RTK, but has not established a funding mechanism for its operation. The broadcaster depends on a six-month emergency fund, which is renewed twice a year. Without secure or independent funding, RTK has lost much of its stature, viewed increasingly as a state TV station that merely transmits government activities. After the publication of Freedom House's 2011 *Nations in Transit* report, the anchor of the broadcaster's main news program called the authors "people who do not wish well on Kosovo."¹⁷ In a July letter, the IMC demanded a retraction from RTK.

Funding for RTK dropped from €10.5 million in 2010 to €8 million in 2011.¹⁸ As a result of funding cuts, RTK reduced its investments in non-Albanian programming. The Fund for the Support of Media of Minority, Multiethnic, and Other Special Groups has been defunct since 2009, when collection of the public broadcasting fee was suspended.

A new draft law on RTK submitted to parliament in December guarantees direct funding from the state budget for a transitional period of three years, but makes no provisions for RTK's longterm sustainability. The current draft law also stipulates that RTK's board will be elected by parliament with a simple majority of the votes, giving the government even more leverage over RTK's editorial policy. Some opposition parties and civil society groups have argued that the board of the public broadcaster should be elected with the support of at least two-thirds of all parliamentary deputies.

For most of the year, the government continued to pressure newspapers through selective advertising, investing heavily in progovernment outlets. In September, new amendments to the Law on Public Procurement banned government advertising in the media, ostensibly putting an end to this practice. With most newspapers depending on the government for 15 to 20 percent of their advertising revenues, the abrupt withdrawal of state support was a mixed blessing. One solution proposed by the media and civil society groups, has been to eliminate the value-added tax (VAT) on newspapers, which is currently 16 percent.

The government failed to appoint a spokesperson in 2011. The only official media contact remains Deputy Prime Minister Hajredin Kuci, whom journalists complain is usually too busy for comment or consultation. State institutions are generally hostile to journalists, particularly from the printed media. The independent daily *Zeri* and *Koha Ditore* have been the government's main targets, with many cabinet ministers publicly condemning the newspapers, denying them access, and calling their journalists and publishers liars. Minister of Trade and Industry Mimoza Kusari-Lila and Minister of Interior Bajram Rexhepi temporarily stopped speaking with *Zeri* in 2011 due to the newspaper's critical coverage of their ministries.

The Association of Professional Journalists of Kosovo (APJK) elected a new board at its general assembly meeting in March. Under new leadership this association, by far the largest media NGO in Kosovo, is showing significant impartiality and professionalism and has implemented internal reforms. APJK also amplified its advocacy of journalists and their rights.

Violence against journalists remained an issue in 2011. The APJK reported 22 cases of physical attacks on reporters during the year, none of which were prosecuted. Most of the perpetrators were low to mid-level officials or businessmen with alleged government ties, according to the APJK.¹⁹ During the presidential elections, a parliamentary press officer assaulted Laura Hasani, a photojournalist for *Zeri*, as she was taking pictures in the Assembly. Bojan Bozovic, a journalist with the Klan Kosova cable TV station, was attacked by ethnic Serbs in northern Kosovo while filming a story.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.50	5.50	5.50	5.50	5.25	5.00	5.00	4.75

The decentralization process that began with Kosovo's declaration of independence in 2008 has, in recent years, brought power structures closer to the citizenry.²⁰ Though some challenges remain, authorities have made progress in transferring competences to local governments and streamlining their operations, and public satisfaction with municipal services is rising, according to surveys.

Improvements were witnessed in 2011 in every municipality, including the ones created in 2008 and 2009. Municipal budget allocations have risen with the overall budget of Kosovo; local authorities have also improved revenue collection. However, the government's commitment to building a new highway between Kosovo and Albania has diverted funding from local projects. Many municipal infrastructure ventures did not receive federal co-financing in 2011, as promised.

Public services improved in municipalities, including those traditionally provided by government ministries. For example, most municipalities began issuing personal documents, once a competency of the Ministry of Internal Affairs. Furthermore, the municipalities played an important role in national policymaking, particularly with regard to the readmission and integration of returnees from abroad. The success of these measures is a key requirement of visa liberalization dialogue with the EU.

The municipalities have further decentralized power to sub-municipal authorities. In the spirit of this policy, a pilot project to decentralize budgets for public schools was established in March. Several schools in different municipalities created bank accounts and manage petty cash, and their management has improved. This program is expected to trickle down to other segments of the public sector.

The new Serb-majority municipalities are improving. Assemblies and administrations are operational, revenue is up, and the authorities are working to implement development strategies. Living conditions are improving as a result, while the Belgrade-backed parallel structures are weakening. In 2011, this bolstered social development throughout Kosovo while relieving interethnic tensions in most of the country. Under local self-governing provisions, Kosovo Serbs enjoy even more autonomy than the majority-Albanian municipalities. However, above the Ibar river, in northern Kosovo, decentralization remains a challenge. The parallel structures there influence the local population, jeopardizing the decentralization plan and challenging the statehood of Kosovo, as the border blockades last year demonstrated.

Despite the overall progress, many challenges in local governance remain. Most municipalities lack human resources. Often, development strategies are poorly planned, drafted, and implemented. It is also true that local authorities remain dependent on central authorities in some regards despite constitutional and legal provisions guaranteeing their autonomy. The lengthy institutional crisis highlighted

this reality. Although municipal assemblies approved and delivered their 2011 budget proposals on time, the dissolution of the parliament in late 2010 caused multiple budgetary delays. As a result, municipalities had to operate on limited, insufficient funding from national authorities until the federal budget was approved in March. No capital investments were made at the local level in the first three months of the year, and municipalities had to subsequently rush procurement activities to use all the funds allocated to them for 2011.

Finally, the absence of a law on Kosovo's capital city continued to undermine the functionality of services in the country's largest municipality, Pristina. The central government shows little interest in improving conditions in Pristina, which is ruled by the opposition LDK. Lobbying efforts by the municipal authorities have been weak. The more the law is postponed, the worse the situation becomes, especially after the 2011 census, which revealed in June that Pristina has only half the 400,000 residents it previously claimed. As budget allocations are based on population figures, Pristina's budget for 2012 may be affected.

Judicial Framework and Independence

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50

The judiciary has been a key concern in Kosovo for years. The reporting period saw important progress on judicial independence, including reform efforts and two key rulings by the Constitutional Court, though enduring problems include political interference and inefficiency.

January 2011 saw the establishment of the Prosecutorial Council of Kosovo, an independent body that will manage prosecutions and relieve the Judicial Council and the Ministry of Justice of responsibility over prosecutors and non-prosecutorial staff, respectively. Initiated in 2010, judicial reform met the milestones promised for 2011, with full implementation expected by 2013. As part of this reform, salaries for judges and prosecutors increased in January 2011, which has improved their independence and attracted highly qualified professionals to the judiciary.

The government played a positive role in sponsoring legislative changes in 2011, as well as judicial reform. Parliament adopted the Law on Protection of Witnesses while the government drafted and approved a new criminal code, set to take effect in mid-2012. The Ministry of Justice licensed Kosovo's first 50 mediators, who will play an important role in relieving the overloaded court system and reducing the case backlog.

The Constitutional Court passed numerous rulings praised by civil society and the general public. In March 2011, it ruled that the presidential election of Behgjet Pacolli had been unconstitutional. Another important ruling followed in September, with the court clarifying that parliamentary deputies, the president, and other members of the government are not immune from prosecution for actions outside their official mandate.

Unlike the Constitutional Court, the ordinary court system and the prosecutor's office remain dependent on the government. The judiciary cannot initiate legislation and is quite limited when it comes to drafting policies, planning and executing its budget and managing non-judicial personnel.

Seeking better coordination between the Prosecutorial Council, the Judicial Council and other state institutions, the government decided in April 2011 to establish the Consultative Council for Justice, comprising representatives of the Judicial Council, Prosecutorial Council, the Office of the President, the government, and the international presence in Kosovo. Although the role of the council is technically consultative, it was foreseen that every judicial decision and policy would require its approval. However, the judicial and prosecutorial councils said this supra-institution would interfere with their mandates. Civic groups interpreted it as clear and unnecessary executive overreach. To avoid duplicate institutions, the judiciary and the Office of the President boycotted the council.²¹

Despite some progress, political interference and the subordination of judges and prosecutors is an urgent problem for the Judicial Council, Supreme Court, and Prosecutorial Council. Judges and prosecutors have a poor track record on corruption and organized crime cases and tend to avoid cases that involve senior politicians. When Florin Krasniqi, a Vetevendosje MP, filed a private indictment against Prime Minister Hashim Thaçi, a judge in the Municipal Court of Pristina declined the case because it involved senior politicians.²²

The Special Prosecution Office (SPRK), a joint body between Kosovo prosecutors and those of the EU Rule of Law Mission (EULEX) investigated several high-profile politicians in connection with war crimes and corruption cases during the year, including the case of Fatmir Limaj, the deputy president of the PDK and a former member of the Kosovo Liberation Army (KLA). Limaj and nine other ex-KLA figures were indicted in July by the District Court of Pristina on charges of war crimes allegedly committed in the village of Klecka in 1999. Initially, EULEX said Limaj could not be detained because of a murky constitutional provision on immunity of parliamentarians; however, at the government's request, the Constitutional Court clarified in September that immunity only applies to MPs' parliamentary activities, and Limaj was put under house arrest.²³ The ruling, praised by the international presence, was perceived to be supported by the government, as well, which caused some tension within the PDK but did not harm the coalition. In June, prosecutors at the SPRK won the so-called "Tisa River" case regarding human trafficking across the Serbia-Hungary border.²⁴ While in October the SPRK brought organized crime charges against a group of 13 physicians, lawyers, judges and prosecutors that stand accused of misusing their official positions and presenting false documents in an insurance fraud scheme.

In northern Kosovo, rule of law remains weak. The court system in Mitrovica, an ethnically divided city straddling the river Ibar, is comprised exclusively of EULEX judges and prosecutors. Otherwise, neither municipal nor minor offense courts function in the north.²⁵

As acting president during the institutional crisis, Speaker of the Parliament Jakup Krasniqi issued 103 pardons in February 2011; 62 pardons were issued in

February 2010. Many of those pardoned had been convicted of serious crimes, including human trafficking.²⁶

Corruption

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	6.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75

Despite some legislative and reform efforts by authorities, 2011 saw no concrete results in the fight against misconduct and graft, which continued to be a problem in privatizations, public tenders, and the management of state-owned enterprises. The government also interfered in the private sector, with evidence that it tried to create monopolies in certain industries.

Prosecutors continued to launch new corruption investigations before resolving previous cases. Most of the cases against the so-called “big fish” remain open, with no charges pressed. In a positive development, the state prosecutor established an anticorruption task force. Some of the unit’s appointed prosecutors will focus exclusively on corruption cases.

The SPRK investigated a number of complex corruption cases in 2011, with some success. The CEO and the Chairman of the board at PTK have been charged with abuse of office for signing a contract on a virtual mobile operator that allegedly damaged shareholder interests. The owners and management of Z-Mobile, the private company that benefited from the contract, face charges as well; a trial is scheduled for early 2012. The Kosovo Police were also investigated for misconduct. In October, EULEX arrested six officials within the Ministry of International Affairs and law enforcement on allegations of weapons procurement fraud in the police.

Despite the widespread perception of entrenched government corruption, no new investigations against political leaders were announced in 2011. The Office of the Auditor General and the media have uncovered many problems with the management of public funds, but prosecutors have not followed up on the most serious cases. The financial statements of most politicians and public officials remained problematic, with a high number of discrepancies between declared incomes and assets.²⁷ Under EU pressure, in 2011 authorities amended the Law on Public Procurement to require ministers to personally sign every major contract within their ministries. This is intended as an anticorruption measure because ministers will be legally responsible for awarding public tenders. The Ministry of Justice has also drafted a special law to make it easier for prosecutors to confiscate property bought with illegal income, but the law had not won parliamentary approval at year’s end.

The international community plays a central role in pushing local authorities to fight corruption. Following the problematic elections in December 2010, the international community—especially U.S. Ambassador Christopher Dell—asked political parties to form a “clean government” free of persons under investigation.²⁸ Some politicians, including Fatmir Limaj, were excluded from the cabinet.

The 2011 Law on Witness Protection, effective August 2012, was hailed as a crucial step in the fight against corruption and organized crime. In September the Law on Protection of Informants (whistleblowers) entered into force, while another law regulating property holdings of senior public officials and gifts to public officials was amended. These laws were all in effect at year's end, though it was still too early to assess their implementation.

The state continues to interfere in the private sector. In the name of reducing the informal economy—which some say comprises 30 percent of all economic activity in Kosovo and remains problematic despite recent tax administration reform—in June 2011 the government required businesses to install electronic bookkeeping equipment. However, only two companies received licenses to sell this equipment. The Competition Commission concluded that this created a monopoly. Under the so-called Energy Market Model, the government may also be attempting to create a monopoly in the generation and distribution of electricity, some civic groups say. The plan has never been made public.²⁹ Due to state interference in the private sector and a bloated bureaucracy, the World Bank ranked Kosovo 117 out of 183 countries in its 2012 *Doing Business* report,³⁰ a red flag to the potential foreign investors Kosovo needs to bolster its weak economy.

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Kyrgyzstan

by Erica Marat

Capital: Bishkek
Population: 5.45 million
GNI/capita, PPP: US\$2,070

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	6.00	6.00	6.00	5.75	5.75	6.00	6.00	6.25	6.00	5.50
Civil Society	4.50	4.50	4.50	4.50	4.50	4.50	4.75	5.00	4.75	4.75
Independent Media	6.00	6.00	5.75	5.75	5.75	6.00	6.25	6.50	6.50	6.25
Governance*	6.00	6.00	n/a							
National Democratic Governance	n/a	n/a	6.00	6.00	6.00	6.25	6.50	6.75	6.50	6.50
Local Democratic Governance	n/a	n/a	5.75	6.25	6.25	6.50	6.50	6.50	6.50	6.50
Judicial Framework and Independence	5.50	5.50	5.50	5.50	5.50	6.00	6.00	6.00	6.25	6.25
Corruption	6.00	6.00	6.00	6.00	6.00	6.25	6.25	6.50	6.25	6.25
Democracy Score	5.67	5.67	5.64	5.68	5.68	5.93	6.04	6.21	6.11	6.00

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

After a turbulent 2010 marked by the April ouster of authoritarian president Kurmanbek Bakiyev, ethnic violence and a constitutional referendum in June, and parliamentary elections in October, Kyrgyzstan enjoyed relative stability in 2011 as its new parliamentary state began to function. In the constitutional referendum, voters had endorsed a proposal to replace the presidential system with a parliamentary one. The interim government of President Roza Otunbayeva argued that the new arrangement would make it more difficult for power to be concentrated in the hands of one person or group. The Otunbayeva administration also sought to avoid excessive state control over public life and to make the political process more transparent. The referendum proceeded despite the fact that just two weeks earlier, ethnic violence had swept through the southern portion of the country, taking the lives of over 470 people—predominantly ethnic Uzbeks—and injuring over 2,000 others.¹

After the parliamentary elections, it took two months and several unsuccessful attempts for the new legislature to form a governing majority. The Social Democratic Party of Kyrgyzstan (SDPK), Ata-Jurt, and Respublika ultimately formed a three-party coalition, controlling 77 of the 120 seats. Almazbek Atambayev of the SDPK became prime minister, Akhmatbek Keldibekov of Ata-Jurt secured the post of parliament speaker, and Omurbek Babanov of Respublika became deputy prime minister. The key posts were distributed according to an informal agreement among the parties that guaranteed the speaker's post to a southerner if the premiership went to a representative of the northern part of the country.

The reforms initiated by the interim government in 2010 culminated in a presidential election held on 30 October 2011. Otunbayeva had pledged to leave her post after a year and a half, enabling Kyrgyzstan to enjoy the first peaceful and voluntary transfer of power in Central Asia. Prime Minister Atambayev won the presidency with 63 percent of the vote, defeating 15 other candidates amid 60 percent turnout. His strongest opponents, Adakhan Madumarov of the Butun Kyrgyzstan party and Kamchybek Tashiyev of Ata-Jurt, took 14.7 percent and 14.3 percent, respectively. Monitors from the Organization for Security and Cooperation in Europe (OSCE) said the election was conducted in a peaceful and orderly manner, but pointed out a number shortcomings in the voter lists and the tabulation of ballots that must be overcome for Kyrgyzstan to consolidate its democratic practices.

Following the presidential vote, the parliament formed a new ruling coalition. This time, four of the five parties agreed to an alliance, excluding only Ata-Jurt. Babanov was named prime minister and Asilbek Jeenbekov of the SDPK became speaker of the parliament.

Despite the country's visible progress toward democratic governance, serious challenges remain. Even without a single, dominant politician or party, the new parliament has implemented some illiberal policies that are reminiscent of past authoritarian regimes, including moves to curb civic and media freedoms in the summer of 2011. In this uncertain environment, it has become easy for political parties to claim credit for achievements and deny responsibility for any disasters.

The situation in Osh, which bore the brunt of the June 2010 ethnic violence, remained stable but tense in 2011. To date, nearly a dozen international and local experts have investigated the clashes and published their findings. Some conspiracy theories about the real number of dead and injured have been debunked, while others involving the alleged participation of external "third forces" are proving popular among former members of the interim government. One of the gravest challenges Kyrgyzstan's government faces is arresting and prosecuting all perpetrators of the Osh violence. Most of the suspects arrested so far have been ethnic Uzbeks, despite the fact that most of the victims were also Uzbeks. Government officials are concerned that the prosecution of ethnic Kyrgyz could cause further unrest, and the fact that most law enforcement officials and judges in southern Kyrgyzstan are themselves Kyrgyz likely leads many to make decisions along ethnic lines.

National Democratic Governance. Kyrgyzstan made clear progress in reforming its political system in 2011. The parliament's work was largely open to the public, while the president sought to make the functioning of all government structures more transparent by creating special Public Advisory Councils. However, the parliament implemented a number of illiberal policies during the year that limited freedom of speech and oppressed ethnic minorities. *As a result, Kyrgyzstan's national democratic governance rating remains unchanged at 6.50.*

Electoral Process. The 30 October presidential election marked the first peaceful and voluntary transfer of power in Kyrgyzstan. As with the parliamentary elections in 2010, the presidential vote was fairly transparent and monitored by international observers. The OSCE lauded the peaceful and orderly conduct of the voting, and while it also identified a number of flaws that caused the election to fall somewhat short of democratic standards, these problems were not seen as substantial enough to affect the outcome. *Kyrgyzstan's rating for electoral process improves from 6.00 to 5.50.*

Civil Society. Kyrgyzstan's civil society played an important role in overseeing the new government's work as well as the electoral process. Since the April 2010 regime change, local nongovernmental organizations (NGOs) have been able to function more freely, without fear of government oppression. Some leading NGOs were involved in virtually all of the interim president's initiatives on ethnic reconciliation, promoting religious rights, and reforming the judicial system. However, NGOs in southern Kyrgyzstan that were engaged in postconflict reconstruction and

reconciliation experienced pressure from local officials throughout 2011. *Kyrgyzstan's civil society rating remains unchanged at 4.75.*

Independent Media. Kyrgyzstan's media outlets function in a relatively open environment, reporting on key political and social developments and obtaining access to all major government and parliamentary meetings. While very few journalists work in southern Kyrgyzstan, leaving developments in that part of the country underreported, the national media overall showed a great degree of independence in 2011, presenting the views of a range of political and civil society actors. *Kyrgyzstan's rating for independent media improves from 6.50 to 6.25.*

Local Democratic Governance. Kyrgyzstan continued working toward greater decentralization of political power and the strengthening of local government in 2011. With the help of Kyrgyz NGOs and international donors, the central government moved to amend its legislative framework to ensure efficient local government administration. All towns and villages in Kyrgyzstan were administered by local authorities during the year, but many remained in the hands of ineffective, poorly trained, or abusive officials. *Kyrgyzstan's local democratic governance rating remains unchanged at 6.50.*

Judicial Framework and Independence. The judicial system and law enforcement agencies continued to disproportionately target ethnic Uzbeks and remained susceptible to political pressure. Torture and unwarranted detentions are still widespread in the country's prisons and jails. Otunbayeva made a considerable effort to reform the judicial sector, but her initiatives did not yield significant results in 2011. *Kyrgyzstan's rating for judicial framework and independence remains unchanged at 6.25.*

Corruption. Newly formed Public Advisory Councils and the decentralized political system have increased transparency in most government structures. However, it remains to be seen whether this will translate into a decrease in corruption in state institutions. Most entrepreneurs did not see any improvements in this area in 2011. *Kyrgyzstan's corruption rating remains unchanged at 6.25.*

Outlook for 2012. Kyrgyzstan's 2010 parliamentary and 2011 presidential elections were the first in post-Soviet Central Asia in which the frontrunner was unable to secure a landslide victory, as most regional leaders have engaged in various forms of manipulation to ensure the desired result. However, having participated in relatively transparent elections, neither Atambayev nor his main opponents seem ready to adopt a similarly transparent approach to governance. Most observers believe that the next president of Kyrgyzstan will try to recentralize power in his own hands. The country's stability will also depend on how competing factions led by Madumarov and Tashiyev choose to work with the incumbent government.

Atambayev's SDPK led the process of coalition formation in the parliament and was able to install Jeenbekov in the speaker's position. The other parties in the coalition have supported the SDPK's growing influence to date. But the president's opponents fear that he will take control over decisionmaking on foreign and economic policy, which previously belonged to the cabinet and parliament. Furthermore, Atambayev has shown little interest in supporting initiatives begun by his predecessor. It is unclear whether he will continue reforming the judiciary and law enforcement agencies, which have been implicated in human rights abuses and ethnic discrimination. Other challenges faced by the new leadership include deteriorating energy infrastructure, a bleak economy, and widespread corruption. So far the president has not articulated a plan to deal with these pressing issues.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.00	6.00	6.00	6.25	6.50	6.75	6.50	6.50

Kyrgyzstan has made visible progress in opening up its political system since the fall of President Kurmanbek Bakiyev's authoritarian regime in April 2010. Despite criticism among some Kyrgyz experts for her reluctance to push for even greater reforms, interim president Roza Otunbayeva actively recruited members of civil society into the political process and promoted far-reaching changes in law enforcement and the judicial system. Under her supervision and with international assistance, Kyrgyzstan has created special Public Advisory Councils (PACs) designed to make government operations more transparent. Sessions of the parliament are now broadcast live on television and radio. Furthermore, the Central Election Commission (CEC) has become more independent from political pressure. According to the new law on elections, the commission's members are nominated and approved by the parliament and represent all political factions. Although the CEC banned international observers and local nongovernmental organizations (NGOs) from participating in some of its meetings, the bulk of its work was open to the public.

Members of the new parliament elected in October 2010 have been learning to engage in substantive debates on important issues, including the adoption of a state budget, ethnic tensions in southern Kyrgyzstan, and the investigation of corruption charges. However, the legislature is still vulnerable to a possible reassertion of presidential power or dominance by the Social Democratic Party of Kyrgyzstan (SDPK), which Almazbek Atambayev led until he was elected president in October 2011. Furthermore, the parliament has shown no reluctance about adopting statutes that restrict freedom of speech or appointing judges who would likely protect the incumbent parties' interests.

There are currently five parties represented in the 120-seat unicameral parliament: Ata-Jurt (28 seats), the SDPK (26), Ar-Namys (25), Respublika (23), and Ata-Meken (18). Four of them formed a ruling coalition following the presidential election, excluding Ata-Jurt and replacing the three-party bloc—Ata-Jurt, SDPK, and Respublika—that had governed since late 2010. Under the new arrangement, Omurbek Babanov of Respublika was named prime minister, and Asilbek Jeenbekov of the SDPK was chosen as speaker of parliament. Compared with the lengthy process that followed the 2010 parliamentary elections, the new parliamentary alliance emerged fairly easily under the leadership of the SDPK.

The three-party coalition had suffered from partisan and personal rivalries. In one heated debate in April, Ata-Jurt leader Kamchybek Tashiyev and Respublika member Altynbek Sulaimanov actually came to blows.² The factions have also had

difficulties maintaining internal party cohesion. The once-popular Feliks Kulov was ousted as leader of Ar-Namys after failing to calm divisions within his party. Kulov had been able to win a parliamentary mandate in 2010 largely due to support from ethnic Uzbeks in the country's south, who saw him as prepared to restore order to the ethnically divided cities of Osh and Jalalabad.

Members of the interim government refused to accept responsibility for the June 2010 ethnic violence, instead preferring to blame culprits ranging from Bakiyev loyalists to Islamic extremists and organized criminals. In each version of events, the government tried to argue that the violence was carefully organized and premeditated by secretive "third forces." In May 2011, former Finnish lawmaker Kimmo Kiljunen issued the findings of the international Kyrgyzstan Inquiry Commission (KIC) in Bishkek, summarizing over five months of research and 750 interviews. The KIC concluded that political fanaticism, mixed with ethno-nationalism, had sparked the violence. Most victims were ethnic Uzbeks, but "ethnic Kyrgyz also suffered very significant losses," according to the report.³ The commission said instances of murder, rape, torture, and other forms of abuse during and after the outbreak of violence remained underreported, and many looted weapons remained unaccounted for, meaning they could be used in future clashes.

The KIC found no evidence that organized crime or other "third forces" had participated in the violence. Instead, the report argued that it was likely sparked by local economic, political, and social factors. Military and government officials were largely ineffective at stopping the bloodshed and preventing the illegal seizure of state weaponry by perpetrators who attacked Uzbek communities. The commission said some officials were suspected of complicity in crimes against humanity.

Weeks before Kiljunen released the critical report, Kyrgyz political leaders had tried to dismiss the KIC's credibility, arguing that it was biased against them and that its members were easily misled by rumors spread among the local population and media. A number of lawmakers tried to discredit Kiljunen because the report blamed them for failing to prevent Osh casualties. Officials also declared that they opposed the investigation because they believed the resulting report would spark new ethnic clashes. In late May 2011, 95 members of the parliament voted to declare Kiljunen *persona non grata*. The inability of much of the political class to tolerate free discussion on this sensitive issue makes it unlikely that the public will ever reach a consensus on the facts of the violence.

Otunbayeva criticized the parliament's decision, insisting that the citizens of Kyrgyzstan should no longer live in fear of oppression and persecution for criticizing the government. Kiljunen noted that the Kyrgyz government had not hindered the investigation, but Otunbayeva's administration did question some aspects of the KIC's approach. Mira Karybayeva, head of the president's Department of Ethnic and Religious Policy and Interaction, said that although the KIC had recognized the weakness of state power and the general fragility of the ethnic situation in Kyrgyzstan, the conflict was still evaluated "as though Kyrgyzstan was a strong country, with functioning government institutions, full control over the entire state territory, strong armed forces that were adequately equipped and with a

solid understanding of human rights.”⁴ She said it was obvious that none of these elements were present when the conflict erupted.

In June, the parliament continued its attempts to regulate and stabilize interethnic relations by restricting information on the topic. The chamber voted 95 to 25 to issue a decree that, among other things, called for a ban on the popular news website, Fergana.ru, which has frequently published material exposing atrocities committed by security forces against Uzbeks during and after the June 2010 clashes. A number of lawmakers also urged that the popular social networking site Diesel.kg be rigidly controlled or shut down.

Of the 35 provisions in the decree, perhaps the most problematic was a ban on the “emergence of monoethnic” communities in ethnically mixed areas, as well as in places that have experienced interethnic conflict. The measure effectively seeks to control the freedom of movement of ethnic minorities inside the country and limit their right to preserve their ethnic identity and cultural heritage by choosing to live alongside other members of their group.

Although not all elements of the decree were implemented, its passage by an overwhelming majority demonstrated that most members of the parliament are unfamiliar with the concept of freedom of speech and inclined to seek Soviet-style, authoritarian solutions to domestic unrest. A small group of moderates, mostly from the ranks of the opposition Ata-Meken party, spoke out against the parliament’s decisions. Younger lawmakers in particular have shown a propensity to learn and to liberalize their views. Some have complained that their votes were cast in absentia without their permission, and they are now seeking to change the voting procedures.

Overall, however, Kyrgyzstan was significantly more stable in 2011 compared with the previous year. Aside from several demonstrations in Bishkek and the southern regions, most political infighting seems to have moved into the parliament, and the successful transfer of power from Otunbayeva to Atambayev after a relatively free and fair election set an important precedent that could reduce the likelihood of another violent regime change.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.00	6.00	6.00	5.75	5.75	6.00	6.00	6.25	6.00	5.50

On 30 October 2011, Kyrgyz voters elected a new president, the first under the new parliamentary system. Although the exact outcome of the election was largely unpredictable, Prime Minister Atambayev emerged as the clear frontrunner several months before the vote. With 60 percent turnout and 16 candidates running, Atambayev took 63 percent of the vote. His chief opponents, Adakhan Madumarov and Kamchybek Tashiyev, captured 14.7 percent and 14.3 percent, respectively. According to the new constitution, the president is limited to a single term of six years.

Over 300 Organization for Security and Cooperation in Europe (OSCE) observers and 1,000 observers from the nongovernmental Coalition for Democracy and Civil Society monitored the election. According to the OSCE,⁵ the candidate registration process was inclusive, and the campaign was open and respected fundamental freedoms. However, hundreds of citizens were not able to cast their votes because of incomplete voter lists, and some cases of attempted vote buying by Madumarov's supporters were reported. The CEC's work was "adequate, but sometimes lacked transparency," the OSCE concluded. Most observers agreed that the election's flaws were not sufficient to affect the overall outcome.⁶

The campaign was conducted in a freer environment than any of Kyrgyzstan's previous presidential elections. For the first time, all competing candidates had the opportunity to participate in televised debates, during which citizens, especially those using the internet, could submit questions. The debates addressed pressing economic and political issues, and most candidates called for stronger rule of law, urged greater national unity in the face of north-south and ethnic divisions, and distanced themselves from corruption.

Initially, 86 candidates had registered, but 50 dropped out before the official campaign period began. Most were either unable to collect the necessary signatures, submit the 100,000 som (US\$2,200) registration fee to the CEC, or pass the Kyrgyz-language proficiency exam. A few candidates, including Omurbek Tekebayev of Ata-Meken and Nariman Tuleyev of Ata-Jurt, simply decided not to run.

During the campaign, Atambayev's opponents and various NGO leaders accused him of using his position as prime minister to gain an unfair advantage over other candidates.⁷ In response to growing criticism, Atambayev agreed to delegate his responsibilities to his deputy, Omurbek Babanov. The leader of the Coalition for Democracy and Civil Society, Dinara Oshurakhunova, has said that civil society observers did not uncover any cases of administrative resources being used in favor of specific candidates.⁸ However, Atambayev's preelection decision to raise salaries for teachers was seen as a campaign strategy, and he did apparently enjoy key advantages in terms of financing and media attention. According to an analysis by *Internews*, his campaign spent as much money as all the other candidates combined, and his name led both in the number of mentions and the number of positive mentions in the press.⁹

Although Atambayev ultimately won by a wide margin, opinion polls in the months before election day suggested that he did not have enough support to win outright in the first round. In August, polls found that he was popular among 31 percent of voters, with the strongest support coming from the north.¹⁰ He was also the only candidate to have secured at least 10 percent support in all seven of the country's *oblasts* (regions). Tashiyev, widely popular in southern Kyrgyzstan, was in second place, closely followed by another "southern" candidate, Madumarov. Both had hoped to reach a runoff and were courting the same general constituency, though Tashiyev is popular in Jalalabad, while Madumarov's stronghold is Osh oblast. The prospect of a second round pitting Atambayev against a single opponent based in the south threatened to stoke regional rivalries.¹¹ But Tashiyev sought to

play down his image as a divisive nationalist,¹² and Atambayev positioned himself as someone who recognized the need to break down the regional divide and unite the country. In his inauguration speech on 1 December, Atambayev expressed his support for eliminating the ethnic identity category on passports, though it was unclear at year's end whether such pronouncements would lead to concrete policies.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.50	4.50	4.50	4.50	4.50	4.75	5.00	4.75	4.75

Following the regime change in April 2010, civil society groups renewed their public activities. Many Kyrgyz and international NGOs paid considerable attention to developments in the south, mobilizing their resources to help reconciliation and reconstruction efforts. Some leading NGOs were involved in virtually all of the interim president's initiatives on ethnic reconciliation, promoting religious rights, and reforming the judicial system. Otunbayeva recruited civil society activists to oversee the work of various public institutions. Her efforts, however, sometimes faced resistance from state officials and lawmakers who deemed it improper to provide civil society observers with access to state information.

Some NGO workers have readily accepted voluntary roles in the PACs, including prominent activists like Aziza Abdirasulova of the group *Kylym Shamy* and Nurzat Abdurasulova of *Unison*. PAC participants voiced their concerns on issues such as police reform, the state budget, and the country's energy policy. Although officials often refrain from directly responding to their criticism, the PACs have nevertheless provided greater transparency to some of the ministries' work. For instance, Aziza Abdirasulova revealed cases of human rights abuses by the Interior Ministry, while Nurzat Abdurasulova's PAC shed light on the workings of the hydropower sector within the Ministry of Energy.

Overall, there is a myriad of reputable civil society activists who regularly speak out on current affairs. Many of the recommendations are not fulfilled by the government and the parliament, but NGOs have become an important force by educating the public about the legality and ethics of the government's policies.

Civil society actively participated in the election observation process. The Coalition for Democracy and Civil Society dispatched its own observers across the country in 2011 to oversee both local election commissions as they prepared for the presidential vote and the CEC's work on election day. Any instance in which observers or the CEC failed to abide by the rules was immediately reported. NGOs closely observed the vote counting, often offering the most comprehensive assessment of the returns across the country.

Nongovernmental groups have also been involved in judicial reform. A special presidential commission made up of NGO leaders oversaw the implementation of two laws—"On the status of judges" and "On the council to select judges"—that

were intended to combat corruption in the judiciary. Members of the commission, including Dinara Oshurakhunova and lawyer Nurbek Toktakunov, expressed concern over the ways in which the parliament ignored the recommendations offered by civil society groups. Instead of choosing new judges in an impartial manner, lawmakers informally opted for judges who would be likely to represent their interests. Civil society activists argued that this repeated mistakes made by the previous regime and left the judicial system vulnerable to political manipulation.

Several major NGOs spoke out against the parliament's decision to ban Kiljunen, the KIC chairman, from the country, and called on legislators to follow the recommendations of his report. In an open letter written on behalf of the International Federation of Human Rights, they asked Otunbayeva to prosecute all perpetrators of the ethnic violence in Osh.¹³ The parliament ignored these demands and did not overturn its decision on Kiljunen.

A number of NGOs are involved in monitoring the postconflict situation in Osh and Jalalabad. They focus on reconstruction, reconciliation, and the mental health of victims. In a statement addressed to Otunbayeva, a coalition of 12 NGOs called for greater attention to the well-being of women and children in the affected areas. Other groups have carried out projects to send children from victimized families to special, therapeutic youth camps.

Most government structures are tolerant of civil society's criticism, and some, such as the Ministry of Energy and the Ministry of Finance, take the PACs' recommendations into consideration. The judiciary, the Ministry of Interior, and most members of the parliament, however, have not yet learned to collaborate with NGOs. Furthermore, civil society activities are not always safe, and NGO leaders continue to face political and social pressure. Abdurasulova's son was beaten and taken into custody by Bishkek police a few days after she testified in front of the president and Interior Ministry on cases of torture by law enforcement agencies. The situation is grimmer in the south. An informal divide between NGOs led by ethnic Kyrgyz and those led by ethnic Uzbeks has widened, with each group concentrating on its own communities.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.00	6.00	5.75	5.75	5.75	6.00	6.25	6.50	6.50	6.25

Kyrgyzstan's media market is considerably freer than it was during the Bakiyev era. Media outlets primarily based in Bishkek function in a fairly open environment, reporting on major political and social topics such as elections, government policies, and national security. Journalists are present at all major government and parliamentary meetings, and some government institutions that were traditionally closed to the media, such as the Ministry of Interior and the Ministry of Energy, have been opening up to journalists.

The online social media community continues to grow, with urban youth using Twitter, Facebook, and Google+ to exchange information. Discussions on social networking sites are dynamic and seldom controlled. Otunbayeva; former parliament speaker Akhmatbek Keldibekov; parliament members including Shirin Atimatova, Tursunbai Bakir uulu, and Dastan Bekeshev; and several presidential candidates have opened Facebook and Twitter accounts, and some of them regularly interact with other users.

The interim government under Otunbayeva made the reform of national television and radio programming a priority. Shortly after the regime change in April 2010, leaders of the state broadcaster KTRK and members of the interim administration sought to restructure KTRK's management. KTRK subsequently became a public service broadcaster led by a formally independent board of directors.

However, the parliament in September 2011 overrode a presidential veto and converted television's Channel 5 into a parliamentary channel. The station used to be under the control of Bakiyev's son, and was nationalized after his ouster. Civil society activists expressed fears that Channel 5 would effectively revert to its former status as a propaganda outlet.

Although there is no shortage of journalism opportunities in Bishkek, very few journalists work in southern Kyrgyzstan, and developments in that part of the country continue to be underreported. Most coverage in the local press contains ethnonationalist views or tries to avoid mention of ethnic tensions altogether. Ethnonationalist voices stating that the majority should rule over minority groups were less prominent on television and in the press in 2011, but they still loudly spread their message in some Kyrgyz-language newspapers. Nearly all Uzbek-language television channels, such as Osh TV and Mezon TV, have been seized by individuals aligned with local government officials and converted to Kyrgyz-language formats, leaving the Uzbek minority largely without media outlets.

Limits on media are emerging in other contexts as well. The CEC initially denied accreditation to online news agencies ahead of the October 2011 presidential election, essentially barring them from covering the campaign, despite the fact that they had been accredited in previous national elections. Most candidates complained that the ban did not include clear definitions of what is considered a news agency, or criteria to determine when a media appearance qualifies as part of an election campaign. However, the parliament intervened in mid-August, reversing the CEC ruling.

In an attempt to control the influence of Russian television, the Kyrgyz parliament banned live broadcasts of all foreign channels during the election period.¹⁴ The agenda of Russian media has traditionally been to portray pro-Russia candidates in a positive light, while giving negative coverage to pro-Western or anti-Russian candidates. Russian print and broadcast media are popular in Kyrgyzstan, particularly in the north. They have an enormous impact on public opinion, especially on topics such as Kremlin policies and international political developments.

Ata-Meken leader Omurbek Tekebayev, who claimed his party suffered from negative reporting by Russian media before the 2010 parliamentary elections, was the ban's primary initiator. As a result of the legislation, all providers of cable television featuring foreign channels were forced to broadcast foreign news reports with a one-hour delay and to delete any news or analysis dealing with Kyrgyzstan's elections. Despite these restrictions, the OSCE's overall media freedom assessment during the election campaign was positive, concluding that all candidates had equal access to television, print, and online outlets.¹⁵

In another incident that exposed tensions between Russia and the Kyrgyz authorities, Russia's Channel One was taken off the air in Kyrgyzstan and replaced with KTRK programs in February, generating harsh criticism from the Russian embassy in Bishkek. The embassy accused the Kyrgyz side of breaking bilateral agreements, though it did not specify which pacts had been violated.¹⁶

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.75	6.25	6.25	6.50	6.50	6.50	6.50	6.50

The constitution adopted in June 2010 ensures that Kyrgyzstan's parliament represents all regions of the country, and lawmakers often speak out on issues that concern their communities. Over the past decade Kyrgyzstan has been developing a body of legislation to support local governments. There are also laws supporting traditional forms of self-governance. A 2008 law on local governance was designed to ensure that local officials have the financial and political resources to meet the needs of the population. In line with this law and previous legislation, in 2011 all towns and villages in Kyrgyzstan were administered by local governments.¹⁷

With the help of the Open Society Institute and the United Nations Development Programme, the legislative base is regularly updated, with amendments added in 2011. International donors also help local governments boost transparency and enhance information exchanges with the central authorities. Local government officials have access to materials to educate themselves on their rights and responsibilities, as well as various bureaucratic procedures. They also have opportunities for special training and advisers to consult regarding social issues. For instance, in September fifty NGO activists trained local officials to deal with gender issues and ensure that women's interests are represented.¹⁸ The Association of Municipalities of the Kyrgyz Republic also held a series of training sessions with local government officials on democratic ways to manage communal properties.¹⁹

While Kyrgyzstan has formally achieved its goals on decentralization, most local government officials lack the professionalism and experience to govern according to the new legislation. Often they are criticized for a lack of efficiency. Many members of local councils are unaware of their own roles and responsibilities, while heads of villages (*ail okmory*) do not pass their knowledge and experience on

to their successors.²⁰ In some areas, mainly in southern Kyrgyzstan outside the city of Osh, parliament members have more power than local officials and members of local councils. However, in Osh itself, Mayor Melis Myrzakmatov, who was appointed by Bakiyev, continues to enjoy monopolistic power, controlling local law enforcement agencies and thuggish groups of supporters.

Ethnic minorities are still underrepresented in the legislative and executive branches. The most troubling example is the ethnic imbalance among law enforcement institutions, particularly in southern Kyrgyzstan. Over the past year the number of ethnic Uzbek policemen in Osh and Jalalabad has decreased substantially. They now make up about 2 percent of all forces combined.²¹ This is a significant shortfall, given that ethnic Uzbeks account for roughly 40 percent of the population in some areas.

With international donor assistance, Kyrgyzstan built 1,780 transitional homes within months of the June 2010 violence, which destroyed about 2,000 houses. In addition, 34 new multistory apartment buildings were built for displaced families. However, partly because of inefficient local governance and poor center-periphery collaboration, the reconstruction process has proceeded unevenly. While villages like Cheremushki have been largely abandoned by residents who fled abroad due to fear of more violence, everyday discrimination, and lack of resources to construct new houses, others like Furqat have successfully rebuilt after receiving sufficient construction materials from international donors. The disparity highlights the difference between the work of various international groups, as well as local governments' control of building materials. Local observers have reported widespread corruption at all stages of the reconstruction process.²² Although some businesses owned by ethnic Uzbeks are opening in southern Kyrgyzstan, cases of daily ethnic violence are still widespread.

Kyrgyzstan's NGOs have been actively involved in observing local governments at work. In October 2011, Nazgul Turdubekova, head of the Children's Rights League, criticized local officials for trying to avoid dealing with the poorest groups in their communities by delegating that responsibility to social workers.²³ NGOs have also criticized the central government for failing to implement a coherent long-term strategy on local government development, as well as for the lack of watchdog mechanisms to ensure that local officials are operating effectively.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.50	5.50	5.50	5.50	6.00	6.00	6.00	6.25	6.25

The judicial system faces the task of identifying and prosecuting the perpetrators of the June 2010 ethnic violence. Roughly 300 cases were initiated in 2010, but only a small number have reached the courts. The vast majority are stalled because defendants, witnesses, and lawyers have encountered intimidation, and local judges refrain from taking potentially explosive cases to avoid further instability.²⁴

The country's law enforcement agencies have predominantly arrested ethnic Uzbeks, despite the fact that Uzbeks accounted for 75 percent of the casualties and suffered 90 percent of the property losses, according to Amnesty International.²⁵ The number of people receiving life sentences in prison, the highest penalty, more than doubled to 39 in 2011, from 15 in 2010. Nearly all were convicted of contributing to violence during the Osh events. Among the ethnic Uzbeks who have received life sentences are prominent human rights activist Azimjon Askarov and businessman Kadyrjan Batyrov.

The government's standard informal explanation is that trials of ethnic Kyrgyz suspects would cause unrest in the country, and that state institutions are not strong enough to hold off mobs of angry protesters representing the ethnic majority. While government officials recognize the seriousness of the ethnic imbalance of suspects, they frequently have to rely on information provided by civil society groups and international organizations, as national and local law enforcement agencies often try to conceal cases of torture, illegal raids, and arbitrary arrests. According to ethnic Uzbeks from Osh, the bribes required to win release from detention range from US\$2,000 to US\$20,000, depending on the legitimacy and seriousness of the charges.²⁶ Most law enforcement officials and judges in southern Kyrgyzstan are ethnic Kyrgyz, raising the likelihood of anti-Uzbek bias.

The best-known case of ethnicity-based prosecution in Kyrgyzstan is that of Askarov. He was convicted in September 2010 of complicity in the murder of an ethnic Kyrgyz policeman during the June clashes and of inciting ethnic hatred. Askarov has reportedly been tortured at a detention facility at least twice. In December 2011 the Supreme Court denied his appeal and upheld his sentence of life in prison.

Within this context of corrupt and biased law enforcement agencies in southern Kyrgyzstan, four policemen indicted for the fatal abuse of an ethnic Uzbek suspect in a Jalalabad detention facility went on trial in October 2011. The victim, Usmanjan Kholmirezayev, was a Russian citizen who had died that August as a result of torture and denial of appropriate medical treatment. The trial was moved to a different jurisdiction—Sokuluk, near Bishkek—in an effort to avoid violence outside the courtroom.²⁷ Still, at least three protests against the trial took place in the Bazar-Korgon district of Jalalabad, where Kholmirezayev had been detained and tortured. Witnesses from the law enforcement community testified that their colleagues were not involved in actions that could have led to Kholmirezayev's death.

Another key issue to be addressed by the judicial system is violence and other crimes related to the overthrow of Bakiyev. During 2011 Kyrgyzstan's courts proceeded slowly with the trials of 28 officials accused of killing civilians during the 7 April 2010, antigovernment demonstrations in Bishkek, and of large-scale corruption during Bakiyev's regime. These included members of the "Alfa" special forces unit, Bakiyev's close allies, and members of his family; seven of the defendants were being tried in absentia.

The trials have shown that Kyrgyzstan's judicial system remains weak and far from impartial. They have been conducted in an atmosphere of chaos, with relatives

of victims on several occasions trying to physically attack the defendants and the judges. The courts also face pressure from allies of the defendants, many of whom remain powerful in the country. In August, for example, former defense minister Baktybek Kalyev was transferred from a detention center to house arrest on health grounds, after about 60 lawmakers—most of them former members of Bakiyev's Ak-Jol party—appealed to the Supreme Court on his behalf. The various obstacles and disruptions encountered during the trials have led to repeated adjournments and delays.

During her tenure as interim president, Otunbayeva took a number of steps aimed at increasing the impartiality of the police and courts, including rotating officers and judges between northern and southern Kyrgyzstan. She also sought to appoint 445 new judges with the help of the parliament and independent observers. She created a special council consisting of members of civic groups to observe the process. However, the first few rounds of judicial appointments took place in a highly politicized environment, and the lawmakers responsible for choosing new judges chose to ignore the recommendations of civil society groups.

The police are infamous for petty corruption, widespread human rights violations, and the use of torture to force confessions. Abdurasulova, the civic activist, has identified 20 cases of torture that led to the death of the suspect over the past three years and alleges that not all cases of abuse are reported. Doctors working within law enforcement structures are reluctant to report inmates' injuries from torture and poor health out of a fear of losing their jobs.²⁸ In an important step, Kyrgyzstan invited the United Nations Special Rapporteur on torture to visit the country in December 2011. Bishkek has also attempted to learn from Georgia's police reform, with Deputy Prime Minister Shamil Atakhanov traveling there in early 2011 and leading efforts to implement similar changes in Kyrgyzstan beginning in 2012. However, it remained unclear at the end of 2011 whether President Atambayev would continue the Otunbayeva administration's reform efforts.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.00	6.00	6.00	6.00	6.00	6.25	6.25	6.50	6.25	6.25

Kyrgyzstan's new parliamentary system has contributed to greater transparency. On several occasions, parliament members and government officials have sought to expose current cases of corruption as well as malfeasance by the former regime. Since the April 2010 regime change, considerable progress has been made in reducing corruption in the hydropower sector and the provision of fuel supplies for the U.S. military transit center at Manas airport. This has primarily been the result of Otunbayeva's efforts, which included greater cooperation with the international community and encouragement of civil society participation in overseeing the work of state institutions. It remains to be seen whether Atambayev will sustain her anticorruption initiatives.

In Transparency International's 2011 *Corruption Perceptions Index*, Kyrgyzstan's score improved slightly to 2.1, from 2.0 in 2010 (on a scale of 0 to 10, with 0 being the worst). At the same time, the World Bank's *Doing Business 2012* report indicates that Kyrgyzstan has slipped three positions since 2010, and is now ranked 70th among 183 economies. The country scores particularly low in terms of "paying taxes" and "resolving insolvency."

The World Bank findings correspond with other studies conducted in 2011. In a survey of 1,200 Kyrgyz entrepreneurs, some 44 percent indicated that they thought corruption had worsened over the past year, while 45 percent said it remained the same. About 38 percent of the entrepreneurs agreed that the current punishments for corruption are not harsh enough to serve as a deterrent. A quarter of respondents said the government must increase the transparency of its financial institutions. The entrepreneurs complained that the tax agency and customs control were the most corrupt institutions, followed by the Ministry of Interior and other law enforcement agencies.²⁹

The newly formed PACs will monitor the activities of the Ministry of Finance, the Ministry of Energy, and the Ministry of Interior—all government bodies that have traditionally been accused of serving the few at the top of the regime. PACs also monitor operations at the Manas fuel-supply facility, formerly a lucrative business for Bakiyev's family. The councils' members represent NGOs and independent observers, and have full access to government records.

The Fuel and Energy Sector Transparency Initiative, created at Otunbayeva's request in 2010 to oversee the work of the hydropower sector, has considerably increased the transparency of this vital industry. Electricity generated by Kyrgyzstan's hydropower plants is one of the country's most important exports. According to Abdurasulova of Unison, the transparency initiative works with both customers and the government to reduce corruption within the sector.³⁰ Customers are encouraged to stop stealing energy by colluding with corrupt meter readers, while the government's investment plans are made public and scrutinized. This arrangement could potentially increase public trust, lead to efficient privatization, and attract foreign investment. By contrast, during Bakiyev's reign, the hydropower sector became one of main sources of illegal income for a few people inside the regime, and their theft and neglect brought the industry to the brink of collapse, causing regular blackouts during the winter months.

However, several recent scandals around major business enterprises linked to government officials and parliament members have confirmed that ruling elites still seek to informally control the country's economic resources. For example, disputes over the ownership of and alleged corruption at MegaCom, a cellular communications provider and one of the most profitable companies in the country, pitted Deputy Prime Minister Omurbek Babanov against prosecutor general and later presidential candidate Kubatbek Baibolov, with each accusing the other of illegal financial dealings. Otunbayeva sacked Baibolov as prosecutor general in March for allegedly receiving a US\$500,000 bribe from MegaCom to protect company officials from embezzlement charges. Baibolov denied the allegations,

arguing that people close to the political leadership were attempting to illegally capture the company.

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Latvia

by Juris Dreifelds

Capital: Riga
Population: 2.2 million
GNI/capita, PPP: US\$16,320

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00	1.75	1.75
Civil Society	2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Independent Media	1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75
Governance*	2.25	2.25	n/a							
National Democratic Governance	n/a	n/a	2.25	2.00	2.00	2.00	2.50	2.50	2.25	2.25
Local Democratic Governance	n/a	n/a	2.50	2.50	2.50	2.25	2.25	2.25	2.25	2.25
Judicial Framework and Independence	2.25	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Corruption	3.50	3.50	3.50	3.25	3.00	3.00	3.25	3.25	3.50	3.25
Democracy Score	2.25	2.17	2.14	2.07	2.07	2.07	2.18	2.18	2.14	2.11

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

During the first years of the global economic crisis, Latvia experienced a greater decline in growth than any other country in the European Union. In 2011, Latvia's economy stabilized and even grew by approximately 5 percent; however, the social cost of this initial recovery has been significant. Austerity measures imposed in 2009–10 involved painful cuts to a wide range of state services and major cutbacks in public sector employment and salaries. The vitality of the private sector also declined, leading to widespread discontent among educated jobseekers and would-be entrepreneurs. Emigration of young people from Latvia, a country of less than 2.1 million people, has increased every year since 2007,¹ and unemployment is still more than twice pre-crisis levels. A 2011 census found that Latvia's population has decreased 13 percent since the year 2000.²

In 2011, continuing economic and social challenges fuelled public distrust and frustration with parliament and the government, particularly the so-called “oligarchs”—powerful businessmen with direct influence on Latvian politics. On 28 May, the Saeima (parliament) voted against lifting the immunity of oligarch Ainārs Šlesers, a parliamentary deputy accused of money-laundering, bribery, and other crimes. President Valdis Zatlers responded to the vote by calling for a referendum on dissolution of the Saeima, which he said was controlled by oligarchs. The referendum took place on 23 July, after Zatlers himself had lost a reelection bid in parliament to Andris Bērziņš, one of the richest men in Latvia and a member of the Union of Greens and Farmers party linked to oligarch Aivars Lembergs. The referendum to dissolve the Saeima succeeded with 94 percent support and a new government was elected on 17 September. Incumbent prime minister Valdis Dombrovskis was elected once again to guide the government, along with 63 deputies from the previous parliament; however, two of Latvia's most notorious oligarchs, Ainārs Šlesers and Andris Šķēle, failed to win seats.

National Democratic Governance. The accumulated stress of the government's austerity measures and the political power of so-called oligarchs led to snap elections on 17 September. Incumbent prime minister Valdis Dombrovskis was elected once again to guide the government, along with 63 deputies from the previous parliament. Two oligarchs who had become a focal point of public frustration lost their parliamentary seats and a party closely aligned with a third oligarch was left out of the ruling coalition. Three center-right parties with compatible ideologies won a total of 56 deputies in the 100-member chamber. The passage of the 2012 budget on 15 December was a significant indicator of solidarity. *Latvia's national democratic governance rating remains at 2.25.*

Electoral Process. Snap national elections called by President Valdis Zatlers in May and approved by a popular referendum on 23 July were held 17 September. Five of thirteen contending parties were elected without any registered major incidents or accusations of overspending. Monitors from the Organization for Security and Cooperation in Europe commended the organization and competitiveness of the elections. Due to the administration of fair and transparent elections, *Latvia's electoral process remains at 1.75.*

Civil Society. Over thirteen thousand nongovernmental organizations (NGOs) were officially registered in 2011, representing all major viewpoints and interests in Latvian society. Many of these groups routinely contributed to political decisionmaking, banding together in larger umbrella organizations. The most politically engaged and vocal civil society groups are the business community, labour unions, farmers, and environmental, religious, and ethnic groups. In view of the continued activism and acceptance of NGOs in policymaking, *Latvia's rating for civil society remains at 1.75*

Independent Media. Media in Latvia are experiencing great turbulence. As part of a larger trend in the media industry, newspapers are losing readers and advertising and print media faces growing threats to sustainability. Television is also undergoing a period of financial stress and losses, which may lead to consolidation through takeovers. Nevertheless, the country boasts a vast array of media sources in two major language streams. *Latvia's rating for independent media remains at 1.75.*

Local Democratic Governance. The reorganization of 530 municipalities into 118 larger and more cohesive units has progressed without major problems. The year saw increasing cooperation between local and central authorities through the Association of Local and Regional Governments (LALRG), whose chairman has become an effective lobbyist for municipal interests, meeting with ministers and the president on a regular basis. Also, certain local governments with common problems have created their own mechanisms for discussions and decisionmaking. *Latvia's rating for local democratic governance remains at 2.25.*

Judicial Framework and Independence. Latvia's judiciary manages cases with increasing efficiency, improving its image as a trusted institution. The court system is still overburdened and underfinanced, but certain improvements—including the use of modern technology, the acceptance of decisions by correspondence, and the diversion of certain uncontested cases to notaries—promise to expedite future judgements and reduce the backlog. The ombudsman's office has also expanded its ambit and is receiving greater public visibility. *Latvia's rating for judicial framework and independence remains 1.75.*

Corruption. The year 2011 saw several important developments in Latvia's fight against corruption. The 17 September parliamentary elections ousted two powerful

businessmen from parliament and significantly reduced the representation of the Union of Greens and Farmers, a party controlled by the oligarch Aivars Lembergs. The deeply unpopular head of the Corruption Prevention and Combating Bureau (KNAB) was dismissed in June 2011 and replaced with another, more respected KNAB official with a strong anticorruption track record. The organization actively pursued major corruption cases throughout the year; by September, KNAB had already begun 14 criminal proceedings—the same number initiated in all of 2010.³ Effective in 2012, the state financing of parties and decision to criminalize violations of campaign finance laws will pose important obstacles to potential abuse. As a result of these improvements, *Latvia's rating for corruption improves from 3.50 to 3.25.*

Outlook for 2012. Latvia appears to have weathered the most difficult period of the economic crisis. However, one result of extensive austerity measures has been large-scale outmigration by young, educated people. This will soon exacerbate existing labor shortages and strain the potential growth of economic enterprises. Weaker economic vibrancy may in turn limit investments in key Latvian institutions, including those integral to democratic accountability. There are economic and political pressures for Latvia to become more oriented towards Moscow. Many entrepreneurs want to tap into the potential economic opportunities they perceive in Russia. The Russophone party, Harmony Center, and most Russophone media outlets want an increased rapprochement with Russia. The present coalition of three parties appears stable, but forging new policies to deal with grave problems under severe financial constraints may lead to divisions and changes within the ruling coalition.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.25	2.00	2.00	2.00	2.50	2.50	2.25	2.25

Widespread optimism and rising government approval ratings in the wake of the October 2010 Saeima (parliamentary) elections did not last long, as the ruling coalition of Unity and the Union of Greens and Farmers struggled to cope with the legacy of a precipitous economic decline and the demands of the International Monetary Fund (IMF) and other world lending organizations. Tax increases, decreased social services, and cuts in public administration and other state employment soon soured the high expectations of the population, and trust in the Saeima and the government plummeted. Public confidence in government was also affected by disunity within the ruling coalition: on 30 occasions, the Union of Greens and Farmers voted against its coalition partner, Unity, and on 51 occasions it voted to support the opposition party, Harmony Centre.⁴ Meanwhile, perceived tampering in policy and personnel appointment choices by a powerful businessman, Aivars Lembergs, the *éminence grise* of the Union of Greens and Farmers, further fanned public discontent.

By May, the perceived dominance of so-called oligarchs in the Saeima had become a trigger for the first dissolution of parliament in Latvia's history. Earlier in the year, Latvia's Corruption Prevention and Combating Bureau (KNAB) opened criminal proceedings against public figures engaged in "laundering of criminally acquired assets, providing false statements in the declaration of public officials, misuse of position, receiving and giving of bribes, illegal participation in property transactions and violation of restrictions imposed on public officials."⁵ However, on 28 May the Saeima voted against lifting the immunity of oligarch Ainārs Šlesers, a deputy accused of money-laundering, bribery, and other crimes.

President Valdis Zatlers responded to the vote by calling for a referendum on dissolution of the Saeima, declaring that the parliament "feels comfortable in its atmosphere of lies, and this has strongly influenced the government."⁶ Of the 44 percent of eligible voters who participated in the 28 July referendum, approximately 94 percent voted in favor of dissolving the Saeima—a rare moment of unity in a country that has usually been politically fragmented.

By the time Zatlers called for the referendum, his first presidential term was nearly over and he was up for reelection on by the same body he was attempting to dismiss. Zatlers was not reelected; instead, a majority of deputies chose a relatively unknown candidate, a wealthy businessman and deputy of the Union of Greens and Farmers, Andris Bērziņš. Many felt that Zatlers's replacement was an act of retaliation on the part of the Saeima, or a broader backlash against Zatlers's increasingly anti-oligarch tendencies.⁷

Snap elections on 17 September resulted in major losses for the two former coalition parties (Unity and the Union of Greens and Farmers), but increased representation for the social democratic and mainly Russian party, Harmony Center, and the nationalism-oriented National Alliance. Harmony Center received the most votes and 31 seats; however, it proved unable to attract enough other deputies to form a working government with over 50 seats. The leading ethnic Latvian party was formed by former president Zatlers shortly before the elections, despite the expectations of Unity that he would appear on their ticket. With its 22 seats, the centrist Zatlers's Reform Party (ZRP) was allowed to take the initiative in forming a ruling coalition, in tandem with the Unity Party and its 20 deputies. Initially, Zatlers hoped to form a coalition including Harmony Center, purportedly to create a cross-national, inclusionary government; however, ZRP's failure to involve Unity in this decision caused the deal to fall apart. Zatlers also lost six deputies from his own party by repeatedly turning to his former presidential advisors on issues of coalition-forming and political strategy instead of consulting his own deputies. Ultimately, ZRP formed a ruling coalition with Unity and National Alliance. A new government led by incumbent prime minister Valdis Dombrovskis was finally approved on 25 October with the support of 57 out of 100 Saeima deputies.⁸

The most significant outcome of the election is undoubtedly the reduced presence in the Saeima of former heavyweight oligarchs such as Ainārs Šlesers and Andris Šķēle, both of whose parties were dissolved by year's end. The Union of Greens and Farmers now controls only 13 of 100 seats in the Saeima, having won only 12.22 percent of the vote.⁹ In October 2011, several important changes were introduced which have the potential of further limiting oligarch power. New amendments to the party financing law provide a solid wall against improper donations, making them subject to criminal prosecution. Beginning in 2012, all parties receiving over 2 percent of the vote and still officially registered will receive annual state payments equivalent to US\$1 per vote received at the previous national elections. Such payments should lessen dependence on outside donations by rich individuals with private agendas.¹⁰

The call for the dismissal of the Saeima by President Zatlers and the subsequent referendum affirming this dismissal appeared to energize and empower voters. However, subsequent squabbling between parties in the formation of a government soon led to disillusionment and pessimism. Russophones, in particular, felt neglected, with their party, Harmony Center—the election's biggest winner—relegated to opposition benches. Former president Zatlers has also lost much influence as a result of postelection conflicts. He was not elected speaker of the Saeima and by the end of October 2011, his personal approval rating was just 17 percent.¹¹ Prime Minister Dombrovskis's popularity also declined during the year, from nearly 60 percent in May 2011 to around 42 percent in December.¹²

Major economic, taxation, demographic, bureaucratic, and linguistic problems facing Latvia will no doubt test the capability and solidarity of the new coalition. The first major test of the coalition's cooperation—passage of the 2012 state budget—was achieved in December.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.75	1.75	2.00	2.00	2.00	2.00	1.75	1.75

Latvia holds popular elections for the national, local, and European parliaments, but the president of the republic is elected by the Saeima. On 2 June, the Saeima elected a new president, leaving former president Valdis Zatlers free to form a new party, the ZRP, and compete in the snap parliamentary elections of 17 September.

The September Saeima elections were organized in five electoral districts—Riga, Vidzeme, Zemgale, Kurzeme, and Latgale—using party-list proportional voting. The parties of the incumbent ruling coalition—Unity and the Union of Greens and Farmers—suffered significant declines compared to the October 2010 parliamentary elections, losing 13 and 9 seats, respectively. A large number of Unity's voters were siphoned off by the newly formed ZRP, which won 20.82 percent of the vote and 22 seats in parliament. The Latvian nationalist party National Alliance also increased its presence in the Saeima, winning 14 seats compared to the previous year's 8. Harmony Centre, meanwhile, increased its seats from 29 to 31, drawing most of its support from Riga and largely Russophone eastern Latvia. Eight additional parties competed in the election but were unable to meet the 5 percent electoral threshold for representation in parliament.¹³

Of the 1,092 candidates put forth by 13 parties, 70 percent were men. Seventy-two percent were ethnic Latvians and 11 percent were Russian. Voting activity declined somewhat with a total of 59.49 percent turnout, compared to 62.62 percent in the 2010 elections. Considering the apparent public antipathy towards the previous parliament, it is noteworthy that 63 of the 85 incumbent deputies listed on the 2011 ballot were reelected.¹⁴

According to the Organization for Security and Cooperation in Europe (OSCE) observers, the elections were democratic and marked by the rule of law. The elections were run with respect for citizens' fundamental freedoms as voters were provided genuine choices between diverse parties. The OSCE delegation did highlight the fact that 16 percent of Latvia's adult population are non-citizens and not allowed to vote.¹⁵ These people do have the choice of acquiring Latvian citizenship with minimal language and other requirements commonly found in most other Western countries.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.00	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75

As of February 2011, there were 13,284 registered nongovernmental organizations (NGOs) in Latvia, almost two-thirds of which were founded after Latvia joined the European Union (EU) in 2004.¹⁶ The EU has encouraged the formation of

interest groups and has also provided financing for various research and advocacy efforts by civil society organizations. In a largescale public survey released in April 2011, approximately 40 percent of Latvians claimed to have joined or participated in voluntary social groups or activities in the past three years. However, only 15.3 percent of respondents believe that by doing so they can influence political decisionmaking.¹⁷

Most nongovernmental activity relies on volunteers; only 27 percent of NGOs have one or more salaried employees.¹⁸ Funding is largely dependent on individual projects, therefore most efforts are led by the demands of project sponsors, and longterm financial planning is extremely difficult.¹⁹ The challenges to NGO sustainability have become particularly acute since the onset of the economic crisis.

The majority (62 percent) of registered NGOs are located in Riga and the Riga region. There are five permanent state-supported resource centers for NGOs in Latvia, with additional centers providing information on funding opportunities, legal issues, and technical support. Many groups are also served by umbrella organizations such as the Civic Alliance-Latvia which unites over one hundred organizations and provides advice and often acts as a more powerful instrument for reaching centers of decisionmaking.

One notable source of increasing public engagement in political decisionmaking has been the advent of online political petitions and webportals designed for communication between politicians and their constituents. Launched in June 2011, the portal *ManaBals.lv* (“My Voice”) allows individuals to circulate and sign social and political proposals that can later be heard in parliament if the number of signatures from eligible voters reaches 10,000. The platform gained some visibility in the summer through the support of former president Zatlers, who transmitted a widely supported initiative from *ManaBals.lv* to the Saeima, eventually resulting in a law requiring publication of information about owners of Latvian offshore companies.²⁰ Another website, launched in late 2010 by the Riga-based public policy center Providus, allows individuals to submit questions directly to members of parliament.²¹ A third web platform, launched by the government in the last three years, allows visitors to track the progress of legislative bills under consideration by the state and even offers commentary and explanation of proposed bills from legal experts.

In 2011, two major linguistic campaigns initiated via the internet reflected the more radical demands of the Latvian and Russophone communities. Many Latvians view Russian as the language of their former occupiers, and worry that Moscow is still attempting to wield influence in Latvia through the country’s sizeable ethnic Russian minority. In 2010, a Latvian Language Action Committee made up of members from the National Alliance party and an organization called *Sargi valodu un Latviju* (“Guard the Language and Latvia”) began gathering signatures for a proposed constitutional amendment making Latvian the only official language of primary education in public schools. By February 2011, the group had collected the 10,000 signatures necessary for the initiative to be presented to the Central Election Commission (CVK); however, when CVK organized a second, official petition for the same initiative, it did not collect the necessary support needed to qualify the measure for consideration in parliament.²²

In response to the Latvian language initiative, the Russophone youth group *Vienota Latvija* (United Latvia) began a campaign to make Russian the second official language of Latvia. Russophone activists successfully collected the signatures required for both the first and second round of petitions. Therefore, although parliament voted against the demanded changes, a referendum on the issue was scheduled for 18 February 2012. Chances of the measure passing are very slim, but both language-focused campaigns caused a major uproar during 2011, deepening tensions between the country's two major ethnic groups and reducing the likelihood of any ruling coalition that would include *Harmony Centre*.²³

Additional symbolic jousting between Russian and Latvian groups occurs annually in Latvia with the remembrance of certain historical events. In March 2011, the Latvian legionnaires, who gather every year to commemorate those who fought against Stalin's Red Army during World War II, were denied a permit to lay wreaths at the Freedom Monument by the Riga City Council, whose mayor is Russian. Ultimately, a regional court overruled the decision.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75

Latvians enjoy a diverse range of news and information services in two languages. However, economic pressures on the media have increased dramatically since 2007, threatening diversity and pluralism. Such pressures raise questions about the ability of the country's Fourth Estate to fulfill its watchdog function at a time when Latvian society is expressing its preference for more transparent and less corrupt governance.

There is widespread public speculation that the so-called oligarchs and political economic groups are consolidating their control over major media outlets. In October 2011, leaked recordings from an investigation by the anticorruption bureau KNAB revealed that the joint-stock media company *Diena* belonged to Latvia's three most notorious oligarchs, Šlesers, Šķēle, and Lembergs—not to the official owner, Viesturs Kozioles. The same tape also records the oligarchs discussing a merger between the *Diena* newspaper and a daily newspaper *Neatkarīga Rita Avīze*, widely linked to the oligarch Aivars Lembergs.²⁴ These revelations followed the passage of a September 2011 amendment to the 1991 Media Law, requiring all media outlets to disclose their true beneficiaries. The same amendment includes provisions to safeguard editorial independence and clarifies some registration processes for media outlets.

Since 2007, Latvia's media have seen brutal declines in advertising revenues, which shrank by 46 percent in 2009 and 13 percent in 2010. Between 2007 and 2010, advertising in newspapers fell by 75 percent and by 74.9 percent in magazines. During the same period, television advertising dropped by 40.8 percent, radio by 50 percent, and internet advertising by 30.4 percent. Both television and

online advertising appeared to stabilize during 2010; by the first half of 2011, there was an overall advertising growth of 4 percent.²⁵

The public broadcasting service has also suffered during Latvia's economic crisis. Broadcast administrators have grappled with serious personnel problems related to insufficient funding and low salaries. In 2011, a popular public affairs program by investigative journalist Janis Domburs could not be renewed for budgetary reasons. Meanwhile, another popular public affairs critic, Karlis Streips, was fired in September from his political talk show of 16 years when he referred to the Union of Greens and Farmers as "whores" because of their close association with Lembergs. Streip's dismissal elicited sharp public criticism.²⁶ Latvian television is rapidly losing its audience share.²⁷ State-owned radio broadcasting stations, however, maintain over one-half of Latvia's radio audience.

Several Latvian internet portals have become major news purveyors, edging out traditional media sources. Among these are the online news portals Tvnet.lv (owned by Schibsted of Norway and Estonia), Delfi.lv (owned by Ekspress Grupp of Estonia), Apollo.lv (owned by Sanoma News of Finland) and the online magazine Baltic Course (owned by a Russian Latvian). The online magazine Kas Jauns ("What's New") provides a synthesis of news from other sources and is rapidly gaining in popularity. All three Latvian and three Russian language dailies provide online content, as well. A group of journalists that broke away from *Diena* in 2009 continues to publish a respected investigative weekly called *Ir*, available in print and online. Several investigative or Wikileaks-style websites are also active, including Pietiek.lv ("Enough"), which exposes scandals on a regular basis. For the moment, internet censorship does not extend beyond some basic rules regarding privacy and child pornography.

In November 2011, Latvia's National Electronic Media Council (NEMC)—the state regulatory body—brought charges against the predominantly Russian-language TV5 for discrediting it during a "street interview" in which passers-by were asked whether or not Russian should be established as Latvia's second state language. TV5 refuted NEMC's accusations, arguing that in a democratic country, people have the constitutional right to express their views. In the past, NEMC has made several similar accusations against TV5, forcing two of the station's journalists—anchorman Olegs Ignatjevs and news director Vladislavs Andrejevs—out of their jobs.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.50	2.50	2.50	2.25	2.25	2.25	2.25	2.25

Latvia's municipalities underwent largescale structural reforms in 2009, reorganizing more than 530 local units into 109 municipalities and 9 cities. These reforms entailed major readjustments in leadership and administrative personnel, disrupted existing communications networks, and reassigned or removed various

geographical reference points. Local governments received little publicity in the national media in 2011, signaling the adjustment and uneventful functioning of the new municipalities. However, throughout the year, local governments felt the pressure of decreased funding, unemployment, outmigration of young people to urban centers and other EU states, and lack of specialized labor.

The responsibilities of municipalities include primary and secondary education, social assistance (with the exception of pensions and family care benefits), healthcare, water supply and sewage works, country roads, solid waste collection and disposal, and stewardship of about one-fifth of all housing in Latvia. The processes of governance vary according to the size of the municipality, but all are based on fundamental democratic foundations, such as open council and committee meetings and freely available meeting minutes; voter access to council members and executive officials; procedures for review of complaints and suggestions; public discussions; and audited annual reports and reviews of government budgets, spending, assets, and activities. Citizens also have recourse to municipal elections every four years. Almost all local governments maintain webpages, with transcripts of council meetings, news, social events, and advice on a variety of issues from health to farming and gardening.

There was a time when local government representatives were known to be highly partisan, directly serving the interests of national parties. This frequently led to favoritism in national government funding of special projects at the local level. With the demise of the notoriously partisan People's Party in 2010 and the decline of the Union of Greens and Farmers, these practices have become much more muted. Municipal leaders from all parties voluntarily belong to the Association of Local and Regional Governments (LALRG), a powerful organization with the authority to represent municipalities in negotiations with the Cabinet of Ministers. The longtime chairman of the LALRG, Andris Jaunsleinis, has become an effective lobbyist for municipal interests and meets with ministers and the president on a regular basis. Additional, issue and interest-based groupings of municipalities exist, cutting across what were once rigidly partisan lines. For example, in October 2011, coastal municipalities came together to discuss sea coast jurisdictions, requirements for safe and clean beaches, and government support and subsidies for fisheries.²⁸

Throughout 2011, local governments struggled with a decreasing income tax base caused by widespread unemployment and outmigration. Local government budgets have decreased significantly since 2007. Currently, 82 percent of income tax collected by the national governments goes to local government budgets, but in 2012, the assigned share will decrease to 80 percent.²⁹ Many municipalities are now faced with the burden of supporting a growing number of residents who rely on welfare, and many impoverished residents are unable to pay their heating bills. Negotiations are underway between the ministries of finance and the new minister of environmental protection and regional development over increasing mandatory contributions to the Municipal Finance Equalization Fund, which transfers money from rich municipalities to poor ones. The city of Riga has always been a reluctant contributor to municipal equalization; now with a substantial budget deficit, Riga

must contribute 10.7 percent of its budget to the fund.³⁰ Under these circumstances, the distribution of EU structural funds has become increasingly contentious. At the 2011 LALRG congress, municipalities lobbied to have one full third of the LV 1 billion promised by the EU for the 2014–20 funding cycle given directly to local governments to address their greatest needs, including poor road conditions.³¹

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.25	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75

Latvia, unlike neighboring Estonia, allowed its Soviet-era judiciary workers to retain their posts after the country gained independence, preserving a culture of cronyism and inefficiency within the court system. Through normal attrition most of these judiciary workers have been replaced by much younger cadres with Western judicial orientation. Moreover, many weak areas of the system have been reinforced or eliminated. The increased salaries and prestige of judges, the active work of anticorruption organizations, and the electronic processing of judgements have also strengthened the efficiency of the court system. A 2011 survey by the Latvian Judicial Training Center (LJTC) reported that 79 percent of citizens who have dealt directly with the court system trust the judiciary. This stands in contrast to the broader public's trust of the courts, which was as low as 36 percent according to a late 2010 Eurobarometer poll. Lawyers polled by the LJTC pointed to lengthy case decision periods, lack of privacy in waiting rooms, and parking as the most serious drawbacks of working in the Latvian justice system.³²

The creation of the Judicial Council in September 2010 has encouraged collective problem-solving and initiative among judicial officers. While caseloads are still considered excessive, new steps have been taken by the Judicial Council to speed up the court process. Small court claims where the sum involved does not exceed US\$3,000 can be processed by correspondence, although a court hearing option remains. Uncontested divorces are now settled by notaries. Notaries have also indicated their readiness to take over all uncontested court cases. Another cause of delayed judgements is the high absentee rates of litigants due to apparent illness. A new regulation of October 2011 requires a doctor's note outlining the particulars of the disability which will be evaluated by the judges concerned. More judges have also been appointed and some transferring of judges from the less burdened land registry courts to district and regional courts was underway at year's end.³³

Despite these improvements, the court system still faces a number of challenges related to its budget. In 2011, administrative personnel in the judiciary received an average monthly wage of LVL 351.6 (US\$703) compared to the national monthly average of LVL 467 (US\$933.70); they have declared willingness to go on strike. Courts in 2011 had to cope with security problems, as local police refused to work because of budget cutbacks and courts had no finances for security guards. The courts

lack the resources to store old documents, and state archives have refused to house them without additional financing. Judges have also expressed disappointment that their salaries have not increased as much as they originally expected. Base salaries for district court judges are fixed at 4.5 times the average income in the state sector with added differentiation for length of tenure and qualification. The sum is small by Western standards—only LVL 1,157 (US\$2,314) a month for a base salary.³⁴

On 3 March, the Saeima elected a new ombudsman, Juris Jansons. Jansons, who boasts a law degree, a masters in economics, and the beginnings of a PhD in sociology, has already raised the visibility of the ombudsman's office by speaking out on controversial or publicity-gathering topics. He has challenged the State Revenue Service for collecting taxes that had not received parliamentary acceptance. He has criticized the raising of electricity rates by Latvenergo, Latvia's biggest state-owned energy company. Beginning in November 2011, the ombudsman's office received funding from the Germany-based Ebert Fund to study emotional aggression and hate speech on the internet. In addition, the ombudsman office has asked the public to discuss the issue of same-sex marriages.³⁵

In October, the constitutional court lifted the immunity of constitutional court judge Vineta Muizniece, allowing the prosecutor general's office to bring criminal charges against her. Muizniece is accused of falsifying documents in her previous position as chair of the Saeima legal affairs committee. Muizniece has been suspended as a judge until a final judgement is made.³⁶

Latvia's 12 prisons, which are old and dilapidated, have also been the subject of ongoing criticism. In men's prisons, 20 to 30 people are crowded together into a single space, creating many internal conflicts. The prison system has witnessed a dramatic drop in its budget allowance, from LVL 36.8 million (US\$73 million) in 2008 to LVL 20.5 million (US\$41 million) in 2010. As a result, there have been cutbacks in food quantities, heating, construction of new prisons, and guard wages. At the beginning of 2011, Latvian prisons held 6,780 inmates or 301 inmates per 100,000 population—a decrease since 2009, when the ratio was 346 inmates per 100,000 population. The rate is very high compared to Scandinavia's, where the averages are below 80, but lower than in the United States (743) or Russia (577).³⁷

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.50	3.25	3.00	3.00	3.25	3.25	3.50	3.25

Increasing frustration with corruption and the influence of oligarchs in parliament was a major theme in public discourse in 2011. When parliament elected Andris Berzins, an ex-banker and member of the Union of Greens and Farmers (a pocket party of oligarch Aivars Lembergs), several public figures and anti-oligarch activists organized a public demonstration called the "Oligarchs' Funeral" in Riga on 8 June.³⁸ The demonstration attracted thousands of participants, reflecting

public frustration with Latvia's slow economic recovery and a growing consensus that the 10th Saeima was ignoring the corruption concerns of its electorate.³⁹

The anti-oligarch mood was echoed in the results of a popular referendum to dissolve parliament in July, which was instigated by outgoing President Zatlers in response to perceived corruption in the Saeima and approved by over 94 percent of voters.⁴⁰ A poll conducted one month earlier also reported that 89 percent of economically active participants agreed oligarchs Ainārs Šlesers, Andris Šķēle, and Aivars Lembergs wielded undue influence over the work of the Saeima, the government, and other state institutions.⁴¹ The snap parliamentary elections held on 17 September ousted Šlesers, a member of the so-called oligarchs' bloc party For a Good Latvia, and largely diminished the representation of the Union of Greens and Farmers.

The newly elected 11th Saeima includes deputies with strong anticorruption credentials. Among these are two returning deputies—former KNAB Director Aleksejs Loskutovs (Unity) and world renowned corruption specialist Rasma Kārklīņa—and also Lolita Cigane of Transparency International Latvia (a.k.a. Delna). Another new deputy, Valdis Liepins, is an articulate and business-savvy deputy in ZRP, known for his anticorruption work on the Riga city council.

The People's Party of Andris Šķēle did not participate in the 17 September elections, having been dissolved in July to avoid a large penalty initiated by the anticorruption bureau KNAB. On 22 September, the Administrative Affairs Senate of the Supreme Court upheld KNAB's decision to fine the People's Party LVL 1.03 million for spending illegal funds on its highly successful "positivism campaign" in 2006. While the fine cannot be collected now, the verdict sent a strong message about illegal party spending and confirmed the Supreme Court's immunity to pressure from oligarchs.⁴²

Leading oligarch Aivars Lembergs, mayor of the port city of Ventspils, also suffered major legal and financial setbacks in 2011. He was charged in the United Kingdom by the co-owners of Latvian shipping company LASCO, for allegedly siphoning large sums of money from their corporation. Though Lembergs declined to participate in court proceedings, pleading illness, on 20 April the High Court of England and Wales froze Lembergs' assets, valued at US\$135 million. A Latvian court also approved the freeze. As a result of missing his first British court appearance, Lembergs was fined an additional £10,000. On 16 November, at a court session involving Lembergs, judges decided to meet several more times in the future to resolve the conflict.⁴³

On 16 June, the head of KNAB Normunds Vilnītis, who had been appointed in March 2009 by Prime Minister Godmanis under questionable circumstances, was dismissed. The dismissal was seen as another major turnaround in the struggle against corruption as Vilnītis was accused of purposely reducing the organization's capacity and seriously damaging its prestige. On 17 November, parliament appointed KNAB Deputy Director Jaroslavs Strelcenoks chief of the organization. Strelcenoks has worked within KNAB since 2005 and is highly respected by his colleagues.⁴⁴

KNAB is funded from the national budget and has therefore lost significant funding since the onset of the economic crisis. In 2011, the organization's annual budget was further reduced to LVL 2.4 million (it was LVL 3.58 million in 2007).⁴⁵ Nevertheless, by October 2011 KNAB had already begun 14 criminal proceedings, the same number initiated in all of 2010.⁴⁶ It also continued its investigation of several ongoing cases, some of which are several years old. The oldest case still pending concerns the September 2003 "digital-gate," where sophisticated operators, led by oligarch Šķēle, allegedly tried to illegally appropriate state shares of the Latvian Mobile Telephone company. Twenty people so far have been charged in the case. Another ongoing case, known as the Ludza contraband case (filed in October 2007) involves 13 customs individuals. The "Latvenergo" case (filed in June 2010) deals with largescale bribery and money laundering.

In February 2011, police made arrests in connection with alleged bribes given to Riga City Council officials by German carmaker Daimler from 2006–08. According to an investigation by KNAB and German law enforcement, Daimler officials paid more than €4 million in bribes to win contracts for supplying Mercedes buses to municipal authorities in Riga. Since early 2010, investigations of similar bribery by Daimler have been pursued in several countries, including Russia, Hungary, Greece, and China. The other widely publicized, ongoing investigation of 2011 was the so-called "oligarch case" built by KNAB and based on secretly taped conversations, confiscated diaries, and 40 raids on the homes or offices of Latvian oligarchs. The case, a complex story involving charges of bribery, money-laundering, and abuse of office. According to the newsportal Zz.lv, Ainars Šlesers had attempted to legalize his previously undeclared property holdings in the Riga Commercial Port through a complex, multilayered scheme involving Andris Šķēle.⁴⁷

As investigations of corrupt activities escalate, so does the necessity to monitor the legality of those investigations. In 2007, members of the Financial Police wiretapped conversations of journalist Ilze Jaunalksne and leaked them to the media, violating the confidentiality of Jaunalksne's sources. After years of legal appeals, three members of the financial police charged in the case were given prison sentences in June 2011.⁴⁸

In June 2011, amendments to the Law on Prevention of Conflict of Interest in Activities of Public Officials entered into force, providing legal protection to government officials who "whistleblow" about conflicts of interest in their institutions. Other small but significant steps were undertaken to lessen opportunities for corruption among customs personnel and border police.⁴⁹ In September, the government passed another new law designed to reduce corruption in politics by limiting illegal campaign donations. As of 1 January 2012, the state will pay an annual stipend to all officially registered parties receiving over 2 percent of the vote. Moreover, individuals tied to large, illegal campaign donations will now face criminal prosecution.

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Lithuania

by Kaetana Leontjeva

Capital: Vilnius
Population: 3.3 million
GNI/capita, PPP: US\$17,840

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Civil Society	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75	1.75
Independent Media	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00
Governance*	2.50	2.50	n/a							
National Democratic Governance	n/a	n/a	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75
Local Democratic Governance	n/a	n/a	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Judicial Framework and Independence	1.75	1.75	1.75	1.50	1.75	1.75	1.75	1.75	1.75	1.75
Corruption	3.50	3.50	3.75	4.00	4.00	3.75	3.75	3.50	3.50	3.50
Democracy Score	2.13	2.13	2.21	2.21	2.29	2.25	2.29	2.25	2.25	2.29

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The year 2011 marked the 20th anniversary of the Soviet military's failed attempt to regain control of the newly independent Republic of Lithuania. Over the past two decades, the country has established a functioning democracy with well-protected political and civil rights and a robust market economy. Lithuania joined the North Atlantic Treaty Organization (NATO) and the European Union (EU) in 2004 and the Schengen visa-free zone in late 2007.

For the past decade, much-needed reforms in the public sector have been slow and corruption has remained widespread. Public trust in major democratic institutions has continued to decline as people feel removed and disregarded in the political process. In 2011, the economy was recuperating after the dramatic economic recession of 2009. Public disappointment with a weak economy and anemic efforts to curb corruption led to an unprecedented wave of emigration. An official census revealed Lithuania's population has shrunk 12 percent during the past decade, more than twice the population drop during the economically difficult period of 1989–2001.¹

The center-right ruling coalition of the Homeland Union–Lithuanian Christian Democrats (HULCD), the Liberal and Center Union (LCU), the Lithuanian Liberal Movement (LLM), and the Rising Nation Party (RNP) survived its third year in power despite the opposition's efforts to replace members of the cabinet. President Dalia Grybauskaitė, who is the country's most popular political figure, toned down her criticism of the government and continued to endorse Prime Minister Andrius Kubilius. The Lithuanian Social Democratic Party (LDSP) won the majority of the year's 27 February local government elections, with the ruling HULCD coming in second place, despite its low approval ratings.

National Democratic Governance. The center-right ruling coalition maintained its focus on economic and fiscal challenges as well as energy independence. The resignation of the minister of economy left the cabinet just two reappointments shy of a dissolution vote by parliament. The president remained the most popular political figure throughout 2011, although she was criticized for piecemeal policy and lack of long-term strategic vision. In late 2011, authorities announced that assets of the Lithuanian Central Bank deposited in the private bank Snoras had gone missing. As a result, the private bank was nationalized, a move that the bank's managers perceived as politically driven. The reform of business regulatory bodies and state-owned enterprises was offset by slow progress in reducing unemployment and bureaucracy, *leaving Lithuania's national democratic governance rating unchanged at 2.75.*

Electoral Process. For the first time in the history of Lithuania's independence, non-party members appeared on proportional representation ballot lists in local government elections on 27 February. Political parties remained the most unpopular public institution in the country, viewed positively by only 3.5 percent of the population. The parliament approved a proposal by the president to ban company donations to political parties. *Lithuania's electoral process rating remains unchanged at 1.75.*

Civil Society. Non-party candidates, many of them members of civic movements, received 5 percent of the total votes in local government elections. Following severe shortfalls in funding during the economic crisis, donations to nongovernmental organizations (NGOs) rose slowly, but NGOs still struggle to find sustainable sources of funding. *Lithuania's civil society rating remains unchanged at 1.75.*

Independent Media. Reduced advertising budgets of private companies have increased mass media's reliance on state institutions for funding, raising concerns over the media's independence. The media sector's recovery from the economic crisis was hampered by increased taxes on journalists' income. Throughout the year, independent media continued to be criticized for presenting one-sided views and lacking investigative depth. In a controversial ruling, a journalist was found guilty of libel for indirectly linking a former presidential candidate to the Soviet KGB. Unable to pay the high fine issued to him, the journalist spent 40 days in jail. *Lithuania's independent media rating worsens from 1.75 to 2.00.*

Local Democratic Governance. In 2011, the central government reduced the portion of total personal income tax revenues allocated to local governments, further undermining their financial independence. Parliament began hearings on a bill that would introduce constitutional amendments in favor of direct mayoral elections. The LDSP won local government elections, with the ruling HULCD coming in second. *Lithuania's local democratic governance rating remains unchanged at 2.50.*

Judicial Framework and Independence. The public continued to perceive the judiciary as insular and lacking transparency; its independence and impartiality were widely challenged in 2011. To deal with the problem of growing caseloads, the Council of Judges will be allowed to evenly distribute court workloads by transferring judges to overburdened courts. The trial against Eglė Kusaitė, accused of plotting a terrorist act in Russia, continued to be shrouded in secrecy and sparked a human rights groups' appeal over possible human rights violations. While reform is slowly being implemented in the judiciary, *concerns over recurring human rights violations keep Lithuania's judicial framework and independence rating unchanged at 1.75.*

Corruption. A new national anticorruption program aims to reduce bureaucracy and introduce e-services, especially for territory planning and construction permits, which are areas most prone to corruption. In the past, similar programs have failed to reach their objectives, and the prospects for the new program's long-term success remain unclear. Violations of official procedures were identified in 63 percent of public procurements investigated by officials in 2010. The government continued reform of regulatory agencies, yet its positive effects on the business environment still remain to be seen. Owing to a lack of visible progress in the prevention of corruption, *Lithuania's corruption rating remains unchanged at 3.50.*

Outlook for 2012. The political scene in 2012 is likely to be dominated by the upcoming parliamentary elections, where the opposition parties are expected to perform better than the members of the center-right ruling coalition. The government is set to focus on energy independence as it pushes ahead with electricity grid deals and plans to build a new nuclear power plant. Unemployment is expected to decline, as the country's economic situation improves. However, continued public disappointment, high levels of corruption, and a lack of long-term employment prospects may fuel continued emigration. The potential for healthcare and court reform is slim as politicians will concentrate their attention on upcoming elections.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75

Throughout 2011, economic and fiscal challenges and energy independence were the focus of the center-right ruling coalition between the Homeland Union–Lithuanian Christian Democrats (HULCD), the Lithuanian Liberal Movement (LLM), the Liberal and Center Union (LCU), and the Rising Nation Party (RNP). Previously marked by polarization and infighting, the work of the coalition was mostly stable during the year.

Minister of Economy Dainius Kreivys resigned in the spring of 2011 after media reports questioned the source of his quickly amassed personal wealth. The media's estimation of Kreivys's wealth was soon proven to be inaccurate; however, new allegations surfaced concerning his allocation of European Union (EU) funds for school renovations to a company co-owned by his mother and previously owned by him. Lithuania's Chief Official Ethics Commission confirmed that Kreivys's decision constituted a conflict of interest, and he was forced to resign after President Dalia Gyrbauskaitė announced that she had lost trust in him. Known for his accomplishments in making the public procurement system more transparent, Minister Kreivys maintained his innocence and accused special interest groups of instigating the scandal because of their discontent with the increasing transparency of public procurement. Kreivys's forced resignation left the cabinet just two reappointments shy of a dissolution vote by the parliament, which is required by Lithuania's constitution once more than half of cabinet members have been replaced.

During 2011, the parliamentary opposition pursued a number of unsuccessful attempts to replace members of the cabinet. Allegations were made against Minister of Energy Arvydas Sekmokas in response to his failure to find a strategic investor for a new nuclear power plant, and against Minister of Environment Gediminas Kazlauskas in response to his slow progress in developing a housing renovation scheme to increase the energy efficiency of apartment buildings. Both cases resulted in a failed vote of noconfidence in the parliament, despite President Grybauskaitė's harsh criticism of Minister Kazlauskas. In mid-2011, Minister of Justice Remigijus Šimašius and Minister of Foreign Affairs Audronis Ažubalis were also threatened with interpellations after the bank account information of Belarusian human rights activist Ales Beliatki was disclosed to his country's government, resulting in Beliatki's arrest. An internal investigation by the Ministry of Justice revealed breaches of protocol and miscommunication among institutions, yet the opposition dropped its pursuit of an interpellation citing unlikely success.

The president remained the most popular political figure throughout 2011 due to her resolve to fight against corruption and monopolies and her reputation as a firm and independent leader. During 2011 she continued to reshuffle top political appointees, bringing in a new chairman of the board for the Bank of Lithuania, a new chairman for the Competition Council, and a new police commissioner general. However, many political analysts continued to criticize the president's piecemeal policy and lack of long-term strategic vision. The president's proposals to reform the residential housing administration and heating maintenance systems were controversial and seen by some as detrimental to residents.

Census data for 2011 reveals a startling rise in emigration, most likely caused by high unemployment, low wages, and disappointment in public administration. Many economists also cite tax increases and slow progress in improving the business environment as reasons for the population decline. In 2011, the government attempted to transform business regulatory bodies into consultative organizations, but no changes were made to improve incentives for legal self-employment. Indeed, some changes undertaken during the year appeared to increase administrative burdens on the self-employed. Hoping to reduce the scope of the shadow economy, the government made a deeply unpopular decision to require the use of cash registers in local marketplaces. Following this change, the number of market sellers working with business certificates decreased by nearly 50 percent.

In November 2011, the Lithuanian Central Bank discovered that significant assets were missing at Snoras, one of the country's largest private banks. In order to stave off bankruptcy, Snoras was nationalized via urgent parliamentary legislation a few days later. Snoras's main shareholders and managers Vladimir Antonov and Raimondas Baranauskas were arrested in London and soon released on bail, with hearings on their extradition to Lithuania set for May 2012. Antonov and Baranauskas maintain their innocence and insist the decision to nationalize Snoras was politically driven. The daily newspaper *Lietuvos Rytas*, in which Snoras holds 35.6 percent of shares, is known for its criticism of Lithuanian authorities, especially the president. On 24 November, Snoras was declared bankrupt. While state investigators continued the search for the missing assets, Snoras's shares in *Lietuvos Rytas* were nationalized, along with all other Snoras assets.

Fiscal consolidation and attempts to curb Lithuania's massive public spending reduced the public deficit from 8 to 6 percent of GDP in 2011. However, the government's efforts to reform Lithuania's bloated state bureaucracy remained ad hoc, and the actual number of bureaucrats was reduced by less than 1 percent during the year.² Faced with considerable opposition to more comprehensive reforms, the government implemented no meaningful institutional and administrative changes, postponing important and widely anticipated decisions on issues such as social security reform. In late 2011, tax increases were once again introduced to fill holes in the budget. With a lack of comprehensive policies to stabilize government spending, public trust in the government remained low, hovering around 13 percent.³

In 2010, Lithuania went from being a net energy exporter to a net energy importer after the closure of the Soviet-era Ignalina nuclear power plant. Although nearly 50 percent of Lithuanians polled considered the construction of a new

plant unnecessary,⁴ in early 2011 the government moved forward with plans for a new plant to be built by the Japanese firm Hitachi. Lithuania still imports most of its electricity and gas from Russia, despite Lithuania's shaky relationship with Gazprom, which owns 37.1 percent of Lietuvos Dujos (Lithuanian Gas). Relations further deteriorated in January 2011 when Lithuania launched a complaint at the European Commission accusing Gazprom of abusing its dominant position to implement unfair pricing and demanded a withdrawal of Lietuvos Dujos leadership. The complaint resulted in an EU antitrust investigation against Gazprom and its affiliates. On 30 June, the Lithuanian parliament also passed legislation that prohibits gas suppliers from owning or operating pipelines in Lithuania, thus giving the state control of all pipelines on its territory. Although the legislation is in line with EU energy market legislation, Gazprom criticized it for being politically-driven. The ongoing feud with Gazprom has resulted in continued price discrimination against Lithuania, which is now charged one of the highest gas prices in the EU. In April 2011, the average European gas price was US\$350 per 1,000 cubic metres, compared to nearly US\$400 charged to Lithuania.⁵

The government's focus on energy independence also caused it to push ahead in electricity grid deals with Poland and Sweden, projects which had been lagging for years. In September, a public tender was announced for the preparation of the technical construction of a grid with Poland, followed by a deal to build another with Sweden in October. Once implemented, these projects will have potential to improve Lithuania's access to energy in terms of cost, safety, and supply. The Lithuanian electrical grid is set to become fully interconnected with continental Europe in 2015.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75

A record-breaking 17,066 candidates competed for 1,526 seats in Lithuania's municipal councils on 27 February 2011. For the first time in a Lithuanian election, non-party members appeared on proportional ballot lists, creating an opportunity for members of civil movements to form coalitions and run as independent candidates. Prominent politicians and businessmen also founded their own coalitions in order to run in the elections.

The candidates represented 23 parties and 35 coalitions, with independent candidates accounting for only 3 percent. Reportedly, more than 40 percent of the independent candidates had previously been party members, suggesting that the inclusion of non-party members on ballot lists did not bring as many new independents or as much political competition as expected. The Lithuanian Social Democratic Party (LSDP) won a majority in 18 cities, receiving a total of 21.5 percent of the votes. HULCD received the second largest percentage of votes (16.3 percent) and won a majority in 11 cities.⁶ The Central Electoral Committee and the police received nationwide reports of vote buying and voter harassment on election

day. However, the incidents appeared to be sporadic, and did not notably affect the fairness of results.

The lifespan for most new political organizations and parties in Lithuania is quite short, as many are prone to unstable ad hoc coalitions, infighting, and weak leadership. In 2011, there were thirty-nine registered parties in Lithuania, one-third of which did not participate in the February elections and five of which failed to win a single mandate.⁷ Political parties remain the most unpopular public institution in the country; they are viewed positively by only 3.5 percent of the population. This figure nearly equals the percentage of citizens with party membership, which stands at 3.4 percent.⁸

The European Court of Human Rights (ECHR) ruled in early 2011 that it was unjust to ban the impeached president Rolandas Paksas from running for public office. Paksas was impeached in 2004 on charges of corruption leading the Constitutional Court to permanently and irreversibly ban him from holding any state office that requires an oath. However, by the end of 2011, the government and parliament were still undecided about how to legally resolve the issue, debating whether a constitutional amendment would be required to introduce a time limit on the ban and if so, what the time limit should be.

In late 2011, parliament passed a law banning both corporate and individual donations to political parties, with the exception of individual donations made during elections. The draft legislation was supported by leaders of two of the biggest parties, who also proposed an increase in state budget support for political parties. At the time, donations to political parties accounted for approximately one-third of all party funding, with another third coming from the state budget and the last third from other sources, including loans and the state-run Stabilization Reserve Fund.⁹

Parliament—which, like Lithuanian political parties, suffers from low levels of public trust—was further discredited in 2011 when its members refused to lift the parliamentary immunity of a deputy embroiled in a corruption scandal. Evaldas Lementauskas was first accused of graft in 2008, but entered parliament in April 2011 after a fellow partymember gave up his seat to become mayor. Public distrust of the parliament is reinforced by countless scandals surrounding parliamentary deputies and their frequent migration between different parliamentary factions.

In May, Prime Minister Kubilius secured his position as HULCD leader despite having a public approval rating of only 11.6 percent. By contrast, Speaker of the Parliament Irena Degutienė's approval rating was 63.4 percent.¹⁰

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75	1.75

With trust in political parties extremely low, civic movements have gained importance and visibility. Non-party candidates, many of them members of civic movements, received on average of 5 percent of the total vote in the 2011 local government

council elections. Among the most notable examples of civic movements' success in local government elections was the performance of Artūras Zuokas's Homeland Revival and Future (TAIP) in the capital city of Vilnius, where it secured 12 out of 51 seats in the local government council. Visvaldas Matijošaitis's United Kaunas movement also performed well in Kaunas, Lithuania's second largest city, with 5 out of 41 seats.¹¹

Nongovernmental organizations (NGOs) may contribute their opinions during the law-drafting process and in recent years, their activities in this area have been more visible and prominent. Crisis-induced budget cuts have mobilized various society groups to organize into associations representing the interests of special groups such as mothers and participants of the second pension pillar.

There are three legal forms of NGOs in Lithuania: associations, public institutions (such as schools, hospitals, and research institutes), and charity or sponsorship funds. Statistics on the number of organizations are ambiguous; the number of officially registered NGOs is far larger than the number of operating entities. At the beginning of 2011, there were 8,769 active associations (up 10 percent from 2010), 2,567 public institutions (schools and hospitals excluded), and 225 charity and sponsorship funds.¹²

A 2 percent tax deduction is available to private individuals who donate to NGOs and this provides supplemental funding to many NGOs. However, a decrease in personal income due to the economic crisis and a cut in the personal income tax rate led to a decline in funding through the 2 percent provision. While the number of recipient organizations increased in 2011, the number of donors decreased for the second year in a row. In 2010, 16,700 organizations received funding from 456,000 donors; in 2011, 17,700 organizations received funding from just 411,000 donors.¹³ The total amount donated decreased from 40 million Litas (approximately US\$15 million) in 2010 to 36 million Litas (approximately US\$13 million) in 2011.

According to official data, donations to charities and sponsorships rose by 5 percent in 2010 compared to 2009.¹⁴ Private companies account for 90 percent of total sponsorships and donations, with 10 percent coming from anonymous donors and private individuals. Sports teams are the major recipient of donations (40 percent), followed by healthcare organizations (12 percent), social care organizations (10 percent), and cultural groups (10 percent). Opinion polls indicate that as much as a third of Lithuanians participate in volunteer work, while an additional quarter does not participate but reports a willingness to do so.

Most NGOs lack permanent sources of income and are facing a decline in funding. In recent years, NGOs have increasingly adjusted their activities to qualify for EU funding, but this drive to attract EU donations has distracted many from their core objectives. NGOs may bid for government contracts, but this practice is uncommon owing to a complex administrative process. Searching for new sources of funding, NGOs are noticeably making more use of social media in their fundraising efforts.

Business associations and trade unions are traditionally the most influential nongovernmental groups in the policymaking arena, although the labor pillar has

been losing influence in recent years. Trade unions are fairly unpopular and passive, although they are granted wide powers and rights by law. Unions sign collective agreements with employers on behalf of all employees, and the labor code requires all employers to comply. However, in most cases, the role of unions is limited to negotiating wages and employee duties.¹⁵

The Lithuanian Confederation of Trade Unions, Lithuanian Labor Federation, and Solidarity are coalitions of labor groups; the Lithuanian Confederation of Industrialists and the Lithuanian Business Employers' Confederation are the country's leading employer organizations. These labor and employer groups together with the government constitute the Tripartite Council, which makes recommendations on national labor policy. Despite its wide powers, the Council has low representation—trade unions claim only about 15 percent of the workforce, while employer confederations represent 1 percent of business enterprises.¹⁶ In recent years, the Council has been widely censured for blocking much-needed liberalization of Lithuania's tight and inflexible employment regulations.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00

Lithuania's media environment has been under severe economic strain for several years, characterized by a dramatic drop in advertising revenues and exacerbated by rising taxes. Because private companies have reduced their advertising budgets, mass media have become more reliant on advertising commissioned by state institutions, raising concerns over media's independence.

Throughout the year, Lithuania's independent media continued to be criticized for partisanship and a lack of investigative depth. Media outlets were clearly divided on issues such as the infamous pedophilia case, while the coverage of political news was often perceived as lacking rigor. Since most private mass media are owned by influential businesspersons or obscure conglomerates, they are widely regarded as representing business interests. Public trust in mass media hovered around 35 percent in 2011, down by 5 percent since 2010 and 50 percent over the past decade.¹⁷

Libel remains a criminal offense, though harsh penalties are rare. In early 2011, Gintaras Visockas, journalist and editor of the internet portal Slaptai.lt, was found guilty of libel for indirectly linking a former presidential candidate to the Soviet KGB. A Vilnius district court sentenced the journalist to a 25,400 Litas fine (approximately US\$10,000).¹⁸ Unable to pay this large sum, Visockas was forced to spend 40 days in jail. The case marks the first time that a journalist has spent time in jail due to a libel-related sentence.

The authorities in Lithuania are also subject to laws regulating libel. In August 2011, Lithuania's Supreme Court found the State Security Department guilty of

libel for detaining the editor of the newspaper *Laisvas laikraštis*, Aurimas Drižius, on suspicion of possessing classified information and ties to the KGB back in 2006. The Supreme Court ruled that the accusations made by the State Security Department were false and threatened Drižius's reputation.

A report released in 2011 by the whistleblower site WikiLeaks alleged that Lithuanian media owners were blackmailing businesses and politicians in order to secure advertising contracts. The report focused primarily on the racketeering practices of the daily newspaper *Respublika*. The editor of *Respublika*, Vitas Tomkus, subsequently filed libel suits against a number of mass media outlets that published articles based on the Wikileaks report, including the daily newspaper *Verslo žinios*, the online news outlets 15Minučių.lt and Delfi.lt, and the president of the Lithuanian Journalists Union, Dainius Radzevičius. Tomkus is the first journalist to make use of the libel law to limit the press freedom of other journalists. The case was widely reported on by the international community, but received limited attention in the Lithuanian press.

Media in Lithuania are privately owned, with the exception of state-owned Lithuanian Radio and Television. The television market comprises 30 broadcasters. The leading national broadcasters are TV3 (owned by the Scandinavian conglomerate MTG), LNK (owned by Lithuania's MG Baltic), and the Lithuanian National Television (LTV1). The number of digital television subscribers in 2011 grew by a fifth compared to 2010, reaching 297,000 households in June 2011.¹⁹ Lithuania is set to make a full transition to digital television by 2012. There are around 50 radio broadcasters in Lithuania and all are commercial except for the Lithuanian National Radio broadcasting. The state-run radio LR1 has the largest audience, comprising 18.6 percent in spring 2011, and Radio Lietus ranks second with 13.1 percent.²⁰

There are 4 national daily newspapers—*Lietuvos Rytas*, *Vakaro Žinios*, *Respublika*, and *Lietuvos Žinios*—and around 70 regional dailies across the country. The *Lietuvos Rytas* Group and *Respublika* Group dominate the newspaper market.²¹ In late 2011, 35.6 percent of *Lietuvos Rytas* shares were transferred to the public sector following the nationalization of the private bank Snoras. Lithuania has no sector-specific regulation of media ownership concentration, but legislation on competition sets a general limit at 40 percent market share, implying no single business group can gain a dominant market share and exert unlimited influence.

The internet continued to grow in importance in the media market in 2011. In spring 2011, a total of 56 percent of Lithuanian households were connected to the internet and 61 percent of the population were regular users, a slight increase over the previous year. Household surveys revealed that online reading of newspapers and journals was one of the most popular uses of the internet, accounting for 89 percent of internet use in 2011. News portals in Lithuania's extensive online media market competed intensively over quality and quantity of information, also expanding their video materials. The use of social media has also expanded rapidly in recent years; nearly 46 percent of Lithuania's internet users had Facebook accounts in 2011.

Social security contributions paid by journalists increased in 2011 for a third consecutive year. Prior to 2009, journalists were excluded from paying taxes into the state social security system. Since 2009, the income of journalists and other independent workers, such as authors and painters, is taxed with social security contributions, which reached 34 percent in 2011. The government maintains that this increase provides journalists with the same benefits as regular employees. The advertising market expanded by 5 percent in 2011, with 12 percent growth in internet advertising, modest growth in radio (4 percent) and TV (6 percent), and no change in newspapers' advertising revenues.²² Print media has fared worse than television as leading national newspapers *Lietuvos Rytas*, *Lietuvos žinios*, *Verslo žinios*, and *Diena Media News* continued to report losses in 2010.

In addition to state budget resources, state-owned media institutions can make use of EU funds to employ private public relations (PR) companies to make advertising contracts with mass media. In 2011, the Public Procurement Office (PPO) halted numerous PR-related public procurements because the requirements were tailored in such a way that ensured the contracts would be allocated to specific mass media outlets.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50

In October 2011, parliament began hearings on a bill on constitutional amendments to institute direct mayoral elections. At present, mayors are elected by municipal councils whose members are chosen in general elections. The move to popularly elect mayors has been debated for several years, with some parties opposing it on the grounds that administrative powers of directly elected mayors were not clearly defined. The change is also likely to cost some parties significant influence in local government.

Public confidence in local government is undermined by politicking, graft, and mismanagement by local authorities. Before the February 2011 local elections, just 18 percent of the population expressed confidence in municipal councils;²³ however, by the end of 2011, the number had risen to 26.7 percent.²⁴ Municipal councils are viewed as lacking accountability to their electorate, and often disregarding residents' opinions.²⁵ Their budgets are composed of central government subsidies (accounting for about half of municipal budgets) and revenue collected from personal income tax, property and land taxes, and local fees.

The financial independence of local governments is limited. Central budget allocations account for about half of municipal budgets, with the remaining portion coming from independent municipal revenues. A large share of municipalities' independent proceeds goes to the central government wage fund and utility payments, so in reality municipal councils are free to distribute less than one-tenth

of municipal budgets.²⁶ In the national budget, the portion of total personal income tax revenue allocated to local governments dropped from 73.5 percent in 2010 to 61.6 percent in 2011, and is set to be reduced to 57.1 percent in 2012.²⁷

There are wide regional disparities in local government revenues, which are leveled through revenue transfers among municipalities. Cities with higher personal income tax rates are net donors as they are required to give up a larger share of these revenues, while poorer regions become net recipients. In effect, the central government decides on a different share of personal income tax revenues for each municipality, thus undermining their independence from the central government. The situation is particularly serious in the capital city of Vilnius, where the budget receives only 40 percent of personal income tax, with the other 60 percent being redistributed among other cities. Despite a lower share of revenues, Vilnius is required to perform functions unique to the capital. In 2011, debts of Vilnius municipality and municipality-owned enterprises reached almost 1 billion Litas (approximately US\$400 million), the size of their yearly budgets.²⁸

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.75	1.50	1.75	1.75	1.75	1.75	1.75	1.75

Lengthy investigations, trials, and occasional corruption scandals in the judiciary have damaged the reputation of Lithuania's court system. Throughout the year, discussions continued on reforming the prosecution service and state security with a view toward making them accountable to the government, rather than the president, but no tangible progress was made.

The public perceives the judiciary as insular and lacking transparency; its independence and impartiality are widely challenged. In 2011, around half of the population distrusted the courts.²⁹ A new national anticorruption program, set for implementation in 2013, hopes to increase judicial transparency by computerizing the system of allocating lawsuits to judges and publishing information and documentation of court proceedings online. In 2011, a number of judges were embroiled in scandals over forging signatures on court materials and working under the influence of alcohol. In 2010, the Judicial Ethics and Discipline Commission, an institution that adjudicates disciplinary cases within the judiciary, undertook hearings on 114 of Lithuania's 779 judges. The Judicial Court of Honor, another institution that handles disciplinary cases, examined 11 cases that resulted in 8 guilty decisions and the removal of 4 judges from office.³⁰

The number of lawsuits in Lithuania has grown considerably over the past few years, especially civil suits. The proliferation of civil suits is associated with company bankruptcies, business restructuring procedures, and the recovery of liabilities brought on by the economic crisis.³¹ The number of administrative cases almost doubled from 2007 to 2010, during which period the workload of judges grew by

an average of 27.8 percent annually.³² In an effort to address the problem of case backlogs and overburdened courts, parliament passed a bill in 2011 allowing for the transfer of judges between courts to accommodate those with heavier workloads. Further legislation was passed to encourage out-of-court settlements by removing bureaucratic barriers, addressing the fact that only 2 percent of all civil suits filed are settled before trial.³³

Throughout 2011, the court continued to conduct a controversial trial involving a young Lithuanian female Muslim convert, Eglė Kusaitė. Kusaitė was detained in late 2009, accused by Lithuanian prosecutors of plotting a terrorist act in Russia. While in custody in 2010, Kusaitė reported physical and psychological abuse by Lithuanian authorities and Russian security officials, who were allegedly allowed to take part in a pre-trial investigation. The Lithuanian prosecution concluded that the suspect's complaint was not supported by any objective records and refused to investigate it. Throughout 2011, a number of new charges were brought against Kusaitė, including claims that she had threatened the former lead prosecutor in her case and falsely reported abuse while in detention. Human rights groups have appealed to the Lithuanian president and the speaker of the parliament over possible human rights violations, claiming that the court, the prosecution, and the State Security Department jointly operated without an adequate system of checks and balances. The case against Kusaitė continues to be shrouded in secrecy, which has been reinforced by the court's decision against holding a public trial.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.75	4.00	4.00	3.75	3.75	3.50	3.50	3.50

In June 2011, parliament approved a new, updated national anticorruption program for 2011–14. The new program focuses on clear-cut objectives and measurable criteria for a more accurate assessment of anticorruption efforts than the government's previous programs have produced. One of the central aims of the new program is to reduce bureaucracy and introduce e-services, especially for territory planning and construction permits, which are areas most prone to corruption. The updated program will usher in new rules to facilitate greater transparency in the drafting of related legislation and the granting of permits. For example, all draft bills will be required to indicate the original initiators of the bill in the version submitted to parliament. The program also introduces procedures for increasing efficiency in the judiciary and improving central control of public procurements. However, the prospects of the program's long-term success are unclear since nearly a quarter of the program's tasks are set to be implemented in 2013–14.

The current center-right coalition has been vocal about reducing corruption in the area of public procurement, with some visible changes since 2009. In February 2010 the PPO began online publishing of all reports and decisions of purchasing

organizations. In 2010, the PPO investigated 1,016 public procurements, identifying violations of official procedures in roughly 63 percent. Public institutions' directors are not held personally liable for procedural violations, and penalties for violators are disproportionately low compared to the value of the public tenders. The number of public tenders carried out through the centralized online public procurement system has risen in recent years, but remains relatively low at 2.5 percent.³⁴

Public officials and civil servants were perceived in 2010 as being among the most corrupt actors in Lithuanian society, though more trusted than political parties, the parliament, or the judiciary.³⁵ Almost a third of respondents admitted that they or members of their households had given a bribe in some form over the past 12 months.³⁶ In late 2011, parliament passed a law banning company as well as individual donations to political parties. Individual donations are only permitted during elections. Critics of the law fear that this measure may increase the likelihood of illegal donations.

Businesses in Lithuania are burdened with onerous reporting regulations that amount to some 900 requirements in the areas of corporate, labor, and tax law, statistics, and consumer protection, and another 1,200 in vertical sectors of the economy, such as transport, finance, trade, and construction.³⁷ In 2011, there are about 63 regulatory agencies in Lithuania, and over 300 permissions or licenses required.³⁸ A revision of business protection procedures coupled with functional and institutional mergers was launched in 2009 aiming to prevent abuse, excessive interventions, and unjustified penalties for businesses. However, by the end of the 2011, a study commissioned by the Ministry of Economy revealed the administrative burden had decreased by only 0.6 percent since 2009. Another survey indicated that it even increased by 4 percent in 2009 and 2010.³⁹ In September 2011, nine regulatory agencies signed a declaration promising to consult rather than penalize businesses in their first year of operation.

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Macedonia

by Ljubica Grozdanovska Dimishkovska

Capital: Skopje
Population: 2.0 million
GNI/capita, PPP: US\$11,070

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	3.50	3.50	3.00	3.25	3.25	3.25	3.50	3.25	3.25	3.25
Civil Society	3.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Independent Media	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.50	4.75
Governance*	4.50	4.00	n/a							
National Democratic Governance	n/a	n/a	4.00	3.75	3.75	4.00	4.00	4.00	4.00	4.25
Local Democratic Governance	n/a	n/a	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Judicial Framework and Independence	4.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00
Corruption	5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00	4.00	4.00
Democracy Score	4.29	4.00	3.89	3.82	3.82	3.86	3.86	3.79	3.82	3.89

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Macedonia's June 2011 parliamentary elections gave Prime Minister Nikola Gruevski and the ruling Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO-DPMNE) a renewed mandate after five years in power. The Democratic Union for Integration (DUI), representing parties from the country's Albanian minority, is regarded as a silent partner, though they appear to disagree on some key issues, including the European Union (EU) and North Atlantic Treaty Organization (NATO) integration processes, the dispute with Greece over Macedonia's constitutional name, and the "Skopje 2014" urban renewal project that has been criticized for promoting Macedonian patriotism at enormous expense to the national budget.

The name dispute with Greece—which dates to Macedonia's independence from Yugoslavia in 1991—continued to stall the country's progress in joining NATO and the EU. Greece views the use of "Macedonia" as an impingement on its own province of the same name, pushing Macedonia to adopt "the Former Yugoslav Republic of Macedonia" for its international identity. Throughout 2011, long-running international mediation efforts continued, but Macedonia's position was bolstered in December when the International Court of Justice at The Hague ruled that Greece had violated a 1995 interim agreement in the name dispute by vetoing Macedonia's NATO membership in April 2008.

Meanwhile, Macedonia's government was heavily criticized for its handling of media and speech freedoms. Most of the criticism originated from the behavior of the authorities in launching tax investigations of the national television station (A1 TV) and three newspapers (*Vreme*, *Spic*, and *Koha e Re*) that led to their closure. Additionally, governmental spending in media campaigns and its strong influence on the overall media market, including the Broadcasting Council, drew criticism from human rights and press freedom organizations.

National Democratic Governance. Prime Minister Gruevski responded with outrage to international and especially European Commission criticism of his government's stalled reforms, accusing the Commission of inventing pretexts for exerting pressure on Macedonia over the naming issue with Greece. The main reason for this was the Commission's avoidance of the use of "Macedonian" in the progress report that was published in October 2011, using only "Former Yugoslav Republic of Macedonia," the country's international identity. In general, the year was characterized by a dearth of political dialogue over the name issue, Macedonia's EU and NATO accession, media freedom, the economy, rule of law, and the controversial "Skopje 2014" project. The largest opposition party, the

Social Democratic Union of Macedonia (SDSM), staged a boycott of parliament in January 2011, triggering the country's second early elections in three years six months later. SDSM had hoped to dent the VPRO-DPMNE-DUI coalition's absolute majority in parliament, which gives them a free hand to pass laws and constitutional amendments without considering opposition or public sentiments. *As a result, Macedonia's national democratic governance rating declines from 4.00 to 4.25.*

Electoral Process. The early parliamentary elections were conducted peacefully and without any major incidents. Macedonia's diaspora got an opportunity to vote for the first time since the country's independence in 1991. However, the financing of political parties in Macedonia is still a gray zone and despite efforts to bulk up the country's laws on campaign funding and transparency, there are concerns that parties still manipulate and circumvent the laws, such as through the use of advertising money to prod the news media to give preferential coverage. *Macedonia's electoral process rating remains at 3.25.*

Civil Society. Nongovernmental organizations (NGOs) and other civil society actors are politicized and polarized, undermining their advocacy and oversight roles. For instance, organizations with compatible goals support completely different measures depending on their relationship with the largest parties in the country, the VMRO-DPMNE and SDSM. New NGOs have formed with the apparent mission of praising the government and ruling coalition, while another set of organizations exists to support the SDSM. Nevertheless, two causes in 2011 rallied significant support and uncharacteristic cooperation among civil society activists. One case involved protests over apparent police involvement in the death of a 21-year-old man, and in another case, 45 youth organizations united against a law giving the government supervisory power over youth councils. The outpouring of opposition forced the government to withdraw the proposal. *Macedonia's civil society rating remains at 3.25.*

Independent Media. Media ownership is highly concentrated and heavily tied to politics. Editors and journalists face increasing political pressure and intimidation, resulting in widespread self-censorship. Amendments to the Broadcasting Council Law in 2011 increased the number of appointees from government-controlled bodies. A1 TV, a station known for challenging the current government, faced tax investigations and was forced to declare bankruptcy and shut down in July. Three pro-opposition newspapers (*Vreme*, *Spic*, and *Koha e Re*) were closed for alleged non-payment of taxes, while tough economic conditions forced one political weekly and two other magazines out of the market. The chairman of the newly formed Journalists' Union was fired under unclear circumstances. As a result of growing pressure on Macedonia's independent media, *the country's independent media rating worsens from 4.50 to 4.75.*

Local Democratic Governance. Important decentralization reforms and other issues designed to give local authorities more power received less attention than national governance issues in 2011. Still, the central government compelled local authorities to carry out laws on land privatization and regulating the status of housing projects that were built perviously without permits. Some progress was made in the areas of property tax collection and coordination between local and central governments. Additional efforts are required to ensure the financial stability of the local governments, some of which face serious budget challenges despite bearing greater responsibilities. *Macedonia's local democratic governance rating remains at 3.75.*

Judicial Framework and Independence. The government in 2011 passed an amendment governing the membership of the Minister of Justice on the Judicial Council, a body whose main function is to ensure neutrality and independence of the judiciary. Under the amendment, the minister may belong to the council but is barred from voting on the nomination of judges to higher courts. The establishment of a new Higher Administrative Court was welcomed as a step to reducing often extensive delays in processing cases challenging decisions by state institutions. Though progress has been made on paper, there were several cases where the judicial system failed to display independence or impartiality. *Macedonia's judicial framework and independence rating remains at 4.00.*

Corruption. Macedonia has strong anti-corruption laws, but implementation is lacking. The government's efforts to combat corruption in 2011 were confined to minor legislative adjustments aimed at improving the judicial system's efficiency. These included the introduction of shorter or more precise deadlines in judicial procedures and the simplification of procedures. There was little progress made in making political campaign financing more transparent. *Macedonia's corruption rating remains at 4.00.*

Outlook for 2012. A solution to the name dispute with Greece does not appear imminent despite its importance in clearing a hurdle to Macedonia's membership in NATO and eventual accession to the EU. Weak and politically influenced news media and civil society organizations—which could play an important role in fostering dialogue on economic and human rights problems, and shedding light on political corruption—could continue to hamper democratic progress in Macedonia. The country's main opposition party has so far failed to create a strong alternative to the ruling coalition, having suffered repeated defeats at the polls, which means there is unlikely to be any realignment of power.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.00	3.75	3.75	4.00	4.00	4.00	4.00	4.25

Throughout the year, the coalition government led by Prime Minister Nikola Gruevski invested heavily in a massive urban renewal program known as “Skopje 2014.” The controversial project that began in 2010 includes monuments commemorating Macedonian national heroes and revolutionaries. Contributing to the controversial nature of the project is that there is no accurate information on how much the project will cost. The main opposition party, the Social Democratic Union of Macedonia (SDSM), claims the cost will be €200 million, while in 2010 the government announced they would spend €80 million. The website of the Public Procurement Bureau, part of the Ministry of Finance, shows some project costs well exceeded estimates; for example, the original contract cost of a theater project was €4.5 million while the project annex puts the real costs at an estimated €30 million. Public criticism of the project is not allowed.¹ The project includes the construction of 20 large statues and over 100 small ones, the purchase of 220 double-decker city buses and new, patriotic civic buildings and museums. Critics say it is too expensive and distracts from more pressing problems, including an unemployment rate of more than 30 percent and major roadblocks to European Union (EU) accession. One international nongovernmental organization (NGO) claims that the “state-sponsored nationalism” of the current government “is dividing Macedonians unhealthfully between ‘patriots’ and ‘traitors,’ irritating Albanians and discouraging Macedonia’s friends in the EU.”²

The government failed twice in carrying out a national census, a decade after the last count ended in doubts about its accuracy, especially from Albanians who contend that it did not accurately reflect minority populations and those who do seasonal work outside the country during the summer months. Albanians are the second-largest ethnic group in the country, comprising about one-quarter of the population.

Even before the second failed attempt in October, Census Committee Chairwoman Vesna Janevska resigned, stating that she feared falsification and suggesting she was under significant pressure from her colleagues of different ethnic communities. A new chairman was nominated and the census operation resumed but was again canceled in a dispute over methodology just four days before it was supposed to be completed.³ The failure of the census reflects the depth of the governance problem and a continued lack of national unity.

The European Commission’s (EC) progress report on Macedonia triggered a strong reaction in Macedonia when it was published in October, mostly because

it used “Former Yugoslav Republic of Macedonia” throughout and the adjective “Macedonian” was not used at all. Prime Minister Gruevski fired back at the international community and the EC for unfairly criticizing his government’s performance, saying the name dispute with Greece was creating inappropriate pressure on his country.

Fears that postponing Macedonia’s EU and North Atlantic Treaty Organization (NATO) accession would decrease the tempo of democratic reforms spread among government and opposition parties in 2011. Macedonians were once wildly enthusiastic about EU membership but some NGOs reported that EU skepticism is rising.⁴ According to Macedonia’s European Education Center, this is partially because Macedonia was without an EU ambassador for more than six months after Peter Sørensen left to become EU ambassador to Bosnia and Herzegovina in May. A poll published by the daily *Nova Makedonija* showed the public is equally divided over trust in the EU, with 48.8 percent of those surveyed saying they have trust in the EU, while 49.3 percent do not.⁵

There are sharp divisions in politics as well. The main opposition party SDSM launched a boycott of the National Assembly in January 2011 with SDSM leader Branko Crvenkovski accusing the government of blocking the bank accounts of A1 TV and the newspapers *Vreme*, *Spic*, and *Koha e Re* on grounds of alleged tax evasion. All four are controlled by the controversial media mogul Velija Ramkovski.

During the boycott—which ended when elections were held on 5 June—parliament passed 142 laws between 6 and 26 April (though the EC reports it was over 200 laws⁶) with a slim majority of votes from 68 MPs.⁷ The EC states that the boycott hampered the functioning of the parliament and therefore governance. While the amendments passed included positive measures such as increased limitations on campaign spending and provisions aimed at addressing common forms of electoral fraud, some new laws were highly controversial, including changes to the Lustration Law requiring journalists, professors, and NGO activists to be checked for a possible history of collaboration with the Yugoslav secret service during the Communist era.⁸ In September, this amendment empowered the government to remove the president of the Constitutional Court on grounds that he had been an informant; he was replaced with a former Gruevski adviser.

Other controversial legislation passed during the boycott included a law endorsing formerly illegal building projects being carried out on archeologically significant sites.⁹ Regulations passed just two months before the 5 June elections allowed Macedonians living abroad to vote, which gave the ruling party a significant advantage since it enjoys great popularity in the diaspora population. Finally, the government passed amendments to the Law on Higher Education that requiring regular quality assurance assessments and imposing fines for failure to hold to certain standards. This law was unpopular with the opposition, but is reportedly in line with the praxis established in the European Higher Education Area.¹⁰

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.00	3.25	3.25	3.25	3.50	3.25	3.25	3.25

The second early elections in three years, held on 5 June, put a dent in the ruling Internal Macedonian Organization–Democratic Party for Macedonian National Unity’s (VMRO-DPMNE) parliamentary majority. Following its parliamentary boycotts, SDSM picked up 15 seats for a total of 42 in the 123-member National Assembly, but VMRO-DPMNE still led with 56 seats while its Democratic Union for Integratio (DUI) coalition partner held 15.¹¹ The vote marked the SDSM’s fifth straight loss to VMRO-DPMNE (three parliamentary elections, the 2009 local elections, and the 2009 presidential election).

SDSM began pushing for early elections in 2010—two years after the last parliamentary contest—but relented as it became apparent from public opinion polls that Gruevski and his VMRO-DPMNE might benefit from the vote, which would extend their mandate to 2015. At the end of November 2010, a new dispute erupted between the country’s main political forces over the apparent targeting of opposition-oriented media in tax evasion cases. Citing outrage over the tax probes, SDSM led an opposition boycott of the National Assembly in late January 2011, petitioning the United States and the EU for help, insisting on early elections. The date for the new elections was finally set in April, after the SDSM abandoned its additional demands for reforms of the electoral process. Specifically, the Social Democrats had asked for a revision of voter lists and electoral districts in order to limit fraud, as well as a law that would prevent the government from favoring some news media by directing all its advertisement money to them.

During the SDSM-led opposition boycott, the Gruevski government made a large number of other changes to Macedonia’s electoral code. Among the new amendments passed by a slim majority of 68 members of parliament (MPs) on 2 April was a provision creating three new seats in the National Assembly for the country’s diaspora, who had sought representation for many years. Other amendments increased limits on campaign spending and other provisions aimed at combatting fraud.

A total of 1,119,889 people voted in Macedonia’s 5 June election. Of these, the Election Commission registered 1,088,843 valid votes. Using their new right of absentee voting, 4,771 Macedonians abroad cast ballots—2,901 from Europe, 1,106 from the Americas, and 764 from Australia. On 5 June, all three seats filled by the diaspora vote went to representatives of the VMRO-DPMNE. Macedonia has a population of 2,055,005, according to the State Statistical Office.¹² The country has a large diaspora community, some of them seasonal workers, and the census that was scheduled in 2011 but cancelled sought to clarify their total since there is no accurate number of how many Macedonian citizens live abroad. The three new parliament members representing the diaspora give some round statistics. According to their projections, there are 150,000 Macedonian citizens living in

Canada, 150,000 living in the United States, 84,000 in Australia, but unofficially, the figures are thought to be far higher.¹³

The electoral campaign was heated, with SDSM accusing VMRO-DPMNE of misusing state resources to influence voters, and VMRO-DPMNE firing back with accusations that SDSM was acting irresponsibly and damaging the country's reputation. Observers from the Organization for Security and Cooperation in Europe (OSCE) expressed concerns about a possible increase in voter intimidation and election-related irregularities, as voter intimidation was also the biggest problem noted in the 2009 elections by the OSCE's election monitoring team.¹⁴

In May, the pro-opposition A1 TV released written documents and audio recordings incriminating VMRO-DPMNE of bullying civil servants into providing the ruling party with lists of up to 25 guaranteed voters each. A few of the lists A1 TV reported to have had obtained were delivered to the Public Prosecutor, the Electoral Commission, the anticorruption commission, and international representatives in the country. VMRO-DPMNE responded with similar accusations against SDSM, though people on both party lists denied being pressured into voting one way or another.

During the campaign, VMRO-DPMNE dominated media advertising and social networks, while the opposition SDSM opted for a more personal approach, door-to-door campaigning. SDSM's platform and VMRO-DPMNE's "Manifesto for reforms and development"¹⁵ were similar, including priorities such as accession to the EU and NATO, economic development, and better interethnic relations.

Campaign financing is still a gray area despite efforts to shed light. A 2004 law defined the activities that political parties were allowed to undertake to generate income and defined permissible levels of financing from membership fees and donations. However, campaign funding reports often fail to define the origin of the donations and the parties are not fully transparent in identifying sources of financing. The 2004 electoral law has been amended several times, with the last changes coming in October 2011 aimed at increasing transparency and more precisely defining what information political parties must reveal in their campaign reports.

But problems persisted. In October, the new chairman of the anticorruption commission, Vojce Zafirovski, accused private television stations A1, Sitel, and Channel 5 of illegally contributing to their preferred parties' election campaigns through extensive free airtime and discounted advertising. Zafirovski also said the largest opposition party, SDSM, presented a bank loan as a donation, which is in conflict with the law. The anticorruption commission announced that criminal charges would be filed against A1 (although it was already off-air and under investigation for tax evasion), SDSM, and Plus Production (the company owned by Velija Ramkovski, who ran A1 TV and the closed *Vreme*, *Spic* and *Koha e Re* newspapers) because they were late filing financial documents and purportedly falsified some information given in them.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25

Under current law, anyone can form a civil society organization in Macedonia. However, like the government, Macedonia's civil society sector is politicized and polarized. Organizations or movements with compatible goals support completely different measures depending on their relationship with the leading political parties. Many new NGOs have been formed with the apparent mission of praising the government and ruling coalition, while another set of organizations exist to support the SDSM. The inability to cooperate and find common ground is a substantial barrier in the development of the civil sector and its role in fostering dialogue and advocating for the rights of the disenfranchised. Moreover, the obvious political affiliations of civil organizations damage their public image.

A 2011 report by the World Alliance of Citizen Participation noted that one of the main challenges facing Macedonia's civil society is public perception.¹⁶ Tension-filled relationships with the government and inadequate access to funding and insufficient capacity are also seen as key obstacles for the development of the NGOs.

Civil society organizations are less integrated into the lives of the public than political parties, which limits their impact. An April 2011 study done by the Macedonian Center for International Cooperation shows that religious communities, unions, and civic organizations fail to attract the interest of citizens in the manner that the political parties enjoy. Some 37.5 percent of the surveyed population are members of some political parties. Unions and civic organizations attract almost identical interest from the population, with 24 percent of those surveyed answering positively on the question of being a member of a union or an NGO.¹⁷

Local experts predict decreased access to international funding in 2013, indicating that NGOs should become more proactive in seeking out new funding opportunities at home and abroad. The 2010 Law on Associations and Foundations allows all civic organizations to have activities that generate income, such as sales and marketing of goods. According to the law and to the Macedonia-based Project for Technical Assistance (TAKSO), this requires more experience with networking than many NGOs and their employees have.

As a rule, Macedonian media cover topics connected with civil society activities only when there is an organized debate on a pending piece of legislation, a press conference called by an NGO, or a sensational topic. In other words, there is little interaction between NGOs and journalists to provide NGO viewpoints as a way to balance news stories or to tap independent expertise.

NGOs did have some success stories. The death of 21-year-old Martin Neshkovski, whose body was found on Skopje's main square at the VMRO-DPMNE victory rally after the June election, sparked a public outcry amid accusations that

police were involved. Social networking sites Facebook and Twitter were used to call rallies against what organizers said was unchecked police brutality. It took two days for police to confirm the man's death and admit police involvement. The perceived attempt to cover up the crime prompted protestors to organize rallies throughout the second half of 2011, demanding increased police accountability and oversight, and justice for Neshkovski.¹⁸ The police officer accused of killing Neshkovski was still on trial at year's end, and protests led by youth groups like "Stop Police Brutality" and a citizens' initiative—"For better society through civil activism and reform of the Ministry of Internal Affairs"—were ongoing.¹⁹

Probably the biggest success story of civil society in 2011 was the withdrawal of the proposed new Law on Youth. The draft law would have given the State Youth Council 27 to 29 members of which 13 were to be nominated by the government.²⁰ Protests led by 45 youth organizations, claiming that it would give the government excessive control, forced the government to withdraw the proposal, saying it will first conduct "further consultations about its content with youth NGOs."²¹

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.50	4.75

Macedonian journalists face an economically and politically challenging environment. A historic lack of willingness to work together for better professional standards compounds the obstacles, though there has been some progress on this front. In 2011, amendments to the Law on the Broadcasting Council increased the number of appointees from government bodies on the independent and non-profit regulatory body, which adjudicates a broad range of issues related to media freedom and competition. The amendments were adopted without public debate and without consulting the Broadcasting Council.

A protest organized in July by the Association of Journalists and the Independent Union of Journalists sought to present the dissatisfaction of the overall conditions regarding journalists' rights, employment, and press freedom. Marching under the motto "Solidarity," representatives from the Association and the Union of Journalists said they organized the protest because two journalists from the daily newspaper *Utrinski vesnik* were fired for allegedly speaking openly about speculation that their employer, Media Print Macedonia (MPM) (which also owns the *Dnevnik* and *Vest* newspapers), would begin to furlough workers. At that time, MPM was owned by the German media group WAZ.

Journalists also protested over working conditions. It is not unusual for journalists to go for months without pay, to work full-time in part-time positions, or to be paid in cash, without benefits. The protest was supported by the International Federation of Journalists (IFJ) and its member, the European Federation of Journalists (EFJ). "Macedonian journalists are under tremendous pressure from politicians and media owners and recent events show that the country reached a

point where it's simply becoming unbearable to work freely in journalism," said IFJ President Jim Boumelha.²² Reporters Without Borders reacted as well, expressing concern about the decline in respect for press freedom in the country.²³

Representatives from Vienna-based South East Europe Media Organization (SEEMO), an affiliate of the International Press Institute, visited Macedonia in October 2011 to investigate complaints about political and economic pressure on media organizations. The press freedom group's representatives met with Macedonian President Gjorgje Ivanov, Prime Minister Nikola Gruevski, and other representatives of the government; the head of the OSCE Mission; the Austrian Ambassador in Macedonia; and more than 30 journalists, editors, and media owners. In a report released after the visit, the organization noted that the media environment is partially free but that economic and legal pressures on journalists induced self-censorship.

One of the most high-profile media cases of 2011 unfolded in January, as prosecutors blocked the bank accounts of the critically oriented nationwide television station A1 and three daily newspapers—all part of Plus Production, one of the best know media groups in Macedonia. By summer, A1 and the *Vreme*, *Spic*, and *Koha e Re* dailies had been closed after the Public Revenue Office ordered immediate payment of over €1 million in taxes. Plus Production is run by Velija Ramkovski, a media mogul who has been in detention since December 2010, awaiting the end of his trial on charges of tax evasion and money laundering. Ramkovski claims that the case against him is politically motivated since he had openly criticized the ruling VMRO-DPMNE and Prime Minister Gruevski.

On 31 August, three more publications closed due to financial reasons—the weekly *Forum*, *Life* magazine, and the tourist magazine *Free Time Guide*, all owned by the Macedonian Seavus Group. The employees were not informed in advance about the impending closures.²⁴

Also during the summer, the president of the Independent Union of Journalists, Tamara Causidis, was fired from the privately owned Alsat-M TV. While her employers said her departure was based on a mutual agreement, Causidis said that the signature on her resignation letter had been forged and that she had been sacked for being active in the union, established in November 2010 to help journalists with legal expenses and to ensure their labor rights. Unfortunately, interest in this union among journalists during 2011 was low. Political divisions among journalists seem to be the key reason for the lack of effectiveness of the Union, the Association of Journalists, and similar organizations.

Defamation remains a criminal offense in Macedonia, and cases against journalists are widespread, often resulting in ruinous fines. As in the previous year, the majority of the lawsuits were filed by politicians, although judges, municipal officials, businesspeople, and media owners were also among the plaintiffs. In mid-October, a court in Skopje ordered Jadranka Kostova, editor of the daily *Fokus*, to pay €15,000 for slandering former Foreign Minister Antonio Miloshoski, who is now a VMRO-DPMNE lawmaker. The primary court in Skopje found Kostova guilty because the headline of her article, "How drivers' associations become family

businesses of Antonio Miloshoski,” harmed Miloshoski’s reputation. In another case against the same newspaper, *Fokus* owner Nikola Mladenov was ordered to pay a total of €40,000 in penalties for reporting that former Prime Minister Hari Kostov and opposition leader Branko Crvenkovski had “big” accounts in Swiss banks. The fine against Kostova is one of the biggest penalties against a Macedonian journalist in a defamation case.

Both the OSCE Mission in Skopje and the EC’s progress report raised concerns about the media environment in the country. The OSCE believes that news media critical of the government have been targeted by the authorities and urged them to ensure media pluralism and transparent investigation.²⁵ The EC expressed concern that media with ties to the ruling parties were favored when it came to government advertising.

There were positive developments, including the launch of the new union, growth of internet media, and the effectiveness of journalistic blogs. Nevertheless, journalists face tall economic hurdles, government interference, and have little professional support and few legal protections, an atmosphere that undermines the media’s important watchdog role.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75

The VMRO-DPMNE and DUI coalition—which won a majority in the city government of Skopje and 56 of 84 municipal governments in 2009—placed limited emphasis on decentralization reforms and other local issues in 2011. At the same time, some issues on the national government’s agenda directly affected local governance and required substantial attention and resources, for example the privatization of property²⁶ and a project for the legalization of previously illegally constructed buildings on sites of architectural significance. There was high demand and preparedness for carrying out these measures varied widely.

Generally, some improvement of local democratic governance in 2011 can be noted. Regarding the financial stability of local governments, efforts were made to secure sources of funding, mostly through increasing the share of VAT transferred to the municipalities, which reached 3.7 percent as a result of the legislation amendments from 2010, with a gradual increase of the VAT share to 4.5 percent by 2013.²⁷ Additional encouragement was given to the authorities to collect property taxes to help fund local government operations. The collection of these taxes increased by three times in the period from 2006 to 2010, according to a final report prepared by the US Agency for International Development at the conclusion of its local government support project.²⁸ Five more municipalities entered the second phase of fiscal decentralization in 2011, which means that only 5 of the 84 municipalities still have some work to do before gaining greater fiscal independence.

One of the most important improvements was the coming into force of the Law on Management of State-owned Land starting in July.²⁹ The law gives local leaders the means to stimulate development and investment by renting, selling, or developing state-owned property. Though the start of the implementation appears slow, this amendment was highly welcomed by all local authorities and it appears that it may be the one that will make a difference in fostering the financial stability and independence of the local governments.

However, the 2011 EC progress report noted shortcomings, including “a lack of transparency and coordination of central funding for municipal projects, particularly for infrastructure projects.” This is especially visible in the relationships between the municipalities where the mayors are from opposition parties, such as was the case with the municipality of Strumica and the efforts of the local government to ensure access to natural gas. The SDSM mayor, Zoran Zaev, accused the central government of not cooperating in the project and even of attempting to block or delay it. A similar case was noted in the relationship between the mayor of the Karpos municipality in Skopje, Stevco Jakimovski, also of SDSM, who accused the City of Skopje (controlled by VMRO-DPMNE) of ignoring the needs of the municipality.

Another problem was posed by mayors who won parliamentary seats, and later renounced and transferred them to other party members. The chairman of the Assembly, Trajko Veljanovski, member of the ruling VMRO-DPMNE, said he would seek changes to the election law to prevent these kinds of situations—what he called “playing with the will of the voters.” He said mayors elected to the National Assembly should renounce their local offices and take their seat in the parliament.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00

Macedonia has been paying lip service to judicial reform for decades, but the court system remains highly inefficient and subject to political influence. Public Ombudsman Idzet Memeti himself stated in a 2011 interview that most of the complaints he receives from citizens are in regard to the judicial system.³⁰

European Commission progress reports cite the lack of judicial impartiality, political interference, and ineffectiveness as major reasons for revamping the system, along with employment policies, professionalism, and competence. According to the 2011 European Commission report on Macedonia, only 49 of 71 graduates of the Academy for Training Judges and Prosecutors (ATJP)—a public institution—have been employed. The lack of placement of the candidates from the Academy suggests that the goals do not match the priorities of those who make hiring decisions. The 2011 Law on Courts sets higher educational requirements for judges, effective January 2013.

In general, progress has been made in 2011, as a number of legislative amendments were adopted, including one regarding the membership of the Minister of Justice on the Judicial Council. The Judicial Council has the authority to nominate candidates for judgeships and has the authority to fire judges. The Council is also responsible for ensuring the neutrality and independence of the courts. Amendments passed in 2011 allow the minister to serve on the council but without voting rights.

The government also approved a gradual increase in funding for the courts, from 0.4 percent to 0.8 percent of gross domestic product (GDP), over three years. Better funding and higher salaries are seen as a way to attract qualified candidates and reduce the risk of bribery. Reforms were also introduced to set timeframes for cases to expedite decisionmaking. In another step toward improving the pace of rulings, the newly established Higher Administrative Court will take over appeals from the Supreme Court in cases involving decisions of the Administrative Court which handles procedures against state institutions. These cases have been known to take years to be processed.

Despite progress on paper, in practice there were several cases where the legal system failed to demonstrate its independence and impartiality. Throughout 2011, legal experts condemned the police practice of publicizing detailed information about criminal suspects before they have even gone to court. Another problem was pre-trial detentions, which are often extremely lengthy. Detainees, including public figures such as Ljube Boskovski—leader of the United for Macedonia opposition party—and the media owner Velija Ramkovski have also complained about the conditions of their detention, including lack of access to visitors and counsel. One of the 13 people arrested along with Ramkovski was a pregnant woman who had a miscarriage during her detention.³¹ In addition, the EC Progress Report cites the lack of court review of prosecutors' decisions not to indict suspects in corruption cases.³²

The ruling parties and opposition continuously trade accusations of interfering in the judicial system, often with regard to nepotism and political favoritism in employment. The U.S.-based United Macedonian Diaspora (UMD), meanwhile, claims that judicial bias is a major cause behind Macedonia's failure to attract foreign investment. Ownership and property rights are usually the biggest reasons for fear among potential investors, UMD claimed.³³

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00	4.00	4.00

Fighting corruption has been one of the main priorities of the government led by Nikola Gruevski, and is an underlying requirement for EU membership. In 2011, the Gruevski government made significant efforts to improve services and speed up

government permits and licenses—including the so-called Regulatory Guillotine, a project begun in 2007 to cut down the administrative practices that overburdened businesses and private citizens.³⁴ Steps were also taken to speed up rulings in court cases, with a mind to reduce incentives for bribery.

A new system for grading civil servants was introduced in several offices. The “smiley-face system,” as it is called, is not only intended to improve the services of public institutions, but to decrease low-level corruption by enabling every citizen to grade the quality and behavior of public servants by simply pressing a button on machines featuring three options—red (with a sad face), yellow (neutral), and green (with a smiley face). The simple devices are installed at government service counters so that the citizens can directly report their opinion of the service they receive.

Former anticorruption commission president Ilmi Selami has said Macedonia’s problem with corruption is not in its laws, but the lack of will to enforce and respect them. The State Commission for Prevention of Corruption’s effectiveness has varied depending on who has been in charge but it is still regarded as the final barrier for at least some level of protection against corruption. In some cases the commission’s investigations are hampered by a lack of cooperation from government agencies and officials. Small-scale bribery remains common in the public sector, including education and healthcare. A 2011 United Nations Office on Drugs and Crime study showed the average bribe paid in Macedonia to be €470.³⁵

Journalists and civil society watchdogs who do try to uncover corruption face high hurdles. Macedonia’s public information law is often overlooked as a tool—and disregarded when requests are made.³⁶ Furthermore, the role of news organizations as watchdogs for impropriety occasionally becomes blurred. The owner of the now closed A1 television, Velija Ramkovski, publicly stated that the prime minister’s representatives used government funds to pay for the ruling party’s advertisements on his television station. The accusations were made at the end of 2010, before Ramkovski was jailed on charges of tax evasion.

In another incident involving the media, popularly referred to as the “money in a bottle” case,³⁷ an employee of one of the biggest media groups in the country, MPM (part of the German-owned WAZ Media Group) was accused of trying to transport €750,000 out of the country in a bottle, although no charges were made in the case.

Knowing the right people with family and political connections is still the easiest way to get a job, despite the EC’s repeated calls for a smaller and more professional public administration. The government has on occasion refused to give the exact number of people working in the public sector. Meanwhile, the effectiveness of Macedonia’s stated commitment to stamp out graft and corruption is often hampered by the acrimonious relations between the ruling coalition and opposition parties, with the government fight against corruption in some cases limited to its political opponents while the court system’s ability to deal with sensitive cases remains weak.³⁸

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Moldova

by William Crowther

Capital: Chişinău
Population: 3.6 million
GNI/capita, PPP: US\$3,360

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	3.75	4.00	4.00	3.75	3.75	3.75	4.00	4.25	4.00	4.00
Civil Society	3.75	4.00	4.00	4.00	3.75	3.75	3.75	3.50	3.25	3.25
Independent Media	4.75	5.00	5.00	5.00	5.25	5.50	5.75	5.75	5.50	5.00
Governance*	5.25	5.50	n/a							
National Democratic Governance	n/a	n/a	5.75	5.75	5.75	5.75	5.75	6.00	5.75	5.75
Local Democratic Governance	n/a	n/a	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Judicial Framework and Independence	4.50	4.50	4.75	4.50	4.50	4.50	4.50	4.75	4.50	4.50
Corruption	6.25	6.25	6.25	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Democracy Score	4.71	4.88	5.07	4.96	4.96	5.00	5.07	5.14	4.96	4.89

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The continuation of key reforms initiated in Moldova in 2010 took a backseat to political infighting in 2011, as the reconstituted ruling coalition of the Alliance for European Integration-2 (AIE-2) remained unable to rally the 61 parliamentary votes required to elect a president. At the beginning of the year, several reform measures were drafted and passed in the areas of judicial reform, antidiscrimination legislation, and decentralization. However, the implementation of these reforms remained inadequate in many areas, and a culture of institutional accountability is still a long way off. The inadequate enforcement of conflict-of-interest legislation remains a serious problem, as does evident partisanship in government institutions, especially the judiciary.

In 2011, the ruling coalition continued to focus its attention on integration with the European Union (EU). The government met several key requirements of the EU-prescribed Action Plan on Visa Liberalization, which sets out the conditions for Moldovan citizens' visa-free travel within the EU. Following several rounds of informal talks, Moldovan authorities agreed to resume the official "5+2" negotiations with Transnistrian leadership with formal meetings in September. Relations between Transnistria and the Russian Federation worsened as Moscow signaled its desire that the breakaway region's president, Igor Smirnov, should give up power. Following a contentious election Smirnov was in fact displaced from the presidency by Yevgeny Shevchuk, marking the first change of leadership in the region in more than twenty years.

National Democratic Governance. Continued political deadlock and the inability to elect a president posed major challenges to democratic governance in Moldova during the year. The reluctance of coalition partners to cooperate with the opposition or with each other on policymaking, has compromised effective governance. While a number of reform measures were approved, implementation remains weak in some areas. The Moldovan government has continued to work with the EU towards integration, notably taking steps towards visa liberalization. Reconciliation with the breakaway region of Transnistria remains stagnant despite the resumption of the "5+2" talks. *Moldova's national democratic governance rating remains at 5.75.*

Electoral Process. Local and presidential elections held in Moldova in 2011 were pronounced free and fair by observers. However, irregularities concerning voter lists and residency requirements as well as the accurate reporting of campaign financing caused some concern. On 18 November and again on 16 December, parliament's attempts to elect a president failed. Legislation governing the procedures for electing

a president calls for the dissolution of parliament in the case that a president is not elected, contributing to ongoing political instability. With concerns remaining over procedural irregularities and campaign finance in the otherwise free and fair local votes, and the failure of two presidential elections to yield a winner, *Moldova's electoral process rating remains at 4.00.*

Civil Society. Civil society organizations continue to play a key role in political life in Moldova. In critical areas, such as media, justice, and local governance, nongovernmental organizations (NGOs) are active in advancing reform efforts. The government continues to invite NGO input into the policymaking process. Civil society organizations still struggle to sustain themselves financially with local resources. Because civil society organizations continue to monitor government activities and actively push for critical reforms, *Moldova's civil society rating remains unchanged at 3.25.*

Independent Media. Since the passage of the 2010 Law of Freedom of Expression, censorship is illegal in Moldova and the media environment is increasingly open. In 2011, independent media monitoring groups found that more Moldovans view state-owned media company TeleRadio-Moldova as an objective and reliable source of information. At a national conference in May, 88 mass media outlets and associations adopted a new code of journalistic ethics, written with the participation of NGOs and the international community. Growing access to a variety of opinions in the media and efforts to improve public media and journalistic ethics have had a significant impact on improving media quality and pluralism, *raising Moldova's rating for independent media from 5.50 to 5.00.*

Local Democratic Governance. A new national strategy for decentralization was unveiled during the year. If implemented as envisioned, it should significantly increase the autonomy of local governments by giving local elected officials greater decisionmaking autonomy and independent access to resources. Overly centralized administration has been an ongoing problem in Moldova throughout the postcommunist period. Local government elections were successfully carried out in June, and were generally considered free and fair. The need for local government reform is becoming increasingly clear to policymakers, but this reprioritization has yet to dramatically improve existing conditions. *Moldova's local democratic governance rating therefore remains unchanged at 5.75.*

Judicial Framework and Independence. Weaknesses in the judicial system came under considerable scrutiny in 2011. Fraudulent takeover bids known as "raider attacks" made headlines throughout the year, drawing attention to the susceptibility of courts to outside influence. The seemingly political nature of some judicial appointments and dismissals during the year also raised concern regarding the politicization of the justice system. However, some positive steps towards judicial reform were taken in 2011, including the decision to dissolve the economic

courts and the drafting and passage by parliament of the Judicial Sector Reform Strategy. Political influence in the justice system persists, but judicial reform is slowly progressing, *keeping Moldova's judicial framework rating at 4.50.*

Corruption. Corruption remains a systemic problem that is deeply embedded in Moldova's public institutions. While ample anticorruption legislation exists on the books and a new anticorruption strategy was drafted this year, implementation remains weak and enforcement is inconsistent. In 2011, fraudulent misappropriation of stock from chief shareholders in five financial institutions set off a chain of investigations and recrimination between different political parties and public institutions. The so-called "raider attacks" reflected the insecurity of a number of Moldova's largest financial institutions, and the affair became symbolic of political manipulation of the justice system. Meanwhile, disclosure of a secret coalition agreement allocating decisions about who would fill leadership positions in judicial and police institutions to the coalition partners also raised questions about the independence of these theoretically apolitical offices. In light of government institutions' inadequate response to corruption, *Moldova's corruption rating remains at 6.00.*

Outlook for 2012. Increased infighting among the AEI-2 coalition partners will likely make governance more difficult in the coming year. Repeatedly failed efforts to elect a president have increased strains within the coalition and relations between the individual party leaders have become more and more acerbic. If efforts to elect a president fail again in 2012, early elections will be required, further complicating the situation. Defections from the opposition Communist Party of the Republic of Moldova during 2011 have raised questions about the party's future. While the party has been largely able to maintain its cohesion thus far, a further breakdown prior to parliamentary balloting would reshape the electoral environment. Because of new diplomatic initiatives and the change of leadership in Tiraspol, progress on the Transnistrian problem seems possible for the first time in several years. Internally, Transnistria faces severe challenges in 2012, including leadership change, economic crisis, and troubled relations with the Russian Federation.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.75	5.75	5.75	5.75	5.75	6.00	5.75	5.75

Moldova's constitution provides for meaningful citizen participation in political life. Freedom of expression is protected, and current law allows the organization and activity of opposition political parties. There has been regular political turnover and alternation in power between parties with significant ideological differences, indicating adherence to the rules of the democratic system. Parliament functions in a largely transparent manner; its proceedings are easily accessible and its decisions are published online. However, parliamentary oversight of the executive remains weak, marked by a culture of subservience to the executive and party leaders.

Twice in 2010, the ruling, four-party Alliance for European Integration (AIE) failed to muster the 61 parliamentary votes needed to elect a Moldovan president. The second, failed vote triggered early parliamentary elections in November 2010, after which three AIE coalition members reconstituted themselves as the Alliance for European Integration 2 (AIE-2). Continued deadlock over selecting a president and the looming possibility of another parliamentary dissolution fueled conflicts in parliament throughout 2011, frustrating the general public and slowing much-anticipated reforms.

Although they share a broadly pro-European Union (EU) orientation, the three AIE-2 coalition parties represent a broad range of political positions. Acting President Marian Lupu belongs to the center-left Democratic Party (PD), a member of the Socialist International, which advocates working with Moscow to resolve regional issues. Lupu himself is a former member of the Communist Party of the Republic of Moldova (PCRM) and his party is most inclined to dialogue and cooperation with the opposition communists. Prime Minister Vlad Filat's Liberal Democratic Party of Moldova (PLDM) is centrist, supporting free market and EU-friendly reforms. Mihai Ghimpu's Liberal Party (PL) is the most conservative, anti-Communist, and pro-Romanian of the coalition parties. The center-left Our Moldova Alliance, a junior partner in the first AIE government, failed to meet the threshold for entering parliament and is not part of AIE-2.

Key areas the AIE-2 has promised to address include reform of the justice system, strengthened anticorruption mechanisms, and improvement of local governance. The issues of border management and public order and security, in particular, are critical to Moldova's pursuit of visa-free travel within the EU. During the year, substantial progress was made regarding the EU's Action Plan for Visa Liberalization,¹ and expectations are high that negotiations on a free trade agreement with the EU will soon begin.² On 27 December 2011, the coalition parties agreed on a budget for 2012, even though PCRM deputies opposed the measure, calling

it “anti-social” and complaining that it directed resources to districts that support coalition parties.³

One of the biggest ongoing challenges to national democratic governance in Moldova is a lack of public accountability. While the electoral process does give citizens an opportunity for meaningful participation in elections, once representatives have been elected there is limited opportunity for continued participation. Citizens and the press have a reasonable level of access to officials, but politics in Moldova remains mostly the domain of elites, and most important decisions are made out of public sight. Political parties function largely as clientelist organizations in which authority is concentrated in the hands of a very small number of top leaders, among whom are several of the country’s wealthiest individuals. A recent poll revealed that only 12.2 percent of the population believes that the people’s will determines outcomes in Moldova.⁴

Moldova has benefitted from more support per capita than any other member of the EU’s Eastern Partnership Program.⁵ The fact that public support for EU membership fell below 50 percent in 2011 is likely a consequence of frustration with the pro-EU AIE-2 coalition as well as a reaction to the European financial crisis.⁶ When asked in November which partnership would be the most beneficial to Moldova, 33.8 percent of citizens surveyed said the EU, while 45.6 percent placed more faith in a Russia-Belarus-Kazakhstan free-trade zone.⁷ In October, Moldova became a signatory to a free trade agreement codifying a series of bilateral agreements in the Commonwealth of Independent States (CIS). The agreement was seen by some as a step in the direction of Russian prime minister Vladimir Putin’s proposed “Eurasian Union.”⁸ During an official visit to Chişinău by Russian Foreign Minister Sergei Lavrov in November, Moldova extended its existing Friendship Treaty with the Russian Federation for another ten years.⁹

For the first time since 2006, negotiations resumed in 2011 between Moldovan authorities and the breakaway region of Transnistria, which has existed in a state of corrupt and lawless political limbo for over 20 years.¹⁰ The so-called “5+2” negotiations—consisting of 5 directly involved parties (Moldova, Transnistria, Russia, Ukraine and the Organization for Security and Cooperation in Europe) and two observers (the United States and the EU)—were officially relaunched in February, in Vienna. Two other official meetings between Prime Minister Filat and Transnistria’s President Igor Smirnov also occurred later during the year.^{11,12}

Relations between Transnistrian and Russian leadership deteriorated during the year, as Moscow showed increasing impatience with President Smirnov and the weakness of local governance in the Pridnestrovian Moldavian Republic (PMR). In December, Russia signaled its preference for Anatoly Kaminski over the incumbent Smirnov as the next PMR president. Smirnov, who had been president since 1991, lost in the first round of the 11 December elections, coming in third behind both Kaminski, who took 26.3 percent of the vote, and Yevgeny Shevchuk, former speaker of the legislature and leader of the Renewal Party, who won 38.5 percent of the vote. Shevchuk dominated the second round vote on 25 December, taking 73.9 percent of votes.¹³ Forty-three-year-old Shevchuk identifies himself as

a social democrat and ran a campaign focused on economic reform. The change of leadership in Tiraspol, coming as it does during a period of renewed interest in negotiations, may open the way for progress on the Transnistrian issue.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	4.00	4.00	3.75	3.75	3.75	4.00	4.95	4.00	4.00

Despite some irregularities, local elections in 2011 were deemed free and fair by international monitors. At the national level, however, Moldova's ongoing political crisis continued to be exacerbated by complex and contradictory electoral legislation. Efforts to change these laws during 2011 failed.

Local elections were held on 5 June, with runoff elections on 19 June. A report from the Organization for Security and Cooperation in Europe's (OSCE) Limited Election Observation Mission found that elections were peaceful and competitive, offering voters a genuine choice and candidates equitable campaigning opportunities.¹⁴ However, the same report found problems with voter lists, which, according to electoral regulations passed in April 2011, were supposed to be organized in a centralized electronic voter register. Just prior to the 5 June vote it was announced that this change would be postponed until 2015. As in previous election years, unclear residency provisions, which determine where an individual should vote, created confusion in both initial and runoff elections.¹⁵

Democratic Party (PD) candidates took the lead in mayoral elections, winning 24.5 percent of the vote, while the communists won 22.6 percent. The PD candidate Dorin Chirtoacă also won reelection as mayor of Chisinau, narrowly defeating PCRM candidate Igor Dodon with 50.6 percent of the vote.¹⁶ The communists, however, did win control of Chisinau's city council by a margin of just one seat. The PCRM won the largest percentage of votes in municipal and district council as well as town and village council elections. Some AIE-2 member parties formed local coalitions with the PCRM in order to win votes, reducing its gains at the local level.¹⁷ In general, AIE-2 parties' performance was damaged by coalition infighting, which continued after the elections.

Local election results in the Autonomous Territorial Unit of Gagauzia deviated sharply from those in other regions, with independents winning 11 of 14 mayoral posts and 135 of 382 local and regional council positions. Of the national parties, only the PCRM made a strong showing, taking two mayoral positions and 30.4 percent of council positions.¹⁸ Although the PCRM usually dominates the Gagauz region vote in national elections, in December 2010, Gagauz voters reelected Governor Mihail Formuzal of the United Gagauzia Movement (MGU), a staunch critic of the communists.¹⁹ In November 2011, Governor Formuzal announced the formation of a new political party, the Party of the Regions, which in his view would better represent national minorities than the established parties at the national level.²⁰

At the national level, contradictions in electoral legislation have had serious consequences. The current governance crisis dates back to July 2009, when the first AIE coalition came to power without the necessary 61 votes to elect a president under the Moldovan constitution. The failure to elect triggered a constitutional provision requiring early elections; however, a different constitutional provision prevented parliament from being dissolved more than once in a one-year period. As a provisional solution, Parliamentary Speaker Mihai Ghimpu was named acting president, and legislative elections were held once again in November 2010. Elections again failed to produce a coalition with sufficient seats to elect a president, leaving the crisis unresolved. Following protracted negotiations the AIE formed a second coalition (AIE-2), this time made up of three political parties: the Liberal Democratic Party of Moldova (PLDM), the Democratic Party of Moldova (PD) and the Liberal Party (PL). PD leader Marian Lupu assumed the position of acting president.

Wrangling over the presidency continued throughout 2011. The AIE-2 Coalition has argued that dissolving the parliament again for a third parliamentary election would further destabilize the country, while the opposition Communist Party of the Republic of Moldova—the largest single party in parliament—contends that repeat presidential elections must be held as soon as possible, and that if no candidate wins the required majority, early legislative elections must be held as required by the constitution. Early in the year, AIE-2 suggested changing the electoral law for electing the president to require only a simple majority of 51 out of 101 votes, a position fervently championed by PL leader, Mihai Ghimpu. However, in September the Constitutional Court ruled the proposal unconstitutional on the grounds that changes to the electoral process require a constitutional amendment.²¹ AIE-2 leaders have generally favored an amendment,²² while the PCRM has argued that early elections are now required. Any amendment to the constitution requires either a two-thirds majority in parliament—which would be difficult to achieve under current circumstances—or a national referendum.

Intense competition between party leaders prevented AIE-2 coalition parties from nominating a presidential candidate in time for the elections scheduled for 18 November. The defection of three deputies from the PCRM legislative faction in early November reduced its voting delegation to less than the 41 votes needed to unilaterally veto a candidate. The three defecting MPs expressed their intention to support a nonpartisan candidate, Zianada Greceani—Moldova's former prime minister and a member of the communist parliamentary delegation, but not a member of the PCRM. Collaboration between the defecting PCRM legislators, the so-called Dodon group (named for group member Igor Dodon), and the AIE-2 coalition should have made it possible to achieve the majority needed to elect a president without the support of the communist legislative faction; however, Mihail Ghimpu and the Liberal Party insisted on re-nominating acting president Marian Lupu for the position, a proposal the Dodon group rejected. Under the terms of an agreement between the coalition partners, if Lupu becomes president, Ghimpu will take over leadership of parliament; if someone else is elected president, Lupu retains

his current position, leaving Ghimpu's PL party without any of the top positions in government. With no candidate nominated, the 18 November elections were considered postponed or canceled, rather than failed, leaving two opportunities for the coalition to elect a president before early elections would be deemed necessary.

The next attempt at a presidential election was scheduled for 16 December. Despite ongoing acrimony among AIE-2 leaders, the coalition ultimately agreed to nominate Marian Lupu as its candidate. The level of mistrust among the partners was such that before the agreement on Lupu's candidacy could be reached, all three coalition partners had to sign a new pact promising that no one would form a legislative alliance with the PCRM following the elections. Deputies from the PD also committed to showing their electoral ballots publically once they had cast their votes, and called on the other coalition parties to do the same.²³ On the day of the vote, 58 deputies cast ballots for Lupu, 3 voted against, and PCRM deputies boycotted the proceedings. At the request of independent MP Mihai Godea, Moldova's constitutional court reviewed the election process, ruling that the act of openly displaying secret ballots had been unconstitutional.²⁴ As a result, the elections were annulled, and repeat elections were scheduled for 15 January 2012. After Marian Lupu announced that he would not run again, negotiations opened among party leaders to identify an alternative candidate.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	4.00	4.00	4.00	3.75	3.75	3.75	3.50	3.25	3.25

Since coming to power in July 2009, the AIE and AIE-2 governments have engaged extensively with civil society on issues directly related to the EU integration agenda. In 2011, civil society organizations worked in cooperation with various departments of the Moldovan government on policy directives related to judicial reform, development of independent media, anticorruption, and electoral system reform. However, most policymaking is still carried out without a high level of input from organizations representing the broader population. Moreover, most civil society organizations receive the bulk of their funding from abroad, raising questions about whether they are able to develop the support in their local communities that would make them viable as independent organizations in the longer term. Currently, there are approximately 8,000 nongovernmental organizations (NGOs) registered in Moldova, but many are inactive, while those that are active, lack resources or training.²⁵

During the course of the year, civil society organizations grew increasingly critical of the government's performance and their own ability to affect government policy. In November, a group of four respected NGOs issued a public statement decrying the politicization of public institutions, particularly the justice system.²⁶ Their complaints reinforced criticism throughout the year that the government was not living up to its reform commitments.

In March, a group of 13 NGOs submitted an alternate report to the United Nations Committee on Economic Social and Cultural Rights, highlighting shortcomings in the government's efforts to promote social welfare and human rights.²⁷ The NGO report focused on the government's failure to improve conditions for vulnerable elements of the population and adequately protect human rights. By bringing these issues to the attention of the international community, Moldovan civil society organizations hope to increase pressure on their government to move ahead with reforms.

Notwithstanding its shrill criticism of the government's slow progress on or incompleteness of reforms, civil society successfully increased its engagement with the government. In 2011, a working group consisting of representatives from the Moldovan government and several NGOs collaborated on an examination of political party finance, which is seen as a crucial area requiring reform. The working group developed recommendations for improved reporting and monitoring of campaign spending, and for the introduction of spending limits.²⁸

Moldova's trade unions also came under extensive scrutiny in 2011 with regard to a series of potentially fraudulent privatizations.²⁹ During the breakup of the Soviet Union, substantial state holdings were transferred to workers' collectives and trade unions. Among these were a number of valuable hotels and other properties. In 2011, allegations appeared in several media sources that a number of these properties had been sold in recent years to investors at a fraction of their actual market value. The National Council of Unions of Moldova responded with firm denials of wrongdoing.³⁰ While trade unions formally represent more than 500,000 Moldovan employees, their performance has been hampered by excessive bureaucratization and a negative public image resulting from the ongoing corruption scandals.³¹

Popular perception of NGOs remains mostly negative. A survey by the Moldovan Public Policy Institute shows that the number of respondents expressing positive attitudes toward NGOs dropped from 30 percent in November 2010 to only 23.8 percent in November 2011.³² This drop parallels declines in support for political parties, the government, and parliament, and probably reflects widespread frustration with the pace of progress since the change of government in 2009. As a consequence of their lack of resources, especially on the local level, NGOs have often been unable to achieve their goals, which is another cause for lack of public trust.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.75	5.00	5.00	5.00	5.25	5.50	5.75	5.75	5.50	5.00

Since the departure of the PCRM government in July 2009, safety of journalists and respect for press freedom have improved dramatically. Among other changes implemented in 2010, parliament approved a law on freedom of expression that strengthened the protection of sources, prohibited censorship, proclaimed the

freedom to criticize state officials, and established the presumption of innocence in freedom of expression cases. In 2011, the trajectory of these changes continued, as government officials and media outlets took an active role in reshaping the regulatory framework for journalism and broadcasting.

The Center for Independent Journalism recorded a marked improvement in Moldova's media diversity during the year. The Ministry of Justice also reported an increase in registered media, including 7 periodical newspapers (3 of which are local), several internet news portals (24h.md, Union.md, Noi.md), and two radio stations.³³ Civil society organizations registered a new newspaper, *Oglinda*, with the mission to promote democratic values and the freedom of expression. In August 2011, journalists in the Kakhul district launched *Curierul de Sud*, the first Romanian-language newspaper to be published in southern Moldova in 15 years.³⁴

The government has launched a three-year restructuring process intended to transform state-owned TeleRadio-Moldova (TRM) into a genuine public broadcaster, in compliance with European standards. Prior to 2010, TRM was widely criticized by opposition groups for partisan coverage and lack of transparency. In order to address these problems it has committed to implementing new strategic guidelines developed in cooperation with the European Broadcasting Union. Moldovan and international observers alike reported clear progress in 2011 regarding independent editorial policy and balanced coverage of events.³⁵

Media monitoring conducted by civil society organizations and international observers during the June 2011 local elections found media coverage of all candidates to be generally balanced, though bias was evident in the reporting of some specific outlets, such as NIT-TV.³⁶ A case study report sponsored by the Independent Journalism Center (IJC) found that NIT-TV aired long, 50-second statements criticizing leaders of the AIE over a montage of scenes depicting the misery of the country's poor. According to the IJC, NIT-TV violated Article 7 of the broadcasting code, which prohibits the use of editing tricks to insert bias into news programming.³⁷

By early June, a total of 88 media organizations—including most of the major media outlets in the country—had signed their names to a new journalistic code of ethics, developed in cooperation with media experts from the Council of Europe.³⁸ Among those that declined to sign was the private, nationwide television broadcaster, NIT-TV, which was sanctioned several times in 2010 for its pro-PCRM, politically biased news coverage.³⁹ According to the IJC the code includes a series of new provisions on self-regulation, legal ways of collecting information by journalists, and standards of objectivity.⁴⁰ Application of the code is the responsibility of each of the signatories, while the Press Council and the Commission of Journalists' Professional Ethics are responsible for monitoring compliance.

Political influence over the media remains a serious concern. Many print outlets cannot survive financially on subscription revenues alone, making them dependent on advertising income received from businesses that are frequently associated with individual politicians or political parties.⁴¹ Substantial public concern was raised when it was rumored that PD Vice President, Vlad Plahotniuc, who is already the proprietor of substantial media holdings, had plans to purchase Publika TV.⁴²

Plahotniuc currently owns Prime TV, which had a 37 percent share of the television market in 2011 and Casa Media, the largest provider of television advertising in the country.⁴³ In order to encourage advertising from a more diverse base of business, parliament passed an amendment cancelling the 5 percent local tax on advertisements in periodical publications, radio, and television.⁴⁴

Journalists still experience pressure to stay away from investigating issues of corruption and influence-peddling. The journal *Ziarul de Garda*, which is known for its investigative journalism, was subjected to a crippling defamation fine as a consequence of its reporting on a corruption case against two prosecutors. In response to the fine, a group of prominent media NGOs published an open letter addressed to the Superior Council of Magistrates, arguing that the journal had acted in good faith based on sufficient facts, and noting that such punitive fines could have a chilling effect on democratic discourse.⁴⁵ *Ziarul* appealed the first judgment to the Supreme Council of the Magistracy on the basis of procedural violations. In December, the council issued a warning to the judge who had originally heard the case. The Court of Appeals modified the decision against *Ziarul*, substantially reducing—though not eliminating—the defamation fine.⁴⁶ In April 2011, *Ziarul* and the daily newspaper *Timpul* were victims of a strange crime when unknown sources produced and distributed fake versions of their publications in an apparent attempt to discredit them while manipulating public opinion ahead of the local elections.⁴⁷ Police arrested two suspects in June.

Tolerance for corruption in the state media seemed to decrease in 2011 as major corruption scandals broke implicating high-profile figures in the media industry. In January, the chairman of the Broadcasting Coordinating Commission (BCC), Gheorghe Gorincioi, and the head of the BCC's administrative department, Terentie Cherdivara, were accused of soliciting bribes. In April, Cherdivara was convicted of extortion, fined MDL 12,000 (US\$1,000), and sentenced to four years' imprisonment with a conditional suspension of his sentence for a period of three years. He was also banned from holding public office for three years.⁴⁸ Gorincioi resigned from his position a month before Cherdivara's arrest, but was also accused of passive involvement in the crime.⁴⁹

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75

Hypercentralized control of resources and inadequate local government capacity have been longtime issues of concern in Moldova. Reorganizations undertaken in the late 1990s by the central authorities in collaboration with the EU and other international partners were reversed in the last decade by the PCRM-led government, causing administrative havoc. At that time, the central government also employed its budgetary and administrative authority to exercise partisan control over locally elected officials.

Since 2009, the AIE coalition parties have prioritized the improvement of local government, with encouragement from the EU and the United Nations Development Programme. However, actual implementation of administrative changes has been slow. Despite repeated reform efforts, the majority of local governments remain understaffed and unable to fulfill the functions assigned to them.⁵⁰ Budgets are largely under the control of central authorities.⁵¹ Remuneration for those working in local administration is quite low, undermining professionalism and service delivery.

One important impediment to effective local government is corruption, whether in the form of misdirected public funds, favoritism in the granting of contracts, or cronyism. A 2011 study of the city of Chişinău drew attention to many such problems stemming from an alarming lack of transparency in the capital city's budgetary process. The report's authors found that budget documents were not made available as required, and citizens had very limited access to meetings in which budget decisions were made. The same study found notable financial irregularities and nontransparency in the disbursement of public funds in the education system.⁵²

Clientelism between local and national leaders, especially during elections, continues to undermine the quality and independence of local governance. According to a study by the Institute for Development and Social Initiatives, locally elected officials are highly dependent on central party authorities for campaign financing resources. This independence of local campaigns from local funds results in what the authors of the study characterize as a feudal relationship between local and central leaders in which local leaders respond more to the will of their party superiors than their constituencies.⁵³

Despite the challenges facing local administrators, popular support for local government is greater than for central political institutions. Mayors' offices are perceived positively by 50.6 percent of the population, well over twice the level of support received by parliament (13.6 percent), the acting president (15.2 percent), or the government (18.6 percent).⁵⁴ One possible explanation for the higher rating of local officials is that they are better known in their communities than national leaders, and are not considered responsible for the ongoing political crisis at the national level.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.50	4.75	4.50	4.50	4.50	4.50	4.75	4.50	4.50

Moldova's constitution contains adequate provisions for an independent judiciary, equality before the law, and basic human and civil rights. However, a high level of corruption and political influence continue to present serious problems in the chronically underfunded judicial system, and judicial decisions are inadequately

enforced. In 2011, the government continued to name judicial reform as a leading priority, but few discernible improvements were visible from the previous year.

The EU has been deeply involved in promoting judicial reform in Moldova, and has gone so far as to condition some of its economic support upon the implementation of judicial reforms.⁵⁵ On 6 September, Moldova's government approved a first draft Judicial Sector Reform Strategy, whose stated goals include improved access to justice, greater respect for detainee rights, and increased accountability.⁵⁶ Measures to fight corruption are also stipulated in the draft, including tougher criteria for the selection of judges, zero tolerance for corruption offences in the justice system, and an increase of magistrates' salaries.⁵⁷ The law was passed by parliament on 3 November, with 53 coalition party deputies supporting the measure, despite a boycott of the vote by PCRM deputies.⁵⁸ Passage of the measure was necessary for Moldova to receive EU backing for the reform project.

In 2011, the government finally did away with economic courts—holdovers from the Soviet system, established to address cases dealing with financial disputes between persons and businesses.⁵⁹ The economic courts had been criticized for biased interpretation of the law, and were viewed by many experts as redundant. Their elimination was seen as a significant first step in reform of the overall justice system. In July, Minister of Justice Oleg Efrim announced that judges who worked for economic courts will be transferred to ordinary courts of law, while the judges of the Economic Court of Appeals will be moved to national appeals courts.⁶⁰ Critics have argued that simply moving the judges is not enough, and they should be removed altogether. The reform is set to be implemented within six months of the law's publication.⁶¹

Desperate to resolve the political stalemate over the Moldovan presidency, in April the ruling AIE-2 coalition submitted a request to the Constitutional Court for interpretation of Article 78 of the constitution, which sets out procedures for presidential elections. Specifically, they requested a ruling on the question of whether the required number of votes could be changed by the court from 61 (or three-fifths of parliament) to a simple majority. On 20 September, the court decreed that the three-fifths majority requirement could only be altered through a constitutional amendment.⁶²

On the day of the ruling, the chairman of the Constitutional Court, Dumitru Pulbere, issued a statement to the press indicating that if no candidate received a three-fifths majority by 28 September (or one year after the last dissolution of the legislature in 2010), parliament should legally be dissolved. Eight days later, under pressure from AIE-2, the Constitutional Court voted four to one in favor of his dismissal from the position of court chairman on the grounds that he had made a partisan comment, which is inappropriate for a sitting judge. Pulbere, who will remain on the court as a judge, suggested that the decision was taken under political pressure and that party leaders wanted to replace him with someone who would be more easily manipulated.⁶³

Another high judicial official faced dismissal in mid-2011, only to receive a last-minute reprieve. On 5 July, parliament voted to dismiss the head of the Supreme

Court, Ion Muruianu, for failing to fulfill the functions of his office. PL leader Mihai Ghimpu commented that Muruianu was more occupied with politics than with the law.⁶⁴ The PCRM challenged the constitutionality of this dismissal, which they said was politically motivated. Judge Muruianu was appointed in 2007 during the period of PCRM rule and is seen by the AIE-2 coalition parties as favoring the communists. On 5 October, the Constitutional Court ruled the legislature's action to be unconstitutional due to serious irregularities in the procedure of the chairman's dismissal.⁶⁵ The parliament's repeated effort to removed Muruianu from the court, in violation of the terms of the constitution, suggests that a worrying level of political interference in the court system still exists in Moldova.

In 2011 Moldova was again among the countries with the greatest delay in the execution of European Court of Human Rights (ECHR) decisions. This has been an area of ongoing concern in Moldova and reforms have been thus far ineffective in addressing this problem.⁶⁶ During the year the United Nations and the Council of Europe (CoE) called on the Moldovan government to increase its efforts to fight discrimination and better protect human rights, echoing concerns raised by domestic NGOs. The CoE Commissioner for Human Rights stated in July that delays in the implementation of ECHR decisions are a reflection of the chronic lack of enforcement of judicial decisions at the domestic level. United Nations High Commissioner for Human Rights Navi Pillay pointed in particular to discrimination against religious minorities and the Roma, and lack of protection for people confined to psychiatric institutions. She suggested that the legal system has been "practically inert" in addressing discrimination.⁶⁷

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.25	6.25	6.25	6.00	6.00	6.00	6.00	6.00	6.00	6.00

Corruption remains a systemic problem, deeply embedded in Moldova's public institutions and often cited as a stumbling block to EU integration. Ample anticorruption legislation exists on the books and parliament did pass a new anticorruption strategy in 2011; however, implementation remains weak and enforcement is inconsistent. Some high-level cases of corruption were prosecuted in 2011, including the notable case against BCC chief, Terentie Cherdivara, but such prosecutions are still considered rare. Close relations between powerful party leaders and lower ranking officials and a lack of judicial independence have acted as a brake on prosecutions.

There have been accusations that corruption is one cause of the persistent deadlock in parliament over the election of a president. Rumors abound that AEI-2 deputies have been offered bribes to vote secretly against the coalition's candidate. PCRM leader, Vladimir Voronin, accused leaders of the AIE-2 coalition of attempting to buy votes in support of their candidate, offering positions and cash to potential defectors.⁶⁸

Government appointments are widely believed to be the result of backroom deals. In a statement broadcast by Publika TV, Prime Minister Vladimir Filat admitted that the AIE-2 coalition partners had signed a secret annex to the agreement establishing the AEI coalition which divided offices between leaders of the AIE-2, including the offices in the law enforcement and judicial systems.⁶⁹ In addition to positions that would normally be allocated on the basis of political affiliation, the agreement allocated the posts of prosecutor general and head of the Center for Combating Economic Crimes and Corruption (CCECC) to the PD, the Court of Accounts and the Central Election Commission to the PLDM, and the National Bank and the Information Security Service to the PL.⁷⁰ A September 2011 report from the Chisinau-based think tank “Expert-Grup” concluded that “obscure special interests” are undermining and abusing the power of public institutions.⁷¹

Fraudulent misappropriation of stock from chief shareholders in five financial institutions set off a chain of investigations and recrimination between different political parties and public institutions. The case caused a major stir in the media in August 2011, once again raising public concern over the issue of potential abuse of power by those in office.⁷² News of the actual fraud (the so-called “raider attacks”) was soon followed by charges that justice and judicial officials had either failed to act in the case or supported the perpetrators. Two of the main victims of the fraud, Viorel and Victor Topa, (both of whom have since been found guilty of fraud by Moldovan courts) addressed a memorandum to the international community accusing PD Vice President Vlad Plahotniuc of being implicated in the attacks and along with other party leaders of influencing the judiciary during the investigation.⁷³ Already strained relations between the AIE-2 coalition partners were further exacerbated by these events, as Prime Minister Filat called for the dismissal of several top officials discredited by the raider attack scandals, including the prosecutor general, the head of the Information and Security Service, and the president of the National Commission of Financial Markets. Acting president and PD leader Marian Lupu stated bluntly that Filat’s motive was to undermine his coalition partners in the context of approaching elections.⁷⁴

On 21 July, parliament passed the National Anticorruption Strategy for 2011–13, which—according to the head of the CCECC—is intended to increase transparency of public institutions and public finances, encourage investigative journalism, and further protect judges, prosecutors, and CCECC officers from political pressure.⁷⁵ The CCECC itself has been reformed eight times since its founding in 2002, and in 2011 faced continued accusations of politicization. Transparency International Moldova echoed these opinions in an October press release, noting that “political influence, use of the institution to eliminate economic competitors, and corruption” in the CCECC were “not mere myths, but *real problems* the Center needs to address.”⁷⁶ A strategy for yet another set of CCECC reforms was drafted and revised in 2011. One key element of the draft strategy is the removal of economic crimes from the special jurisdiction of the CCECC and transfer authority over the CCECC from the government to parliament.⁷⁷ Discussion of the reform continued through the year and is expected to be taken

up in the spring 2012 parliamentary session. While the reform has strong backing from the EU, Transparency International Moldova, among other organizations, has identified flaws in the draft, including the transfer of CCECC oversight to parliament, which they argue will increase the politicization problem.⁷⁸

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Montenegro

by Daliborka Uljarević and Stevo Muk

Capital: Podgorica
Population: 0.6 million
GNI/capita, PPP: US\$12,770

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	Yugoslavia	Montenegro									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Electoral Process	3.75	3.50	3.25	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25
Civil Society	2.75	2.75	2.50	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.75
Independent Media Governance*	3.25	3.25	3.25	3.25	3.50	3.75	3.75	4.00	4.25	4.25	4.25
National Democratic Governance	4.25	4.00	n/a								
Local Democratic Governance	n/a	n/a	4.50	4.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25
Judicial Framework and Independence	n/a	n/a	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Corruption	4.25	4.25	4.25	4.25	4.25	4.00	4.25	4.00	4.00	4.00	4.00
Democracy Score	5.00	5.25	5.25	5.25	5.50	5.25	5.00	5.00	5.00	5.00	5.00
	3.88	3.83	3.79	3.89	3.93	3.79	3.79	3.79	3.82	3.82	3.82

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

In October 2011, the European Commission (EC) officially recommended Montenegro to begin accession negotiations to the European Union (EU). The EC noted Montenegro's progress on seven key priorities identified in the 2010 EC Opinion, including the long-awaited passage of amendments to the electoral law in September. The EU encouraged Montenegro to continue with judicial and antidiscrimination reforms. Poor implementation of anticorruption measures remains a serious problem.

National Democratic Governance. Public administration in Montenegro is characterized by weak policymaking capacity in ministries, nepotism, limited inter-ministerial cooperation, and understaffing in most government bodies. Parliamentary committees were more active in 2011, meeting more regularly and drafting work agendas. The government took steps to reform the legal framework governing the civil service, including a new Law on Civil Servants and State Employees and amendments to the Law on General Administrative Procedure. New provisions of the Law on Conflict of Interest Prevention were adopted and entered into force, prohibiting sitting members of parliament from serving as directors of state administrative bodies or as members of other managerial bodies at either the national or local level. *Montenegro's rating for national democratic governance remains at 4.25.*

Electoral Process. After four years of deadlock, amendments to the Law on Election of Municipal Councilors and Members of Parliament was adopted in September 2011. The law represents the harmonization between Montenegro's electoral framework and the country's constitutional commitment to authentic representation of minorities, introducing a system of affirmative action for representation in parliamentary elections. However, there are indications that the ruling coalition can still manipulate the system in its favor, mostly through the control of campaign resources, which are significantly more powerful than those available to opposition parties. The Roma, Ashkali, and Egyptian populations remain underrepresented in the political sphere. *Montenegro's rating for electoral process remains at 3.25.*

Civil Society. Montenegro has a vibrant civil society with many active nongovernmental organizations (NGOs), but their presence is uneven, both regionally and in terms of thematic focus. The strongest are those in Podgorica, which deal mainly with good governance, human rights, anticorruption, and EU affairs, and have considerable capacity for public advocacy. Traditionally, relations between Montenegrin NGOs and the government have been strained, but bilateral communication has increased in the last two years, as symbolized by the establishment of

the Council for Cooperation of the Montenegro Government and Nongovernmental Organizations at the end of 2010. The council became fully operational in early 2011, though the extent of its influence remains to be seen. Many NGOs are financially strained, as public funding at the local and national level is scarce. The funding allocation process is opaque, and project implementation is not monitored. The positive role of civil society in meeting the political conditions of the EC was acknowledged by both national and EU officials in 2011. *Montenegro's rating for civil society remains at 2.75.*

Independent Media. In accordance with priorities defined by the EU, the government decriminalized libel in 2011, though fines against media and journalists remain much higher than those established by the case law of the European Court for Human Rights. Inadequate protection of journalists from intimidation by powerful politicians and business leaders remains the main criticism of Montenegro's media environment. Numerous cases of attacks on journalists in the last five years have not been resolved; neither have perpetrators been punished due to various reasons, including insufficient evidence, slow court proceedings, and the judiciary's frequent inability to issue final verdicts. The absence of clear regulation on excessive concentration of media ownership partially explains the shrinking number of viewpoints available to media consumers; another reason is the subtle pressure on media outlets to align themselves with certain perspectives or risk losing state-sponsored advertising. Most of the state advertising budget goes to media considered loyal to the government. Internet media are becoming a source of information and a communication channel for more citizens. However, internet portals often contain content that is defamatory and in some cases filled with hate speech against various social groups and individuals. *Montenegro's rating for independent media remains at 3.25.*

Local Democratic Governance. Municipal governments in Montenegro are overstaffed and underfunded, with significant financial disparities between the regions. As a result of changes introduced in 2010, local government revenues increased in 2011. In June, the government adopted the 2011–2016 Development Strategy for Inter-municipal Cooperation in Montenegro, together with the 2011–2013 Action Plan for its implementation. After the new Law on Territorial Organization was adopted, national minority groups asked that new municipalities be established, but the government rejected these requests. Instances of local opposition parliamentary deputies “switching sides” to the ruling parties in Podgorica and in Andrijevica after the 2010 local elections raised questions on the independence of local MPs and the legitimacy and transparency of local governance. In Budva, Mayor Rajko Kuljača resigned after being indicted in the high-profile “Zavala” corruption case, and the Democratic Party of Socialists–Social Democratic Party (DPS–SDP) coalition elected Lazar Rađenović (DPS) as the new mayor. Local authorities do not have firm control over municipal finances. *Montenegro's rating for local democratic governance remains at 4.25.*

Judicial Framework and Independence. The EC noted progress on judicial reform in 2011, particularly with respect to the accountability, impartiality, and efficiency of judges and prosecutors. Parliament enacted amendments to the laws on courts, the Judicial Council, and the state prosecution office, which the EC praised while encouraging vigilance on implementation. The capacity of state prosecutors to implement the new criminal procedure code, which took effect in August, and coordinate law enforcement remains weak. Court proceedings tend to be overly long, resulting in a substantial case backlog, although the new Law on Notaries is designed to improve judicial efficiency. Even in high-profile cases in 2011, the judiciary demonstrated its immaturity and unprofessionalism, especially in the murder trial of Chief Police Inspector Slavoljub Šćekić. The judicial administrative staff went on strike over low wages, delaying court proceedings. Pending clear evidence that new judicial reforms are effectively implemented, *Montenegro's rating for judicial framework and independence remains at 4.00.*

Corruption. Anticorruption legislation and strategies are in place, but implementation is lagging, and corruption is widespread in many spheres. There are numerous anticorruption institutions and agencies, but they lack efficiency, coordination, and/or independence. The government remains the largest employer in Montenegro, and budget allocations indicate that companies benefit disproportionately from direct relationships with certain government officials. In 2011, the government was more forthcoming with documentation related to large public procurement contracts, but full transparency is still a long way off. In March and December, charges were filed linking several government officials and businessmen to the illegal construction of lucrative properties without adequate permits. Lack of protection for “whistleblowers” remains a barrier to prosecution of corruption-related offenses. Studies indicate that the public still sees many forms of corruption as socially acceptable. *Montenegro's rating for corruption remains at 5.00.*

Outlook for 2012. The opening of accession negotiations with the EU, expected in June, will be the hallmark of 2012 for Montenegro. The government will face the challenge of implementing recent reforms and initiating new ones to address the most demanding chapters of the *acquis communautaire*, including Chapter 23 (on Judiciary and Fundamental Rights) and Chapter 24 (on Justice, Freedom, and Security). Parliament can be expected to focus on amending the constitution to strengthen the independence and impartiality of the judiciary, while police and prosecutorial authorities will concentrate on tackling corruption and organized crime. The outcome of these efforts will be an important litmus test for rule of law in Montenegro. Especially with regard to judicial reform, attempts to rush constitutional amendments in order to expedite EU negotiations could jeopardize the quality of the envisaged changes. Amendments require a two-thirds majority to pass, which will mean heavy bargaining between the ruling coalition and the opposition, creating opportunities for political and nationalistic posturing at the expense of meaningful reform.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.50	4.50	4.50	4.25	4.25	4.25	4.25	4.25

Heavy reliance on individuals rather than on institutions weakens the overall stability of Montenegro's governing system, perpetuating the overwhelming influence of the executive branch. Strengthening parliamentary oversight, efficiency, and transparency was the focus of the ambitious legislative activity in 2011, resulting in the reassessment of oversight competencies and improvements in the functioning of parliamentary committees, as well as strengthening of parliamentary administrative capacities. The political opposition remained marginalized during the year, but cooperation between the parliament and civil society organizations visibly improved.

In the first six months of 2011, parliament concluded nine sessions, during which it passed 73 laws. Parliamentary committees held a total of 142 sessions, compared to 221 in all of 2010. Eleven committees, most notably the Committee for Security and Defense, adopted special plans for increasing parliamentary oversight over the government. In 2011 there were 28 consultative and 7 control hearings, compared with just 13 and 2, respectively, in 2010. In plenary sessions, members of parliament (MPs) raised 393 questions in 2011, compared to 208 in 2010.

All members of parliament have regular opportunities to direct questions to the prime minister and other officials. However, an overwhelming majority of legislative initiatives still originate in the executive branch—which is to say, in the ruling parties—rather than the legislature. In the first six months of 2011, members of the parliamentary opposition initiated four draft laws and two decisions, while the executive branch proposed 66 draft laws, 37 amendments to the laws, 2 decisions, and 1 proposal for amending the constitution.¹ Nearly all initiatives proposed by opposition members for inclusion on the parliamentary agenda were summarily rejected in 2011. Parliament also continued to function without a deputy speaker who, according to the rules of procedure, should have been appointed from the ranks of the opposition after the 2008 parliamentary elections. The process of amending the parliament's rules of procedure was ongoing at year's end, with the envisaged changes tackling the structure of individual committees, the formation of subcommittees, and efforts to empower opposition party participation in parliament.

In 2011, the government took steps to reform the legal framework governing the civil service, passing amendments to the Law on General Administrative Procedure, as well as a new Law on Civil Servants and State Employees. In November, a new provision of the Law on the Prevention of Conflict of Interest entered into force,

prohibiting members of parliament from serving as directors of state administrative bodies or as members of other managerial bodies at both the national and local levels. In practice, this mostly prevents parliamentary deputies from serving on boards of public enterprises, institutions, and agencies.

Currently, parliament employs 90 persons (48 civil servants and 40 state employees)—17 more than at the end of 2010. Parliament also has 8 advisors to the speaker and the deputy speaker, as well as 10 interns. In the second half of 2011, administrative staff of the parliament went on strike due to inadequate salaries. The strike coincided with an initiative by the parliamentary collegium (a consultative body convened by the speaker) to increase MPs' salaries by €900 per month, almost twice the average salary in Montenegro. Under public pressure, the MPs gave up on their planned bonuses, and the administrative staff received a modest wage increase.

Cooperation between parliament and nongovernmental organizations (NGOs) increased in 2011, with NGOs participating in 40 committee sessions, including consultative hearings. Parliament signed a cooperation memorandum with the network of civil society organizations dealing with democracy and human rights, while the parliamentary administrative staff established a data registry of NGOs interested in cooperation. The parliamentary service also began to issue semi-annual reports on legislative activities and stream plenum sessions live on the internet. Data on individual MP votes are published on the parliament's website.

Electoral Process

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	3.50	3.25	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25

Montenegrin citizens experience notoriously high pressure from political party structures during election campaigns, and ruling parties routinely abuse state resources to advertise themselves and denigrate their opponents. "Vote buying" (a sophisticated and highly developed system of temporary seizure/buying of personal documents) is reported in all national elections. Also, the ruling party or coalition's ability to promise different kinds of permits, business approvals, positions, etc. makes the whole process a stock exchange for votes, in which incumbent leaders control the overall system. Montenegro's next parliamentary and presidential elections are scheduled to take place in 2013.

Four to five sustainable political coalitions/parties regularly participate in Montenegrin elections. Other participating parties are officially registered but lack strong party infrastructures. Parliamentary parties receive public financing, which some manage more prudently than others; extra-parliamentary parties depend on volunteers and member enthusiasm for survival. Meanwhile, in addition to state resources, the ruling Democratic Party of Socialists (DPS) benefits from the fact that it has taken over much of the property once owned by the former Communist party of Montenegro.

After nearly four years of deadlock, in September 2011 Montenegro's parliament finally passed election legislation ensuring "authentic representation of minorities" (a requirement set by the 2007 constitution) in parliamentary elections. Under the constitution, these changes—which had been specifically identified by the European Commission (EC) as a prerequisite for the initiation of accession negotiations—required a two-thirds parliamentary majority to pass. Rather than demanding the correction of serious and longstanding abuses in the electoral process, the opposition used its unusual leverage to achieve small, technical improvements and a symbolic, nationalist victory—namely, the establishment of Montenegrin-Serbian as the official language of education in Montenegro. The amended election law included certain provisions to promote gender equality by mandating that 30 percent of the candidate list be female. However, according to the 2011 EC Progress Report, these rules are ineffective because the law does not stipulate that candidates of each gender should be ranked high enough on the party list to have a realistic chance at a mandate.²

Montenegro is home to some 30,000 citizens of the former State Union of Serbia and Montenegro who declined Montenegrin citizenship in 2006. The question of these residents' legal status and ability to vote remains very contentious, as Montenegro's constitution does not recognize dual citizenship. New amendments to the 2008 Law on Citizenship in 2011 attempted to address the issue by simplifying naturalization for non-citizen residents, who are no longer required to "waive" their previous citizenship if they can submit proof by February 2012 that they resided in Montenegrin territory for a full 2 years before the promulgation of independence.

The public is quite engaged in political life, with a tradition of high voter turnout. NGOs participate in political discussions to a much greater extent than their counterparts in any other country of the region. Minorities are well represented in political institutions, with the exception of the Roma, Ashkali, and Egyptian populations. Minority political parties work predominantly in coalition with the ruling parties.

Civil Society

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	2.75	2.50	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.75

NGOs operate without state interference and increased communication between the government and the civic sector is an official priority of the current administration, initiated by new prime minister Igor Lukšić. Historically, government cooperation with external experts and activists has been limited. In 2011, NGO representatives were included in various working groups or consulted, though their suggestions and comments were often disregarded.

In a highly publicized effort to address the lack of meaningful communication between the government and civil society, in 2010 the government established a new advisory body composed of governmental appointees and civil society

representatives selected by the NGO sector. The Council for the Cooperation of Montenegro Government and Nongovernmental Organizations became fully operational in early 2011. Appointments to the council passed without objections, owing to the clear rules of procedure that were strictly implemented. It remains to be seen how effective the Council will be in transmitting the needs of civil society to policymakers.

In March, representatives of the Network of NGOs for Democracy and Human Rights signed a memorandum of understanding with the president of the Montenegrin parliament. The agreement entails a commitment on the part of parliamentary committees to invite NGO representatives, via the network, to take part in sessions of parliamentary committees relevant to their work.

The regulatory environment in Montenegro is favorable to the development of the civil sector, and was further strengthened in 2011. A new law on NGOs, passed in August 2011, improved the legislative framework for the establishment and work of NGOs, aligning it with international standards (the European Convention on Human Rights and Freedoms, in particular) and best practices. It granted NGOs greater financial stability through guaranteed government funding related to the national lottery. However, a separate law on lottery games under discussion at year's end might reverse the August regulation, eliminating guaranteed lottery funding for the civil sector. In December 2011, the government approved a decree regarding the procedures for cooperation between state authorities and NGOs.

Most Montenegrin NGOs are small, characterized by underdeveloped organizational structures and insufficient human resources. However, at the national level there is a small but influential core of well-established, organizationally mature NGOs, engaged mainly in advocacy and research on human rights, good governance and poverty reduction.³ These larger, better established organizations rely on foreign funds, mostly from the European Union (EU). Smaller organizations depend on domestic funding, which is inconsistent and often insufficient.

Allocation of public funds for NGOs remains controversial. There is a need for more transparent and criteria-based procedures for distribution of these resources at the national and local level, and for mechanisms to monitor the allocation procedure and realization of approved projects. The government's plans to significantly decrease public funding in 2012 could dramatically affect the development of the sector, especially for small and medium-sized NGOs.

Independent Media

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	3.25	3.25	3.25	3.50	3.75	3.75	4.00	4.25	4.25	4.25

Media legislation in Montenegro is largely in line with European standards. Montenegro's constitution and accompanying media laws protect freedom of expression and press freedom, and defend the right of journalists to protect their sources.

In practice, journalists still lack protection from violent retribution when their reporting threatens powerful interests. None of the attacks on journalists in the last five years has been resolved, nor have the perpetrators been punished. Even the notorious 2004 assassination of Duško Jovanović, editor-in-chief of the hugely popular daily newspaper *Dan*, did not result in a complete investigation or prison sentence. Physical attacks on editors and journalists discourage investigative journalism, particularly as it concerns politicians and members of organized crime.⁴ In 2009, the editor-in-chief of the daily *Vijesti*, Mihailo Jovović, and photojournalist Boris Pejović were assaulted and threatened with a gun by the mayor of Podgorica and his son while covering a story on the mayor's illegal parking. In September 2011, prosecutors indicted Jovović, whose own injuries landed him in the hospital, for attacking the mayor's driver; charges against the mayor and his son were reduced. The case is ongoing. On three occasions between July and August 2011, unknown individuals set fire to company vehicles owned by *Vijesti*. The perpetrator(s) of these crimes have not been found, and there are no signs of progress in the investigation. Some link⁵ the attacks to statements by former prime minister Milo Đukanović in which he called independent media unprofessional and politically motivated.⁶

Montenegro's oldest daily newspaper, the state-owned *Pobjeda*, should have been privatized in line with the Media Law of 2002. However, after several failed tenders it still remains in state hands. The majority of print and electronic media are privately owned, but clear regulation on excessive concentration of ownership is still lacking. Most media outlets are financially unstable, and thus vulnerable to demands of advertisers and pressure from the government. Most electronic media, especially digital television stations, have serious debt and face an uncertain future. Loyalty to the government is rewarded with more generous public funding allocations, which aggravates the already difficult financial situation of both print and electronic independent media. The quality of media reporting in general has decreased and is increasingly influenced by political and economic interests, resulting in widespread self-censorship.

In accordance with priorities defined by the EU, the government decriminalized libel in July 2011. However, fines against media and individual journalists remain much higher than those established by the case law of the European Court of Human Rights (ECHR). In November, the ECHR ruled that Montenegro had violated the European Convention on Human Rights by fining journalist Veseljko Koprivica €5,000 for defamation in 2004. Lawsuits against journalists are most frequently initiated by representatives of political and business elites, as well as persons widely suspected of involvement in organized crime.

Professionalism of Montenegrin media is also lacking in many cases. Media tend to take a political role in deciding whose voice should be heard and to what extent, and do not report objectively. As a result, despite the large number of media options, they produce a limited range of political and social viewpoints.

Journalists have failed to form strong professional associations. Most prominent journalists and media owners still do not recognize the self-regulatory body that monitors implementation of the Journalist Code of Conduct, which is kept alive

with funding from state authorities.⁷ The government has also allocated €5 million to electronic media (to pay taxes for the signal transfer), as well as €800,000 to help *Bega* press, a privately owned newspaper and distributor, pay a debt to the dailies *Dan*, *Pobjeda*, and *Vijesti*, and the weekly *Monitor*. *Bega* distributed these newspapers but fell months behind on payments

Internet media are becoming increasingly important as the popularity of online news sources and communication grows. As internet use expands, online media are faced with the problem of unregulated user comments, which often contain defamatory content and occasionally hate speech against various social groups and individuals.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25

The Constitution of Montenegro and the 2003 Law on Local Government define the foundations of the local government system. Local government is composed of 21 municipalities, including the capital city of Podgorica, two city municipalities, and the historic royal capital of Cetinje. Many municipalities are burdened with heavy administrative costs due to the bloated government sector, and local employees are often underqualified to handle their new responsibilities related to European integration and the decentralization process. Expectations are nevertheless high that municipalities will be able to apply for, receive, and manage significant financial resources from EU development funds.

Several significant pieces of legislation related to local self-governance were adopted in 2011, including the Public Administration Reform Strategy for 2011–16. The strategy outlines ambitious objectives for local self-government reform, including further decentralization, strengthened administrative oversight of local governments, and enhanced local financing. A subsequent Law on Regional Development, passed in April, defines legislation on coordinating efforts between local and central authorities for developing regional provinces. The 2011–2016 Development Strategy for Inter-municipal Cooperation and the strategy's implementation mechanism, the 2011–2013 Action Plan, were adopted in June, followed in November by the Law on Territorial Organization. The latter determines which territories belong to individual municipalities and the conditions for establishing, abolishing and merging municipalities. During the adoption process, several national minority groups formally requested the establishment of new municipalities, but in the absence of a positive feasibility study, the ruling majority rejected their requests. The had not yet been enacted at year's end.

Under the Law on Local Government, local assemblies elect mayors. In the 2010 local elections, incumbents were reelected in four municipalities, including Podgorica, where Miomir Mugoša won with votes from a coalition comprising

the ruling DPS, the Bosniak Party, and the Liberal Party of Montenegro, as well as three votes from opposition MPs. In the coastal town of Budva, Mayor Rajko Kuljača resigned in early 2011 after being indicted for allowing Zavala Invest, a company partly owned by Russian tycoon Sergey Polanski, to illegally construct approximately 40 villas at nearby Zavala Cape, Montenegro's leading summer resort. In April, the local DPS-SDP coalition elected Lazar Radenović (DPS) as Kuljača's replacement. After a five-year term as the mayor of the Ulcinj municipality, Gzim Hajdinaga (DPS) was replaced by Nazif Cungu (Forca) with the support of the new parliamentary majority formed by four local MPs who left the Democratic Union of Albanians (DUA), one deputy from Perspektiva, and one from the Movement for Change (PzP).

Local governments saw some political turmoil in 2011. In Andrijevića, traditionally governed by the Socialist People's Party (SNP) and other opposition parties, PzP councilor Uroš Čukić left the opposition coalition and joined the ruling DPS, fomenting a political crisis that ended with the DPS seizing the municipal presidency. Instances of local MPs "switching sides" from the opposition to the ruling coalition in Andrijevića and Podgorica, as well as unlikely cooperation between political parties at the local level in some municipalities, led to accusations of corruption and bribery. It also raised questions about the legitimacy of local governments and the mandates of local MPs.

In Podgorica, the DPS-SDP coalition continued to struggle. Raško Konjević (SDP), president of the local assembly, resigned after the reelection of Mayor Mugoša. The fact that Mugoša, an official deeply unpopular with the political opposition's electorate, was reelected with three opposition MP votes led the SDP to demand new elections, claiming that the opposition in the local assembly had been "bought" by the DPS and did not represent the will of the electorate.

There are tremendous financial disparities among the regions in Montenegro and different public spending rules. Per capita expenditures differ, as do the sizes of administrative staffs and their wages. Designed to reduce these disparities by redistributing wealth to the poorest regions, the Equalization Fund remained ineffective in 2011, with no functioning system in place to monitor results of fund distribution.

Municipalities are overstaffed and continue to suffer from inadequate financing and weak budget oversight. Amendments to the laws on local finances and property tax adopted in 2010 came into force in January 2011, resulting in a total budgetary revenue increase of 5.8 percent by the end of 2011. Of the 21 municipalities, 13 saw significantly higher revenues.

The control mechanisms for the budgets of local governments are inadequate. Municipal audits conducted in 2011 and years past revealed serious breaches of provisions in the Law on Local-Self Government, the Law on Public Procurements, the Law on State Assets, and a number of other reoccurring irregularities. Though the EC notes improvements in the capacity and independence of the State Audit Institution (SAI),⁸ it needs to hire more auditors to perform municipal audits. The system of internal financing controls within local governments is ineffective, as

most municipalities have yet to name financial management and control (FMC) managers or staffed internal audit units. The SAI and other watchdogs have criticized the obligatory commercial audits performed in municipalities annually as inadequate and opaque.

The Law on State Property breaches the constitutional right of municipalities to manage their own property because it prevents them from selling local property without the approval of central authorities. In 2011, this led to conflicts between the municipalities and the Ministry of Finance, leading some mayors to publicly criticize the law.

The Union of Municipalities developed a model for decisionmaking procedures to facilitate citizen participation in public affairs and cooperation with NGOs. Its adoption is expected in 2012.

Judicial Framework and Independence

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	4.25	4.25	4.25	4.25	4.25	4.00	4.25	4.00	4.00	4.00

Montenegro's judiciary is structured as a three-tier court system comprising fifteen basic courts, two high courts, an Appellate Court, and a Supreme Court. It also includes two commercial courts, an administrative court, and the Constitutional Court. In its 2011 Progress Report, the EC noted gains on judicial reform to reinforce the independence, accountability, impartiality, and efficiency of judges and prosecutors, though significant challenges certainly remain.⁹

In July, parliament enacted amendments to the laws on courts, the Judicial Council, and the state prosecutor's office. These changes are part of an ongoing campaign to advance judicial independence in line with EU standards through depoliticization and merit-based appointments to judicial and prosecutorial councils and the state prosecutor's office. The amendments to the Law on the Judicial Council increased transparency by enabling the judiciary to participate in the appointment of judges. They also enable the council to participate in the process of proposing candidates for the post of Supreme Court president, the criteria for which were strengthened by the changes to the Law on Courts.¹⁰ In June, the parliament also began drafting amendments to the constitution that would strengthen the capacity and independence of the Constitutional Court, among other reforms. However, the EC emphasized that officials must remain committed to implementing the enacted reforms and noted that a system for training judicial officials on new legislation and EU law is still pending.¹¹

The new criminal procedure code took force on 26 August 2011 and is now applied in all Montenegrin courts. The code introduced several reforms, including a prosecutor-led investigation model and extended confiscation of criminal assets. However, the capacity of state prosecutors to implement the new legislation and monitor and coordinate law enforcement agencies remains limited. Enforcement of civil decisions is also weak. SIGMA, a joint Organization for Economic

Cooperation and Development (OECD)-EU initiative to improve governance in five Central European countries, noted that rule of law is not respected in general, as public bodies frequently refuse to execute court decisions issued against them.

Inefficiency remains a chronic problem in Montenegro's judiciary. Although the case backlog has decreased in recent years, the EC estimates the existence of some 12,000 old cases awaiting resolution. The new law on the right to a trial within a reasonable time has not been implemented effectively, and most complaints are denied.¹² To reduce the burden on courts and administrative bodies, a system of notaries was introduced in 2011. Hundreds of cases were postponed during the judicial administrative staff strike in the second half of 2011.

In addition to the ongoing prosecution of officials in the Zavala case, the state prosecutor's office indicted several well-known personalities for involvement in a major drug smuggling and money-laundering operation in 2011. These included Duško Šarić (brother of Darko, the top suspect in a drug smuggling case), Amina Kalić (wife of Safet Kalić, the top suspect in another huge case of drug smuggling), and Mersudin Kalić (Safet Kalić's brother). For the first time in Montenegro's history, authorities temporarily seized property belonging to defendants in these cases upon indictment.

Media reported on several prominent judicial misconduct cases during the year, including one involving the son of Podgorica's mayor. The case was given to the president of the Supreme Court, contrary to the usual practice of automatic, random allocation of cases. Another controversial trial involved the high-profile murder trial of Chief Police Inspector Slavoljub Šćekić. In the March verdict, Judge Slavka Vukčević gave a ruling that was later refuted on technical grounds. Although Judge Vukčević subsequently revised the verdict in line with the criminal code, she left the judiciary after public criticism from the minister of justice and the president of the Supreme Court. Because the Šćekić murder trial was so prominent, this controversy highlighted the immaturity and unprofessionalism of the judiciary. Moreover, the EC, the opposition, and civil society say the judiciary still needs to demonstrate its independence and efficiency by, for instance, issuing final decisions on corruption and organized crime cases at all levels.

Four war crimes trials from the conflicts in the 1990s that led to the fall of Yugoslavia were underway in Montenegro in 2010 and early 2011. In each case, only subordinates, not commanders, were indicted. Furthermore, the state prosecution office failed to investigate and prosecute the chain of command. In June 2011, a trial of former Yugoslav People's Army officers charged with crimes against prisoners-of-war and civilians at the Morinj detention camp in 1991–92 ended in convictions, but these were overturned by the Court of Appeals, and a retrial was scheduled for 12 April 2012. By the end of 2011, everyone indicted in the trial for war crimes against civilians in the Bukovica region in 1992–93—as well as a separate case regarding the deportation of Bosnian refugees in May 1992—had been acquitted. The Court of Appeals subsequently overturned the Bukovica judgment in June 2011 for procedural reasons, and a retrial was underway at year's end. Also ongoing was the main hearing in the so-called Kaluđerski Laz case involving the murder

of 21 ethnic Albanians who fled to Montenegro during the 1998–99 conflict in Kosovo. In sum, after as many as 20 years in some instances, there is no *res judicata* in a single war crimes case, and it seems unlikely that top officials will be charged or indicted. This reflects the reluctance of the Montenegrin judiciary to process war crimes cases objectively.

Corruption

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	5.25	5.25	5.25	5.50	5.25	5.00	5.00	5.00	5.00	5.00

Despite some progress on anticorruption efforts in 2011, including legislative improvements, corruption remains widespread in many spheres, including local self-government, spatial planning, public procurement, privatization, education, and health care, according to a July analysis by the government.¹³ Implementation of anticorruption measures is weak, and the state remains heavily involved in the economy.¹⁴

The Law on Conflict of Interest was strengthened through several amendments in July 2011 to bring it in line with international standards, but implementation was uneven. Under the changes, MPs who served on the managing boards of public companies were required to step down by the beginning of November. Many proved extremely reluctant to do so and left only under intense public pressure. Most were replaced by colleagues from the same political parties.

The National Commission responsible for monitoring the implementation of the 2011–2012 Action Plan for the strategy for fighting corruption and organized crime adopted its first report in April. It approved new procedural rules enabling it to centralize complaints related to graft and public misconduct and request ad hoc reports on corruption from state agencies. In July, the government subsequently adopted revisions to the Action Plan that comprised 106 new provisions and improved indicators. However, the government has struggled to implement anticorruption measures. In its progress report, the EC noted that the newly revised anticorruption legislation has not been implemented.¹⁵ The problem stems partially from the politicization of public institutions and their complicated organizational structures. In addition to the National Commission, Montenegro has 14 anticorruption bodies, with no clear partition of competences, according to the EC. The overall institutional and legal framework in anticorruption efforts should be reexamined, with the findings used to establish best practices to improve the coordination and implementation of anticorruption efforts.¹⁶

Montenegro has a huge public sector; the central government is the country's top employer, and public spending is 45 percent of gross domestic product (GDP), considerably above average for an emerging market economy. Notwithstanding the promarket rhetoric of its officials, the government still offers substantial subsidies to privatized commercial entities such as the Podgorica aluminum plant and the Nikšić steel mill. Ties between private companies close to certain governmental

officials and budgetary allocations to the same companies are a cause of significant concern.

The government has made strides in improving the business climate by streamlining procedures for business registration, but companies still face considerable red tape. The procedures for obtaining a construction license, for instance, are opaque and thus vulnerable to graft. In The World Bank's *Doing Business* 2011 report, Montenegro ranked 173 of 183 economies in "Dealing with Construction Permits," though Montenegro's overall ranking in the survey was 56.¹⁷

Most prosecuted corruption cases involve abuse of power and bribery. In June, nine people were sentenced on such charges in a cadastre case. A total of three cases were initiated against 28 defendants accused of abuse of office and bribery in 2011, including the high-profile "Zavala" case involving the Budva mayoral office. However, the courts have yet to establish a track record of convictions in corruption cases, especially high-profile ones.¹⁸

The public still considers certain forms of corruption socially acceptable, and the need for a systemic anticorruption effort remains under-recognized. Legislation to protect "whistleblowers" would be an important step in motivating public officials to speak out against graft and misconduct.

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² European Commission (EC), *Montenegro 2011 Progress Report* (Brussels: European Commission, 12 October 2011), 6, http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/mn_rapport_2011_en.pdf.

³ Technical Assistance for Civil Society Organisations (TACSO), *Needs Assessment Report: Montenegro* (Podgorica: TACSO, October 2011), http://www.tacso.org/doc/MN_NA_Report.pdf.

⁴ Interview with Nedjeljko Rudovic, editor of political affairs at *Vijesti*, 20 November 2011.

- ⁵ Informal paper by Zeljko Ivanovic of *Vijesti* and Milka Tadic Mijovic of the weekly *Monitor*, distributed at a 2010 conference by the Center for Civic Education called “Montenegro on the Way to the EU: Where Do We Stand?”
- ⁶ During the summer, Djukanovic gave two interviews, one for the daily *Pobjeda* and the other for Belgrade-based *TV Kosava*. In both cases, he criticized the work of independent media, which he accused of “trying to stir chaos in the DPS.”
- ⁷ The self-regulatory body is supposed to monitor the implementation of the Journalistic Code of Conduct and to react when professional standards are violated.
- ⁸ EC, *Montenegro 2011 Progress Report*, 74.
- ⁹ *Ibid.*, 10.
- ¹⁰ *Ibid.*, 10.
- ¹¹ *Ibid.*, 12.
- ¹² *Ibid.*, 12.
- ¹³ *Ibid.*, 13.
- ¹⁴ Transparency International, *Corruption Perceptions Index 2011* (Berlin: Transparency International, October 2011), <http://cpi.transparency.org/cpi2011//cpi/2010/results>.
- ¹⁵ EC, *Montenegro 2011 Progress Report*, 13.
- ¹⁶ *Ibid.*, 58.
- ¹⁷ The World Bank, *Doing Business 2011* (Washington, D.C.: The World Bank, 20 October 2011), <http://www.doingbusiness.org/>.
- ¹⁸ EC, *Montenegro 2011 Progress Report*, 58.

Poland

by Krzysztof Jasiewicz

Capital: Warsaw
Population: 38.2 million
GNI/capita, PPP: US\$19,160

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	1.50	1.50	1.75	1.75	2.00	2.00	2.00	1.75	1.50	1.25
Civil Society	1.25	1.25	1.25	1.25	1.50	1.25	1.50	1.50	1.50	1.50
Independent Media	1.75	1.75	1.50	1.75	2.25	2.25	2.00	2.25	2.25	2.25
Governance*	2.00	2.00	n/a							
National Democratic Governance	n/a	n/a	2.50	2.75	3.25	3.50	3.25	3.25	2.75	2.50
Local Democratic Governance	n/a	n/a	2.00	2.00	2.25	2.25	2.00	1.75	1.75	1.75
Judicial Framework and Independence	1.50	1.50	2.00	2.25	2.25	2.50	2.25	2.50	2.50	2.50
Corruption	2.50	2.50	3.00	3.25	3.00	3.00	2.75	3.25	3.25	3.25
Democracy Score	1.75	1.75	2.00	2.14	2.36	2.39	2.25	2.32	2.21	2.14

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

In 2011, the political process in Poland generated further evidence of democratic consolidation and sustainability. The October parliamentary elections resulted in a second term for the parties of the ruling coalition, marking the first such consecutive victory in the history of postcommunist Poland. The achievement indicated that in addition to sound mechanisms of accountability that allow for a change of government through free and fair elections, Poland possesses the attributes of stability and continuity in governance that characterize a mature democracy. The success of the center-right Civic Platform (PO) party and its governing partner, the Polish Peasant Party (PSL), also suggested that Polish voters may be willing to reward parties for their actual policies and contributions to good governance rather than continually throwing their support behind the “highest bidder” in the competition of preelection promises.

The reelection of Prime Minister Donald Tusk’s government was even more remarkable given its international and domestic context. It came amid global economic turbulence and the financial crisis in Europe, which has brought down several governments. Domestically, the election took place in the long shadow of the April 2010 plane crash in Smolensk, Russia, that killed President Lech Kaczyński, his wife, and dozens of senior Polish civilian and military officials. The disaster had prompted disputes over political and criminal responsibility and the most proper ways to honor the victims, increasing the level of polarization in Polish politics. However, the issue was for the most part set aside during the election campaign, allowing for a more civil debate on party platforms and government policies.

National Democratic Governance. Since the end of communist rule in 1989, no prime minister has served for more than one four-year term of the Sejm, the lower house of parliament, and very few have remained in power for even one full term. However, on 9 October 2011, Polish voters for the first time delivered an electoral victory to the parties of the ruling coalition, the PO and PSL, giving Prime Minister Tusk a new mandate. The accomplishment brought a much-desired sense of durability to Polish politics, and indicated the emergence of a more stable and coherent party system. *Poland’s national democratic governance rating improves from 2.75 to 2.50.*

Electoral Process. The parliamentary elections on 9 October were free from disturbances, conflicts, or violations of civil rights. They were governed by a new electoral code that was adopted unanimously in the Sejm, and featured the addition of gender quotas to party lists as well as new mechanisms for absentee voting. Media coverage was seen as balanced, and campaign rhetoric was less hostile and polarizing

than in previous years. Although the results confirmed the dominance of the two main parties, the PO and the opposition conservative Law and Justice (PiS), the system was open to the entry of new players, namely the liberal Palikot Movement. *Poland's electoral process rating improves from 1.50 to 1.25.*

Civil Society. Polish nongovernmental organizations were instrumental in various actions undertaken to protect civil liberties in 2011, and public opinion data show that citizens feel more empowered to influence politics than at any time in the recent past. However, there is still substantial room for improvement with respect to the mobilization and influence of ordinary citizens and informal networks. *Poland's civil society rating remains unchanged at 1.50.*

Independent Media. Amendments to the new electoral code passed in February 2011 would have limited campaigning on radio and television to the unpaid time allocated to all parties or candidates. However, the changes were rejected by the Constitutional Tribunal as a violation of constitutional guarantees of freedom of speech. Other free speech related legislation submitted by the government raised concerns during the year, but the Polish media, which individually may voice their partisan preferences, collectively served the public interest well, scrutinizing government policies and the actions of all political factions. *Poland's independent media rating remains unchanged at 2.25.*

Local Democratic Governance. Throughout 2011, local authorities elected at the end of previous year were occupied mostly with routine matters. The major exception was the Union of Mayors-Citizens to Senate movement, which was launched by several mayors to support independent senate candidates in the October parliamentary elections. The effort was largely unsuccessful, as only one candidate endorsed by the mayors won a seat. *Poland's local democratic governance rating remains unchanged at 1.75.*

Judicial Framework and Independence. Contemporary Poland inherited many ills of the communist-era judiciary, including practices that undermine the independence of the state prosecutor. The courts and prosecutorial offices are understaffed, which leads to delays at all stages of the judicial process. Judges and prosecutors are also underpaid, which exposes them to bribery and undue pressure from elected and appointed state officials. Because there was no significant progress in addressing these problems in 2011, *Poland's judicial framework and independence rating remains unchanged at 2.50.*

Corruption. Poland has a well-developed network of institutions dealing with the problem of corruption. However, developments in 2011 confirmed suspicions that the anticorruption institutions themselves are not entirely free from corruption, with some officials serving partisan political interests rather than the public interest. *Poland's corruption rating remains unchanged at 3.25.*

Outlook for 2012. The next scheduled elections, to the European Parliament and municipal offices, are set for 2014, while the next parliamentary and presidential elections are not due until 2015. This should give the government ample time to design and implement necessary reforms in the domains of public policy and the economy. These reforms will unavoidably include substantial austerity measures. While Poland's economy has been growing at a steady pace, other important statistics provide reasons for concern. Although government debt, at 54.9 percent of gross domestic product (GDP), was still well below the European Union average of 80.2 percent in 2011, the budget deficit, at 7.8 percent of GDP, was slightly above the EU average, and has risen during all four years of the PO-PSL administration. The current government may have to use its renewed electoral mandate to introduce steps that will be unpopular with the public. This will have to be done in coordination with the EU, in which Poland seeks to play a significant role despite remaining outside the eurozone monetary union.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.50	2.75	3.25	3.50	3.25	3.25	2.75	2.50

In 2011, the political process in Poland generated further evidence of democratic consolidation and sustainability. In his famous essay *Reflections on the Revolution in Europe*, Ralf Dahrendorf postulated that a postcommunist democracy must undergo at least two changes of government—one in the neoliberal, the other in the social-democratic direction—to be considered mature, or “normal.”¹ Yet a mature democracy is also characterized by indications of stability and continuity in governance. In Poland, “Dahrendorf’s pendulum” has been swinging back and forth every fourth year, if not more often, since 1989. This pattern came to an end on 9 October 2011, when Polish voters for the first time delivered an electoral victory to the parties of the ruling coalition. The success of the center-right Civic Platform (PO) party and its governing partner, the Polish Peasant Party (PSL), brought a much-desired sense of durability to Polish politics. It also suggested that Polish voters may be willing to reward parties for their actual policies and contributions to good governance rather than continually throwing their support behind the “highest bidder” in the competition of preelection promises.

The reelection of Prime Minister Donald Tusk’s government is even more remarkable given its international and domestic context. It came amid global economic turbulence and the financial crisis in Europe, which has brought down several governments. Tusk and his ministers proudly presented Poland as a “green island” in Europe—the only economy in the European Union (EU) that has not experienced recession during the turmoil of the past four years.

Domestically, the elections took place in the long shadow of the April 2010 plane crash in Smolensk, Russia, that killed President Lech Kaczyński, his wife, and dozens of senior Polish civilian and military officials. Disputes over political and criminal responsibility for the accident and the most proper way to honor the memory of those who perished increased the level of contentiousness and polarization in Polish politics.

At the opposite sides of this political divide are the ruling PO and its main opponent, the conservative Law and Justice (PiS) party of the late president Kaczyński and his twin brother Jarosław. While both groupings have roots in the anticommunist Solidarity movement of the 1980s, they offer significantly different visions for the social and political order in Poland, and for Poland’s place in Europe. PiS emphasizes the need to preserve the Polish nation as a community based on traditional values, rooted in the Roman Catholic religion, and bonded by a sense of social solidarity. PO, without negating the importance of national traditions, tends to stress the modernization of Poland along Western European lines, with a

free market economy, pluralist democracy, and respect for individual human rights. Both parties were established in 2001 and have jointly dominated Polish politics since 2005. Once coalition partners on the local level, the two gradually grew apart and eventually became bitter enemies. The controversies following the Smolensk accident only deepened this enmity.

There are, however, indications that many in the electorate are weary of the established parties and their disputes. A new organization, Palikot's Movement (RP), was founded in 2010 by Janusz Palikot, a former PO deputy who left the party and gave up his Sejm seat. In 2011, RP apparently attracted voters at the liberal extreme of the cultural divide who would otherwise vote for the Democratic Left Alliance (SLD) or PO, or abstain altogether.

Palikot and other leaders of his organization—among those elected to the Sejm were a prominent radical feminist and Poland's first transgender member of parliament—expressed their criticism of the public role of the Roman Catholic Church, and voiced support for the relegalization of abortion on demand, the legalization of in vitro fertilization, and the decriminalization of soft drugs (marijuana). On economic issues, however, the RP advocated more right-leaning policies, such as a universal flat tax.²

A second new entrant, the Poland First party (*Polska Jest Najważniejsza*, or PJN), failed to win any seats. Established in 2010 by a group of dissenters from PiS, it has been plagued by internal strife. Its original leader, Joanna Kluzik-Rostkowska, who had been the campaign manager of Jarosław Kaczyński's unsuccessful presidential bid in 2010, eventually left PJN and was elected to the Sejm on the PO list. More importantly, however, it seems that the core PiS electorate is so devoted to the party's brand and to Jarosław Kaczyński personally that no dissident group from within the PiS leadership could attract a substantial following.³ Recent postelection analyses by the Center for Public Opinion Research (CBOS) indicate that PiS supporters would rather stay home on election day than vote for another party. Of those who voted for PiS in 2007, 57 percent did the same in 2011, while 31 percent abstained; only 4 percent switched to PO, while PJN drew a mere 2 percent of this group.⁴

The unique durability of PiS's electoral base is anchored in its demographic, social, and cultural characteristics. Since the demise of the League of Polish Families in 2007, when PiS essentially absorbed that party's electorate,⁵ it has been the only faction presenting itself as a voice for those who are at once economically underprivileged, culturally conservative, and politically authoritarian.⁶ These older, less educated voters are unlikely to follow dissenters who criticize Jarosław Kaczyński's autocratic leadership style. Nevertheless, a group of deputies elected on the PiS ticket in October 2011 left the party even before the first session of the Sejm, establishing a new caucus called *Solidarna Polska* (SP, loosely translated as Poland in Solidarity). It has so far failed to win more than 2 percent support in public opinion polls.

Unlike PiS, PO has experienced no significant dissent in its leadership, despite the potential votes that were apparently lost to Palikot.⁷ On the contrary,

it successfully won over a broad range of leaders from other parties, from Kluzik-Rostkowska on the right to Dariusz Rosati, a former minister in SLD governments, on the left. However, the intensity of PO's hallmark commitment to effective governance and broadly understood policies of modernization arguably weakened in the months—if not years—preceding the election. The Tusk government did not undertake any major reforms in social or economic policy, and carefully avoided potentially controversial issues such as the legalization of *in vitro* fertilization. This cautious course was indirectly abetted by the opposition, which was similarly wary of alienating voters ahead of the elections.

The most prominent point of contention between PO and PiS in 2011 was the question of responsibility for the Smolensk catastrophe. The Tusk government, following the rules of the Convention on International Civil Aviation (or Chicago Convention), had cooperated with the Moscow-based Inter-State Aviation Committee (MAK) in investigating the causes of the crash. Yet the Polish and Russian sides presented separate findings. The MAK report, published on 12 January, put the blame exclusively on the Polish crew, which made a landing attempt in extremely unfavorable weather conditions. The report of the Polish team, led by Internal Affairs Minister Jerzy Miller, was published on 29 July. It fully recognized the errors committed by the crew, but also pointed out the flaws in the actions of Russian air-traffic controllers and the technical conditions of the airfield. Most importantly, however, the Polish report presented a devastating picture of the insufficient training of pilots and the disregard for proper procedures in the Polish air force. Defense Minister Bogdan Klich resigned on the day the findings were published. Tusk also dismissed or demoted three generals and ten other officers, and ordered the disbandment of the air force regiment responsible for VIP flights. The scale and severity of these penalties surprised even critics of the way the Tusk government had handled the investigation.

In 2010, PiS deputies to the Sejm had established an extraconstitutional committee to monitor the progress of the official investigation. On 29 June 2011, the panel released its own document, which included suggestions of Russian culpability for the crash and a cover-up by the Tusk government. The evidence to support these claims has been dismissed or at least questioned by the government and independent experts, with many points addressed directly or indirectly in the Miller report.

One other matter that stirred controversy during the year was the future of the EU, whose rotating presidency Poland assumed for the second half of 2011. On 28 November, Foreign Minister Radosław Sikorski outlined his vision for a federal Europe in a speech delivered in Berlin. His proposals, which would limit the sovereignty of EU member states, touched off a heated debate, in Poland as much as abroad.⁸ The PiS and PjN deputies to the Sejm submitted a motion for a vote of no confidence in Sikorski. The motion was soundly defeated, even though Tusk and President Bronisław Komorowski, who had apparently been unaware of the exact content of Sikorski's speech before it was delivered, gave their foreign minister rather lukewarm support.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.50	1.75	1.75	2.00	2.00	2.00	1.75	1.50	1.25

The 9 October elections for the Sejm and senate, like all recent balloting, took place in an orderly fashion, without any major disturbances, conflicts, or violations of civil rights. They were the first elections conducted under an electoral code that had been unanimously adopted by the Sejm in December 2010 and amended in early 2011. Some provisions were later challenged as unconstitutional by a group of PiS members of the Sejm, and the Constitutional Tribunal struck down its restrictions on campaign advertising (see Independent Media) and extension of the voting period for more than one day. Of the provisions that passed constitutional muster, the most important was the introduction of single-member constituencies and plurality (first-past-the-post) voting in the senate elections. This system replaced a candidate-centered bloc vote that had been used, with modifications, since 1989. Candidates had competed in two-to-four-member constituencies, with voters allowed to cast as many votes as the number of seats allotted to the constituency. The tribunal also allowed the new code's mechanisms for voting by proxy and absentee voting by mail, and the introduction of a gender quota for party candidate lists, so that each gender has at least 35 percent representation.

The Sejm elections were contested by 11 parties and organizations, seven of which managed to register their lists of candidates in all 41 electoral districts. Among them were the four parties that had won seats in the Sejm elected in 2007: PO, PiS, the SLD, and the PSL. The others with nationwide registration were PJN, RP, and the Polish Labor Party–August '80 (PPP-Sierpień 80). The electoral commission denied nationwide registration for Janusz Korwin-Mikke's New Right party due to an insufficient number of petition signatures, and the courts upheld the decision.

The electoral campaign was dominated by the PO-PiS rivalry, though contrary to expectations, the question of responsibility for the 2010 Smolensk accident did not feature prominently in the preelection discourse. The parties of the ruling coalition, PO and PSL, emphasized the government's accomplishments in preserving political and economic stability in the country. PiS seemed to inadvertently acknowledge these accomplishments in its electoral slogan, "Poles deserve more." PiS leader Jarosław Kaczyński, who had blamed the moderate tone of his campaign for his defeat in the 2010 presidential vote, again chose to avoid contentious statements. He also refused to participate in live debates with the leaders of other parties. Only in the final days of the campaign did he make some controversial remarks about German chancellor Angela Merkel, which were promptly criticized by his rivals.

After the relatively mild campaign, the election results were anticlimactic, generally matching the predictions of opinion polls. The parties of the ruling coalition gathered enough votes to secure a majority in the Sejm, and opposition leaders promptly acknowledged this fact in their concession speeches. According to the official results, PO collected 39.2 percent of the vote and 207 seats in the

Sejm, followed by PiS with 29.9 percent and 157 seats, RP with 10 percent and 40 seats, PSL with 8.4 percent and 28 seats, and SLD with 8.2 percent and 27 seats. PJN (2.2 percent), New Right (1.1 percent), PPP (0.5 percent), and Right (0.2 percent) all failed to clear the 5 percent threshold for representation. An organization representing the ethnic German minority, which is exempt from the 5 percent barrier, was granted one seat after earning 0.2 percent of the vote.⁹

The election results confirmed the strength of PO and PiS, which together collected 70 percent of the popular vote, essentially the same as in 2007 (74 percent), and in the first rounds of the presidential elections in 2005 (69 percent) and 2010 (78 percent). The new first-past-the-post system in the senate elections gave these two parties an even greater advantage. Of the 100 senate seats, PO won 63, PiS 31, and PSL 2. The remaining four went to independents, three of whom had been endorsed by PO, which did not compete in their districts.

The 2011 elections also reiterated the known demographic characteristics of the PO and PiS. The latter has a devoted following in rural areas, particularly among people with elementary-level or vocational education, and among those over the retirement age. PO enjoys strong support among the urban middle class, especially at higher levels of education, and in the middle-aged and younger segments of the population.¹⁰ Geographically, PO triumphed in 11 provinces, and PiS in only five, all located in the east and southeast of the country.

Postelection analyses published by CBOS indicate that RP, which emerged as the third strongest party in the Sejm, did particularly well among the youngest voters, winning 21 percent support among 18- to 24-year-olds and as much as 27 percent among high school and college students.¹¹ There is also a clear negative relationship between voting for RP and levels of religiosity. The party received virtually no support among those who go to church more than once a week, and 20 percent among those who never attend religious services. Curiously, despite the feminist rhetoric of its leaders, RP did significantly better among men (12 percent) than women (8 percent).¹² The patterns of support for RP demonstrate that it found two possibly overlapping niches in the electorate: those tired of the PO-PiS quarrels and those seeking political representation for their secular and liberal cultural values.

The new gender quota for party lists generated only a modest improvement in women's representation in the Sejm. While women accounted for 43.5 percent of all Sejm candidates, they made up 23.9 percent of those elected—up from the 20.4 percent recorded in 2007. This discrepancy is mostly due to the fact that women were seldom placed at or close to the top of the list. While all major parties fielded a similar proportion of female candidates, from 39.8 percent to 44.5 percent, PO had by far the highest fraction of women elected, at 35.8 percent. PiS had 17.2 percent, SLD 14.8 percent, RP 12.5 percent, and PSL 7.1 percent.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.25	1.25	1.25	1.25	1.50	1.25	1.50	1.50	1.50	1.50

Poland boasts a vibrant civil society with respect to its formal nongovernmental organizations (NGOs), as opposed to informal networks and individual activists. The many NGOs active in the country include chapters of such international organizations as Transparency International, Reporters Without Borders, and the Helsinki Foundation, as well as homegrown groups. Among the latter, the Batory Foundation has monitored election coverage by Polish media since 2006, and in 2011 it issued its report on the parliamentary elections. The Institute for Public Affairs (ISP), a think tank studying the quality of democracy, public debate, and social policy in Poland, has also made a significant impact, issuing analyses that contributed to provisions of the new electoral code.

NGOs were instrumental in various actions undertaken to protect civil liberties in 2011. In March, a broad coalition of NGOs, media outlets, business organizations, journalists, and internet users prevented the inclusion of provisions in an amended media law that could have facilitated state censorship of internet content. Another campaign aimed at blocking legislative changes on public access to information was less successful. The government's original proposal gave state bodies the right to limit or deny access to information to protect "important state interests." This provision was harshly criticized by a number of NGOs and media groups, such as the Helsinki Foundation, the Batory Foundation, and the Chamber of Press Publishers. Eventually, a compromise version was agreed upon and passed in the Sejm, but the Senate restored the original language. While appeals to the Sejm and the president to reject the amendment were fruitless, the NGOs have not abandoned the issue, urging the new Sejm to place it on its agenda.

An even broader campaign has been launched under the slogan "Strike Out 212 KK" (*Wykreśl 212 KK*). Its goal is to remove from the penal code Article 212, which criminalizes defamation and prescribes fines or even jail time for defamatory statements that are disseminated in mass media, including the internet. The action was initiated by the Helsinki Foundation, the Association of Local Newspapers, and the Chamber of Press Publishers, and joined by other NGOs, media outlets, and bloggers. The organizers of the campaign point out that Article 212 is typically used not to defend personal dignity, but to curb criticism of authorities, in particular on the local level, by the media or even private citizens. The campaign began as a single webpage and now boasts over 280,000 webpages and hundreds of news items addressing the issue.¹³

While Poland's NGO sector is strong, theorists from Adam Ferguson to Robert Putnam have argued that the concept of civil society refers not only to formally registered organizations, but also to the activities of informal groups and networks, and of individual citizens in their neighborhoods, places of employment, and elsewhere.¹⁴ In this respect, Polish civil society still has substantial room for improvement. For example, levels of electoral participation have been notoriously

low by European standards. Turnout for the October 2011 elections was only 48.9 percent, almost 5 percent lower than in 2007. Moreover, Poles rarely engage in organized, unpaid activities for the benefit of their communities. In a CBOS survey conducted in April 2011, only 24 percent of respondents claimed to have committed any of their free time to work for any organization over the past year. Among those who volunteered their time, a plurality of 30 percent did so for various charities. Others volunteered for groups including educational organizations (such as teacher-parent associations), churches and religious communities, sports clubs, and firefighting squads. However, when asked if they volunteered their time and efforts individually, outside any organizational framework, a full 80 percent responded positively, citing work done for their relatives (69 percent), friends (67 percent), neighbors (49 percent), individual strangers (36 percent), or their local community (20 percent).¹⁵ Most of those who engaged in such activities cited their personal conviction that people should help one another. Polish citizens also display a sense of their own empowerment: the fraction of those who believe that people like themselves can work together to resolve important problems within their local community or social group has reached almost two-thirds of CBOS respondents.¹⁶

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.50	1.75	2.25	2.25	2.00	2.25	2.25	2.25

Opponents of restrictions on political speech in Poland scored an important victory in 2011. On 3 February, less than a month after the new electoral code became law on 5 January, the Sejm voted to amend it with provisions including bans on the use of paid campaign advertisements on radio and television and the display of posters larger than two square meters. Those restrictions would effectively limit campaigning on radio and television to the unpaid time that is allocated to all parties or candidates, as well as prevent the use of billboard advertisements. Supporters of the regulations said they would reduce the expenses associated with electoral campaigns and level the playing field by giving all parties or candidates essentially the same advertising resources.

The new provisions were contested by some PiS deputies, who requested a review by the Constitutional Tribunal. In its 20 July decision, the court found that such restrictions violated constitutional guarantees, pointing out that the appropriate way to limit the election-related expenses would be a specific regulation of campaign financing, not a general restriction of the freedom of speech. Unlike the votes in the Sejm on both the December 2010 bill and the February 2011 amendments, the court's decision was not unanimous.¹⁷

The Polish government submitted two other legislative initiatives in 2011 that could infringe on freedom of speech. In March, the parliament debated revisions of the legislation regulating electronic media as part of a broader reform designed to make Polish law compatible with EU rules. Among the proposed changes was a

senate-backed requirement that all online video-on-demand (VoD) services register with the National Broadcasting Council (KRRiTV). This caused an uproar among Polish internet providers, journalists, and users who interpreted it as a barely veiled attempt to subject internet content to state censorship. Indeed, the measure's vague definition of VoD services allowed a very broad interpretation, essentially requiring formal registration of any website containing video material. However, this apparently was not the government's intention. Prime Minister Tusk, responding to the criticism, asked the senate to amend the bill by removing the controversial passages related to the internet. The senate complied, and the Sejm confirmed its changes.

In September, in another attempt to harmonize Polish and EU legislation, the parliament revised the law regulating public access to information. As noted above, the senate added an amendment that gave state bodies the right to limit or deny such access to protect "important state interests." Subsequently, the Sejm accepted the senate's changes and the bill was sent to the president, who had the options of vetoing it, sending it for review by the Constitutional Tribunal, or signing it into law. President Komorowski chose to sign it, citing the urgency of meeting EU expectations.¹⁸ The new Sejm elected in October will in all likelihood revisit the controversial provision.

Other threats to independent media in 2011 arose outside the legislative sphere. On 17 May, officers of the Internal Security Agency (ABW) searched the residence of a blogger who ran a service devoted to critical and satirical materials aimed at Komorowski. The legal basis for the investigation and search warrant was Article 135.2 of the penal code, which prescribes jail time for defamation of the president. In addition, the authorities cited the fact that the content of the service included the encouragement of acts of violence (terrorism). The ABW raid prompted renewed calls for the deletion of Article 135.2 from the penal code. An even broader action has been aimed at the deletion of Article 212, which penalizes defamation of any person in mass media (see Civil Society).

Controversy over the functioning of the KRRiTV continued during the year. The council was created in 1992 to provide unbiased control of both public and private media. Since its inception, however, the KRRiTV has been a highly politicized body. In June 2010, the Sejm, senate, and acting president rejected the council's annual report, which automatically terminated its tenure. In August that year, after amendments were made to the media law, the Sejm, senate, and president chose appointees to serve six-year terms on the new KRRiTV. Subsequently, the council selected new program and management bodies for the public broadcasters Polish Radio and TVP. However, partisan disputes between government (PO) and opposition (SLD) appointees to the KRRiTV cast doubt on the integrity of the process. The bickering extended in 2011 to the PR and TVP managing boards, and also involved appointees associated with the PSL, the junior partner in the ruling coalition. In response to these prolonged quarrels, both the Sejm and the senate rejected the council's annual report in 2011. With the exception of the SLD, whose share of seats on the KRRiTV exceeded by far its strength in the parliament,

all parties supported the rejection. However, President Komorowski decided to accept the report, giving the KRRiTV and the managing boards of the RP and TVP another year to improve their performance.

The partisanship affecting the TVP management was only sparsely reflected in its news programs, including its coverage of the national elections. As in previous years, the Batory Foundation monitored the six most-watched television news programs, four on public and two on private networks. Unlike during the 2010 presidential election, when the TVP was heavily biased in favor of Jarosław Kaczyński and SLD candidate Grzegorz Napieralski, the 2011 election coverage was found to be generally nuanced and evenhanded, though the producers of particular programs in most cases still followed their partisan preferences in the selection of news items and in editorials.

Partisanship remains the most notable feature of Polish print and electronic media, and they often engage in tabloid-style speculation rather than solid investigative reporting. But while individual outlets display various ideological leanings, they collectively serve the public interest well by playing a watchdog role with respect to government policies and the actions of all political factions. They typically act as agents of civil society, and in return receive support of NGOs and the public when threats to press freedom arise.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.00	2.00	2.25	2.25	2.00	1.75	1.75	1.75

Since the end of communist rule, Poland has developed a well-functioning system of local democratic governance. A series of reforms designed by both practitioners and academics, such as Jerzy Regulski and Michał Kulesza, were implemented in 1990, 1998, and 2002, reintroducing principles of local self-governance that had been abolished by the communist regime. Above all, the reforms made the municipality (*gmina*) the basic unit of public administration, endowed with all powers that are not specifically reserved for other levels of government. In addition, the reforms established the three-level administrative division of the country and direct elections for municipal leaders. Local elections conducted in November and December 2010 provided substantial evidence of the viability of local democracy in Poland.

Throughout 2011, the local authorities elected at the end of the previous year were occupied mostly with routine matters. One development, however, deserves special attention.

The new electoral code, used for the first time during the October 2011 parliamentary elections, introduced single-member constituencies and a plurality or first-past-the-post voting system for the senate. Until 2011, senators had been elected in two-to-four-member districts, with voters casting as many ballots as there were seats in their district. The top vote-earners were awarded the seats. The

rationale for the reform was to simplify the electoral rules and create a more direct bond between voters and elected officials.

This reasoning also became the basis of an initiative by the mayors of several major cities. In the 2010 local elections, independent mayoral candidates had won in 64 of the 107 largest cities, many by a landslide. In July 2011, eight of these independents, including Rafał Dutkiewicz of Wrocław, Jacek Majchrowski of Kraków, Wojciech Szczurek of Gdynia, and Wojciech Lubawski of Kielce, launched a movement to support independent candidates in the senate elections, known as Union of Mayors-Citizens to Senate (*Unia Prezydentów Miast-Obywatele do Senatu*). They were soon joined by other mayors and received endorsements from many business leaders and intellectuals.¹⁹

The mayors sought to break or at least make a dent in the two main parties' domination of the Polish political scene. They criticized the PO-PiS rivalry and the political polarization it caused, arguing that the parties had become so entangled in their quarrels with each other that they had ceased to truly represent the interests of citizens. But the mayors rejected the idea of establishing a new party, believing that any such group would eventually have to commit itself to narrow, partisan interests.

The movement's founders also had a more far-reaching goal in mind. In their opinion the senate should no longer play the limited role of a "chamber of reflection"—meant to correct whatever errors the Sejm might have made or overlooked in a given bill. Instead, the mayors reasoned, the senate should represent the interests of local communities and enable ordinary citizens to "regain real influence over public life."²⁰

The Citizens to Senate movement eventually fielded or endorsed 46 candidates to run for seats in the 100-member senate. However, despite a well-designed campaign and a generally warm reception in the media, only one among them, Jarosław Obremski of Wrocław, was successful. Obremski, who collected 42 percent of the votes, defeating a PO candidate with 35 percent, ran on the coattails of the extremely popular Mayor Dutkiewicz, the informal but unquestioned leader of the movement. Elsewhere, the independent candidates failed to mount a serious challenge to the two major parties.

The outcome of the Citizens to Senate campaign was consistent with predictions based on political science literature. The so-called Duverger's Law,²¹ from the name of the French sociologist Maurice Duverger, states that plurality-based voting tends to favor the strongest parties and generate two-party systems. In the 2011 senate election, the PO and PiS won a combined 94 percent of the senate seats, compared with only 70 percent in the Sejm, which uses a proportional-representation system. Furthermore, the fact that the elections to the Sejm and the senate were conducted concurrently could have led many voters to support the same ticket in both contests. Voters may have also been driven by other considerations, such as a desire to secure support in both chambers of the legislature for a government of their favorite party. The history of elections in democratic Poland seems to bolster this supposition: the parties that did best in the Sejm elections have generally dominated the senate as well. By contrast, in direct mayoral elections, as in 2010, voters may be more

attuned to the specific credentials of particular candidates, and especially to their past accomplishments in a given role. For example, Dutkiewicz won reelection in Wrocław with almost 80 percent support. Ultimately, the change in the senate voting system did not substantially alter these dynamics.

The fate of the Citizens to Senate initiative illustrated the durability of Poland's party system—a desirable quality given the system's past volatility and the international context of collapsing public trust in political parties. But it speaks also volumes about the vibrancy of Polish local democracy. This is not likely to be the last national initiative by the mayors and residents of Polish cities.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.50	2.00	2.25	2.25	2.50	2.25	2.50	2.50	2.50

The judicial framework of contemporary Poland has its roots in both the pre–World War II Polish state and the postwar communist regime. Formally, it does not differ significantly from analogous institutions in other continental European states, with independent courts and a centralized system of state prosecutors' offices. Besides the system of common courts, there are also the Chief Administrative Court, the Constitutional Tribunal, and the Tribunal of State. All of these institutions proved well suited to the needs of a young democracy and have enjoyed high levels of esteem among the public.

Beyond the sound institutional framework, however, the contemporary Polish law enforcement system and judiciary suffer many ills. Polish judges and prosecutors are overworked, which leads to delays at all stages of the judicial process. They are also underpaid, which exposes them to the temptations of bribery and to undue pressure from elected and appointed state officials. There was no significant progress on addressing these problems in 2011.

The flaws in Polish law enforcement expose the government not only to the criticism of the public, but also to scrutiny by international institutions, such as the European Court of Human Rights (ECHR). In 2011, the court issued its judgment in a particularly controversial case, *Miroslaw Garlicki v. Poland*. Garlicki, a prominent heart surgeon, was arrested in February 2007 on charges of corruption, abuse of power (in relation to his coworkers), and involuntary manslaughter (for the deaths of heart-transplant patients due to negligence). The case received unusually intensive coverage in the media, with the handcuffed suspect paraded in front of television cameras. Furthermore, after the arrest, top state officials at the time openly expressed their belief in Garlicki's guilt, including Justice Minister and Prosecutor General Zbigniew Ziobro, Health Minister Zbigniew Religa, and Prime Minister Jarosław Kaczyński. Garlicki was released on bail after three months in jail. Most of the charges were later dropped, and the accused was acquitted of others; one charge of involuntary manslaughter was still pending at the end of 2011.

Garlicki, who has always maintained his innocence, sued Ziobro for defamation and won the case in the Polish courts, but decided to seek an additional judgment at the ECHR. The Strasbourg-based tribunal ruled in favor of the applicant, finding that his arrest warrant was issued improperly by a clerk who lacked judicial independence as defined by European standards. The court stated that other claims by Garlicki, including improper treatment while in custody and violation of the presumption of innocence, although supported by the evidence provided, either should be or already had been addressed by the Polish courts.

The case was in many ways typical of the complaints brought by Polish citizens against their state at the ECHR. Of the 26 judgments the court issued in cases involving Poland in 2011, the majority were related to violations of Articles 3, 5, and 6 of the European Convention on Human Rights (seven, nine, and nine cases, respectively). The cases under Article 3, which prohibits torture and inhuman or degrading treatment, have often pertained to inhuman conditions in Polish prisons. Article 5 guarantees the right to liberty and security, and forbids unlawful arrest or detention, as in the Garlicki case. Article 6 guarantees the right to a fair and speedy trial.²²

No one in Poland denies the factual background of such cases. The overworked judges and prosecutors often make hasty decisions regarding arrest or continued detention, which leads to the overcrowding of jails and increases the backlog of cases. While reforms are being introduced, they are proceeding slowly. For example, the question of political pressure on state prosecutors was addressed in 2010 with the separation of the office of prosecutor general from that of justice minister. It is still too soon to assess the effectiveness of this change.

The heavy caseload of the courts may be relieved to some extent by the introduction of e-courts. In this system, small claims are submitted and judgments are delivered via the internet. The first such court was established in 2010 and based in Lublin, though it accepts cases from the entire country. By July 2011 it had accepted and resolved over a million cases.²³

However, the government and the judicial profession may have differing visions for further reform. The latter has historically been organized in a guild system, with separate associations for judges, prosecutors, defense attorneys, and the like. It tends to tightly guard its group interests, for instance by controlling access to the profession through an intricate system of clerkships and internships. The government would prefer broader access and more transparent rules guiding the process, and its newly appointed justice minister, Jarosław Gowin of PO, is not a lawyer, meaning he will presumably be free of professional biases as he pursues judicial reform.

There are also signs that the problem of partisanship in the judiciary and law enforcement may be receding. In 2010, Sejm deputies from the ruling PO party refused to support a well-qualified candidate for a seat on the Constitutional Tribunal, because his candidacy was submitted by the SLD, an opposition party. However, the PO deputies corrected their stand in May 2011, when the candidacy of Andrzej Wróbel, a law professor from Kraków, was resubmitted by the SLD. He was elected with 243 votes, versus 148 for his PiS-backed competitor.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.50	2.50	3.00	3.25	3.00	3.00	2.75	3.25	3.25	3.25

Poland has a well-developed network of institutions that deal with the problem of corruption. In the 2007–11 PO-PSL government there was a separate ministerial portfolio to coordinate anticorruption efforts, though this position was abolished after the October 2011 elections. The Central Anticorruption Bureau (CBA), established in 2006, has been charged with both coordinative and investigative tasks. The Internal Security Agency (ABW), the Central Bureau of Investigations (CBS), and other police units and state prosecutors' offices also participate in combating corruption.

However, a sound institutional framework does not guarantee successes in the elimination of corruption. Developments in 2011, as in previous years, bolstered the idea that the anticorruption institutions themselves are not entirely above suspicion, as their leaders may serve partisan political interests, act on behalf of former or potential business partners, or simply seek personal gain. Even if suspicions aired in the media are eventually found insufficient to merit an investigation, the public rightly remains wary of any overlap between business and public service. For instance, General Krzysztof Bondaryk, head of the ABW, was accused in June of exercising undue influence on behalf of, and receiving favors from, his former employer, the communications company ERA. Prime Minister Tusk accepted Bondaryk's confidential explanations and took no disciplinary action, though this failed to dispel the doubts of many observers.

Two older corruption scandals progressed during 2011. In April, a state prosecutor's office closed its investigation of the so-called Gambling Affair, having found no grounds to charge anyone with a crime. The case centered on two PO politicians, Zbigniew Chlebowski and Mirosław Drzewiecki, who were accused of exercising undue influence on a bill regulating the gambling industry, allegedly on behalf of business interests. They had been already cleared of any punishable wrongdoing by a Sejm investigative committee, and by the government in a special report in 2010. The prosecutor's decision closed the case, but neither of the two accused politicians has so far returned to work in PO. Chlebowski ran unsuccessfully for a senate seat as an independent candidate.

Separately, a special committee of the Sejm, appointed in 2007, concluded its examination of the case of Barbara Blida, a former minister in an SLD government who committed suicide during a search of her home by ABW agents investigating corruption allegations against her. The committee, chaired by Ryszard Kalisz of the SLD, found possible political motivations on the part of the PiS government at the time, and recommended referring the cases of then prime minister Jarosław Kaczyński and justice minister and prosecutor general Zbigniew Ziobro to the Tribunal of State. The Sejm elected in October 2011 will likely put this issue on its agenda.

Another Sejm special committee, tasked with the investigation of all possible cases of political pressure exercised by the 2005–07 PiS government on law enforcement agencies, and chaired by Andrzej Czuma of PO, concluded that such pressure had indeed occurred. However, this conclusion was questioned not only by the PiS-appointed members of the committee, but also by Czuma himself. In his dissenting opinion he expressed the belief that no solid evidence could be presented to support the committee's conclusions.²⁴

Some new cases of corruption by high-level officials were made public in 2011. The most spectacular was a case involving General Gromosław Czempiński, who served from 1993 to 1996 as the chief of the Office for the Protection of the State, an institution that was replaced by the ABW in 2002. On 22 November, Czempiński, along with attorney Michał Tomczak, businessman Andrzej Piechocki, and two other individuals, was arrested by the CBA on charges of corruption related to the privatization of the public utilities company STOEN and the Polish national airline, PLL LOT, after he had already left public service. Those arrested were charged with accepting bribes totaling almost US\$3 million and subsequently released on bail. By year's end, no other details had been made public. The investigation seems to have been focused on a money-laundering scheme; the legality of the privatization process itself has not been questioned. All of the accused denied any wrongdoing.²⁵

The case against Czempiński caused a particular interest among the media, the public, and the political elite, as he had enjoyed the status of a national hero of sorts. A state security officer in the communist era, he was allowed to remain in the Polish intelligence services after 1989, and in 1990 he led Operation Samum, the extremely risky evacuation of six CIA officers from Iraq before the beginning of the Persian Gulf War. For this action, Czempiński received a high award from President George H.W. Bush.²⁶

In their efforts to curb corruption, state agencies are aided by NGOs, such as Transparency International, the Batory Foundation, and the Helsinki Foundation. The latter two have established an umbrella organization, the Anticorruption Coalition of Nongovernmental Organizations (AKOP), which monitors the corruption-related declarations and actions of political parties. These include the aforementioned probes conducted by special investigative committees of the Sejm, which make most of their documents and testimony immediately available to the public.

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Romania

by Laura Stefan and Sorin Ionita

Capital: Bucharest
Population: 21.4 million
GNI/capita, PPP: US\$14,290

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.75	2.75	3.00
Civil Society	2.75	2.50	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50
Independent Media	3.75	3.75	4.00	4.00	3.75	3.75	3.75	4.00	4.00	4.00
Governance*	3.75	3.75	n/a							
National Democratic Governance	n/a	n/a	3.50	3.50	3.50	3.75	3.75	4.00	3.75	3.75
Local Democratic Governance	n/a	n/a	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Judicial Framework and Independence	4.25	4.25	4.00	4.00	3.75	4.00	4.00	4.00	4.00	3.75
Corruption	4.50	4.50	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00
Democracy Score	3.63	3.58	3.39	3.39	3.29	3.36	3.36	3.46	3.43	3.43

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The year 2011 was marked by the fading hope that the global economic crisis would draw to a close and the march toward prosperity would resume. The center-right ruling coalition, which paid a heavy cost in terms of popularity for its implementation of a severe fiscal austerity package in 2010 and 2011, was unable to restore salaries and pensions to precrisis levels despite the approach of the 2012 parliamentary elections. This strained relations between the president and prime minister on the one hand, who advocated “doing the right thing” economically and bearing the political consequences, and their coalition partners on the other, including powerful members of the ruling Democratic Liberal Party (PDL) who would have liked to relax the austerity policies before elections. The opposition seized the opportunity presented by the unpopular fiscal restraints and demanded the resignation of the government and the president.

While the government succeeded in restoring Romania’s macroeconomic balance, regaining financial markets’ confidence, and implementing important reforms (on labor, education, social assistance, and the judiciary), critics said it acted without sufficient public consultation. Moreover, by the end of the year the government was exploring unorthodox means to reduce its expected electoral losses in 2012, including postponing local elections until late in 2012 and redrawing electoral districts. By-elections held in 2011 for a few vacant seats in parliament appeared to confirm the role of local officials as electoral agents for their respective national parties, with mayors and county councils growing increasingly dependent on financial transfers from the central government due to the squeeze in public budgets.

Civil society and the media were also confronted with economic difficulties, as the traditional international donors have reduced their support and sources of media revenue have dwindled. While freedom of expression did not face major threats as such, the economic crisis left some media outlets more vulnerable to improper influences. Finally, the fight against corruption was stepped up in 2011, with new investigations launched against high-profile figures in the ruling party, the opposition, and the upper levels of the judiciary.

National Democratic Governance. Due to pressure from its international partners to contain the effects of the economic crisis, the main priorities for the Romanian government in 2011, as in the previous year, were debt reduction and budget discipline. Policy targets were mostly achieved, and the government received praise for its economic management, even though its decision making often excluded input from civil society groups and the opposition. A new International Monetary Fund (IMF) agreement forced some governance improvements in critical

areas, such as the management of state-owned companies and the elimination of a system of discretionary incentives for staff working in public institutions. However, these changes were met with strong opposition, both within the government and in parliament, casting doubt on the legitimacy and sustainability of reforms. *The national democratic governance rating remains unchanged at 3.75.*

Electoral process. Political parties spent most of the year engaging in preparations and tactical maneuvering related to the 2012 local and parliamentary elections. Various proposals to alter the voting system and the size of parliament were debated, but no substantial changes to electoral laws had been enacted by year's end. In December, the ruling coalition advanced plans, without public consultation, to postpone the June 2012 local elections so that they would be held concurrently with the November parliamentary vote. The move drew objections from civil society as well as the political opposition, which appealed to the Constitutional Court and even threatened to withdraw from parliament over the issue. Due to the government's attempts to alter electoral rules to achieve a political advantage, *Romania's electoral process rating worsens from 2.75 to 3.00.*

Civil Society. Civil society enjoyed a considerable degree of public trust in 2011, despite adverse economic circumstances, but continued to face difficulties in mobilizing civic participation and local resources. Changes in the legal framework on labor relations negatively affected trade unions, which were also confronted by corruption and integrity questions involving some of the movement's leaders. Other legislative changes that were enacted or under discussion during the year appeared likely to open new opportunities for organizations working in education and social services. *The civil society rating remains unchanged at 2.50.*

Independent Media. The continued erosion of the economic base of Romanian mass media in 2011, due to the direct and indirect effects of the global crisis, left newsrooms and journalists increasingly exposed to political and economic influences. As specialized investors left the market and the number of jobs in the sector declined, there were serious concerns regarding the ability of the media to ensure fair coverage of the 2012 elections. Some outlets that would otherwise go bankrupt were being temporarily sustained by their owners for the sole purpose of affecting the election campaign. Nevertheless, no direct political pressure or censorship by the legislative and executive branches materialized in 2011. *The independent media rating remains unchanged at 4.00.*

Local Democratic Governance. The global crisis and its more recent effects on the European region weakened the economic foundations of local governments in Romania. Combined with a traditionally clientelistic political culture and fragile institutions, this increased the risk that partisan forces at the national level could use local governments as political instruments in connection with the 2012 balloting. Bold plans to change the structure of local administrative units were circulated

during 2011, but they did not appear likely to be implemented before the next round of elections. *Romania's local democratic governance rating remains unchanged at 2.75.*

Judicial Framework and Independence. The main issues on the judicial reform agenda in 2011 were the enforcement of a new civil code, the inauguration of newly appointed members of the Superior Council of Magistrates, and disputes over a new system of promoting judges to the High Court of Cassation and Justice. The quality of the rule of law remains flawed in Romania, but due to the progress achieved during the year, *the judicial framework and independence rating improves from 4.00 to 3.75.*

Corruption. The first months of the year featured a series of high-profile investigations into corruption among border police and customs officials as the Romanian government attempted to win entry to the European Union's passport-free travel zone. Two final convictions on corruption charges were issued against members of parliament in 2011, and two similar convictions were awaiting appeal. Investigations into trafficking in influence were launched in the spring against a Romanian member of the European Parliament and a High Court judge, and in the fall, key political figures from the ruling party were arrested on allegations of bribery. Despite these and other signs of improved enforcement, the overall level of graft apparently remained fairly high. Some corruption cases against politicians and officials began to move more quickly through the courts and administrative bodies, but lengthy delays and statutes of limitations continued to jeopardize their outcomes. In June, the Constitutional Court invalidated two proposed amendments designed to eliminate obstacles to investigating illicit enrichment. Final convictions in major cases were still relatively rare. *As a result, Romania's corruption rating remains unchanged at 4.00.*

Outlook for 2012. The government is likely to continue implementing fiscal austerity policies through 2012, despite their unpopularity, and follow up on its agreements with the IMF and the European Commission by reforming state-owned companies, a major source of inefficiency and patronage at the expense of the public budget. However, other structural reforms under discussion, such as those concerning health care, territorial reorganization, and reducing the size of parliament, will probably be postponed. The elections will be held on schedule, with local elections in June and parliamentary balloting in November, alleviating the fears of democratic backsliding. The center-left opposition is positioned to win both contests by a comfortable margin. However, the integrity of the electoral process will remain in question due to the usual allegations of vote-peddling by the local party machines. The judiciary will have to confirm its independence through timely and credible decisions in corruption cases against high officials. The rule of law as a whole will continue to be monitored by the European Union, as in Bulgaria, through the Mechanism of Cooperation and Verification (MCV).

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.50	3.50	3.50	3.75	3.75	4.00	3.75	3.75

Despite serious economic pressures and frequent talk of government reshuffling or even early elections, the ruling coalition remained in power throughout 2011 and continued to implement the austerity and governance reforms sought by the International Monetary Fund (IMF) and the European Union (EU). However, the momentum of these often unpopular reforms suffered somewhat as the 2012 elections approached.

The reform of Romania's state-owned enterprises (SOEs) was considered the most critical element in efforts to improve public-sector governance, as the companies have been a major source of corruption in public procurement and a means to divert public resources by evading budgetary processes and controls. The SOEs distort the economy through preferential contracts with favored suppliers or clients, and many are effectively bankrupt or have huge arrears. They also pervert the democratic politics of the country, serving as one of the main avenues for party-related clientelism.

The new IMF agreement concluded in March 2011 placed a special emphasis on publicly owned enterprises,¹ calling for a reform of their corporate governance structure that would hold managers accountable for their performance and at the same time shield them from political interference.² The relevant legislation (Emergency Ordinance 109) was approved at the end of 2011 and roughly meets the prerequisites of a good corporate governance code, though its effectiveness will be tested when it is implemented in 2012. Other initiatives in parliament threatened to undermine the corporate governance reform. For example, a bill designed to regulate the salaries of managers and establish criteria for the selection of management was not in accordance with government-issued legislation, even though one of the lawmakers behind it was the economics minister.³

The other substantial governance reform of 2011 eliminated performance bonuses in several public institutions. In reality, as several past scandals have shown, most of these bonuses were not related to the actual performance of the staff, since performance targets were never clearly defined. Instead, they served as a vehicle for extrabudgetary funds, evading the scrutiny of the normal budgetary process and giving full discretion to the institutions' leadership. The practice allowed the administrators of some public institutions to distribute higher pay in a rather feudalistic manner, with employees personally indebted to their superiors for their raises.⁴ After two years of pressure from the IMF and the EU, the government finally eliminated all such discretionary bonuses, though there is no guarantee that

they will not be reintroduced once the IMF agreement expires and the external pressure lapses.

Setting aside the role of international institutions, Romania's own system of governmental checks and balances remains rather dysfunctional. While the ruling coalition enjoys a narrow majority in both chambers of parliament, it almost always faces difficulties in passing critical legislation, either because members of parliament (MPs) are frequently absent for important votes or because individual MPs rebel and vote against government initiatives. Even a cabinet minister may support one position in government and vote the opposite way as an MP. The government is routinely tempted to employ fast-track procedures to bypass parliamentary obstacles, but this undermines the legislature's authority and leaves little room for debate. Too often, important decisions are made by means of emergency ordinances, or by assuming "government responsibility," a procedure whereby the government advances a bill under emergency rules and its rejection amounts to a vote of no confidence. This mechanism was employed for many pieces of legislation in 2011, including the new Labor Code. It was also used to ensure the passage of EU-required legislation on the rule of law, including new rules for the promotion of the judges to the High Court of Cassation and Justice.

Despite its frequent circumvention of normal parliamentary procedures and standard democratic practices, the government took some encouraging steps for the improvement of social dialogue and the involvement of stakeholders in policy decisions. For example, it passed a package of legislation to change the structure of the Economic and Social Council (CES)—a consultative body composed of government, business, and trade union representatives—to include a broader range of unions, employer associations, and civil society groups in debates on bills affecting issues like taxation, labor, and the business environment.⁵ The success of this reform will not be clear until it is implemented in 2012.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.75	2.75	3.00

By-elections were held in a handful of counties and municipalities in 2011, with the main local and parliamentary ballots scheduled for 2012. The parties developed their preelectoral coalition strategies, and several major amendments to the electoral framework were debated during the year. The latter were in keeping with Romania's traditionally volatile electoral system; no two consecutive elections since 1990 have been conducted under the same set of rules. But despite media predictions of major changes in the political environment, conditions proved relatively stable, and no significant overhaul of the electoral system seemed likely at year's end.

The electoral reforms under discussion in 2011 included a new parliamentary voting system, a reduction in the size of parliament, holding concurrent local and

parliamentary elections in 2012, and the introduction of an absentee voting system. However, the only initiative to win passage was the changed electoral calendar. The ruling center-right coalition, in agreement with President Traian Băsescu, decided at the beginning of December to postpone the local balloting from June until November, so that it would take place on the same day as the parliamentary vote. The ostensible purpose of the change was to save around €20 million (US\$28 million) in administrative costs,⁶ but critics argued that the national leadership wanted to keep allied incumbents in local offices long enough to act as electoral agents for their side in the parliamentary campaign. Many technical details were left unresolved. For example, the existing differences between national and local electoral systems and constituencies would make a simultaneous vote difficult. Moreover, the legal basis for extending the mandates of the current mayors and councils by six months, which the constitution allows only in truly exceptional cases such as crises or wars, was questionable.⁷ The center-left opposition—the Social Democratic Party (PSD) and the National Liberal Party (PNL)—opposed the merging of the elections, not as a matter of principle, but because they thought it would negatively affect their chances.⁸ They appealed to the Constitutional Court, and a judgment was expected in early 2012.

Meanwhile, it remained undecided whether the overall number of MPs would be reduced, and if so, by how much. A census in 2011 showed that the stable population of the country had declined by almost 10 percent over the last decade,⁹ so a natural solution would be to similarly reduce the size of parliament. However, in a referendum called by President Băsescu in 2009, a large majority of the population voted in favor of reducing the number of MPs to just 300, from over 450, and abolishing the upper house, the Senate. Such changes would require a constitutional amendment. There is little agreement on how the problem should be tackled, and lawmakers have a strong interest in maintaining the status quo, as many would lose their positions and the accompanying benefits in any reduction.

The debate over the parliamentary voting system was also unresolved at year's end. Under the current compensated uninominal system, a single vote is cast for the candidate and the party. Candidates who win more than 50 percent in their single-member constituencies are elected, and the remaining seats are distributed to the parties according to their national share of the votes for unelected candidates. This led to unexpected results in the 2008 elections, which were contested both by the electorate and by politicians. The main complaint was that the system allowed candidates who ranked third or fourth in their own constituencies to win seats, thanks to party-based redistribution. While all parties appear to agree that improvements are needed, no single proposal is supported by a majority.

In August 2011, Băsescu proposed the introduction of a simple uninominal ballot—a “first past the post” system in which the leading candidate in a constituency wins the seat, either in one round, regardless of the margin, or in up to two rounds, with 50 percent required to win. The largest opposition party, the PSD, publicly supported the two-round version of the uninominal ballot. But its ally, the PNL, has benefitted the most from the current system, as only 49 of its current 93 MPs

were ranked first in their respective constituencies; the other 44 won based on the overall party results, sometimes with less than 10 percent of the votes in their districts.¹⁰ The Hungarian Democratic Union of Romania (UDMR), a party in the ruling coalition that represents the ethnic Hungarian minority, strongly opposed the elimination of the party-based redistribution, as the ordinary uninominal system, which favors large parties, could sharply reduce or eliminate its presence in Parliament.¹¹

Parties' preparations to form coalitions for the 2012 elections were another key development in 2011. In February, the PSD, the PNL, and the smaller Conservative Party (PC) formalized a bloc called the Social Liberal Union (USL) and decided to run together on common lists in both the local and parliamentary elections. However, it was unclear whether the parties would agree on all candidates. Some friction was already apparent, particularly concerning the local elections, where individual clout is more important than party affiliation.¹² There was also speculation about whether the parties' core voters would tolerate the coalition, given their ostensible ideological differences and past rivalries.

The Ministry of Foreign Affairs launched a draft proposal on absentee voting in early 2011. Under the current system, the sizable Romanian diaspora, concentrated mainly in Italy and Spain, must travel long distances to the nearest Romanian consulate to cast a ballot. As a result the turnout among citizens living abroad has always been very low. The opposition vigorously objected to the proposed change, claiming it lacked sufficient antifraud measures.¹³ This stance was also connected to the fact that the diaspora has voted predominantly center-right, and in 2009 accounted for the thin margin of victory in Băsescu's reelection as president.

Growing public frustration with incumbent politicians, combined with the broader international mood of protest exemplified by the "Occupy" movement, led to the formation of various groups that advocated direct democracy and won extensive media coverage. In early 2011, several bloggers and public figures speculated about the opportunity to establish a new party with an anticorruption agenda and different internal promotion rules, as an alternative to both the Social Liberal Union and the ruling coalition.¹⁴ The proposed party did not materialize at the time, but the idea resurfaced in September, when the "New Republic" political movement was set up by a handful of younger people who were dissatisfied with the PDL. The movement had not yet become a formal political party by the end of 2011, but it aimed to attract urban residents who rejected the existing parties and would otherwise not vote.¹⁵ This and similar initiatives on the left and the right will face serious practical difficulties in organizing and running in elections, because the administrative thresholds are quite high: 25,000 founding members from at least 18 of Romania's 41 counties are needed to register a political party.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.75	2.50	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50

The number of registered nongovernmental organizations (NGOs) increased by 15 percent in 2011, continuing a trend from the previous years. By and large, the perpetuation of the economic and fiscal crisis undermined citizens' trust in public institutions such as the presidency, parliament, political parties, and the church, but trust in civil society remained relatively steady, though still lower than was the case in Western Europe.¹⁶ Citizens can direct 2 percent of their taxes to an NGO or church of their choice, and about 1.6 million taxpayers used this mechanism in 2011, slightly more than in the previous year.¹⁷

At the beginning of 2011, the Romanian government changed two important laws regarding industrial relations, the Labor Code and the Law on Social Dialogue. The latter regulates the organization of trade unions and employers' associations; the consultation mechanisms involving the government, labor, and employers; and the collective-bargaining process. The amendment to the Law on Social Dialogue eliminated national collective agreements. The main argument behind this decision was the lack of legitimacy of collective-bargaining partners; the media had raised major concerns regarding the representation of employers' associations in particular.¹⁸ By law, the collective-bargaining partners needed to meet certain thresholds of membership and geographical range to secure representation, which were assessed by a court upon registration. However, the government had no subsequent mechanism to review the associations' representation criteria and thereby ensure the legitimacy of decisions that affected all employers and employees in the country. The existing collective agreements remained in place after the amendment, but only for those companies that were part of the agreement, not for the entire sector.

The legal changes had the overall effect of reducing the role of national federations in collective bargaining, denying trade unions an important instrument for negotiation. For this reason, the amendments triggered massive street protests by trade union members. Tens of thousands of workers took to the streets in the first months of the year. However, despite such opposition, both new laws were enacted through a fast-track procedure, with the government surviving two parliamentary motions of no confidence.

At the same time, criminal investigations damaged the credibility of the trade union movement, with several key leaders accused of corruption and mismanagement of unions' assets. Marius Petcu, the leader of one of the largest trade union federations, was caught receiving a €40,000 (US\$56,000) bribe from a contractor. The National Integrity Agency (ANI) found that Petcu could not explain the origins of €700,000 (US\$980,000) in personal assets. The vice president of the same federation, Liviu Luca, similarly faced criminal charges for mismanagement of unions' assets and money laundering, allegedly in cooperation with Sorin Ovidiu

Vântu, a media mogul who was also under investigation and house arrest. Despite these pressures, Luca was recently appointed as one of Romania's representatives to the European Economic and Social Committee (EESC), a key consultative body of the EU that brings together trade unions, employers' associations, and civil society.

In another reform during the year, as noted above, the structure of the Romanian CES was adjusted to bring it in line with the European model. NGOs are to replace government representatives on the council, a consultative body that also includes trade unions and employers' associations. However, the functionality of the CES needs significant improvement if it is to become a truly valuable partner in decision making. Its capacity and expertise remain insufficient to provide quality feedback to the government, and the new civil society representatives had still not been nominated at year's end.

NGOs continue to focus on service provision, with less attention given to advocacy for better policies for their constituencies. This is due in part to the lack of available funding. Since Romania joined the EU in 2007, more money has been allocated to organizations providing social services and much less to watchdog groups. The former took full advantage of the opportunities opened by European structural funds, especially under the European Social Fund, but even here the collection of European-funded projects proved difficult and bureaucratic. The rules and requirements have changed frequently and unpredictably, putting a heavy administrative burden on recipients. A group of 18 of the most preeminent nonprofit organizations established an informal Coalition for Structural Funds in 2006 and asked for cuts in the red tape surrounding European programs. The coalition has closely monitored procedural changes and created an early-warning system for grantees to identify irregularities and excessive requirements from the public bodies in charge of managing structural funds.

The government and parliament are currently considering a draft law on social service provision, which allows local authorities to competitively contract out social services either to NGOs or to public providers, and a draft law on social economy, which aims to encourage civil society to establish "social enterprises" that both raise funds and serve a group's mission. NGOs are monitoring and participating in the legislative process through the Civil Society Development Foundation, a Romanian grant-giving organization and resource center for the civil sector.

Environmental organizations are among the few that have managed to mobilize the public in large volunteer efforts. For example, in 2011, the Let's Do It Romania campaign gathered 250,000 volunteers to clean up the environment in a one-day annual event.¹⁹ However, for more complex matters of civic concern, including multifaceted ecological issues, the general public has shown very low levels of interest in NGO-led activism.

Education is one area where civil society seems more developed, as 7.5 percent of declared NGOs work in education. These groups hire almost 20 percent of all people employed by civil society organizations, and their revenues represent 22 percent of the total for the NGO sector. In 2010, educational organizations were mainly concentrated in the area of higher education,²⁰ and included private

universities. But the year 2011 featured an expansion of other organizations focused on extracurricular activities, optional courses, community projects, entrepreneurial education, or leadership training. This trend is likely to continue, as the new Education Law, enacted in January 2011, bolsters the role of parents' and students' associations in the supervision of school management and grants them representation on school boards. The students' associations had already been vibrant and active for several years, and the new law could provide an opportunity for parents' associations to become similarly active. However, as very few schools have organized parents' associations, it could lead to the creation of nonfunctioning groups designed to meet the legal requirement.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	3.75	4.00	4.00	3.75	3.75	3.75	4.00	4.00	4.00

In early 2011, the German media group WAZ, one of the few specialized foreign investors still active in the Romanian media sector, announced that it would leave the domestic market, where it had held a national flagship newspaper and a number of smaller publications for well over a decade. WAZ president Bodo Hombach stated that the withdrawal was driven in part by the economic distortions caused by powerful business magnates in the sector.²¹ These owners pump large subsidies into unprofitable media outlets to serve their political and other business interests, undercutting normal, self-sustaining media operations. The Swiss media group Ringier had similarly sold assets in Romania the previous year, and the WAZ departure only added to growing fears about the independence and diversity of journalism in the country.

Romania is a large potential media market, but it has long suffered from low readership and internet penetration rates when compared with neighboring countries.²² Newspapers and other traditional media outlets have also been hobbled by the migration of more affluent news consumers to the internet and the collapse of advertising revenue associated with the ongoing economic crisis. Many print and electronic media had to cut back on staff in 2011. Print media have also reduced press runs, the number of pages per issue, and the frequency of publication. A record number of print outlets have moved online in the past year, even in niches such as economic and financial journalism. In fact, "moving online" has become a euphemism for downsizing, with only a handful of writers retained to ensure the perpetuation of the brand. Online media saw a slight increase in market share at the expense of television and radio in 2011, but all these shares are fractions of a steadily shrinking pie. Overall revenues for online media in 2011 were on track to amount to 20 to 25 percent of the level during the peak, pre-crisis years.²³ Journalists' salaries have been cut, after years of increases, and the flow of news anchors and reporters from private to public television channels has continued, as public outlets seem to offer more stable jobs and pay. But these same outlets have

been criticized for their alleged progovernment bias, stemming from the fact that their boards of directors remain politically appointed. The depoliticization of the state-owned television and radio broadcasters did not materialize during 2011, and proposals issued the year before were shelved.

The cumulative effect of these trends is that the whole media landscape is weaker than ever and more likely to be affected not only by the business cycle, but increasingly by the electoral cycle. It is quite common for mass media owners to be more interested in exerting political influence than building a profitable media operation. Depending on the result of the 2012 elections, many of the remaining outlets may be shut down by their owners once their political missions are fulfilled. The fact that there were no significant mergers or consolidations in the sector in 2011, despite the dire economic situation, indicates that considerations other than the search for audiences and profits continue to prevail.

The declining value of media assets has created opportunities for investors with no previous interest in or knowledge of the sector. The most obvious example is the breakup of Realitatea TV, one of Romania's two most influential private television news channels, in the fall of 2011. The investigation of its owner, Sorin Ovidiu Vântu, for alleged financial fraud and money laundering left the unprofitable business without financial backing, and it was sold in April. Then, amid confusion and mutual recriminations, the staff, equipment, and broadcasting rights were split between the two new owners, one from the information technology industry and the other from real estate. Insiders detect the usual political maneuvers behind these developments, namely two rival wings of the PSD struggling for control over the media group, which will be useful in the upcoming electoral campaigns.²⁴

This was probably the most spectacular, but far from the only example of obscure local businesspeople serving as fronts for political interests, on both sides of the political spectrum. Journalists' professional associations and trade unions, weak even before the crisis, were not able to counterbalance the year's negative trends or to effectively represent the interests of their members.

The rise of social media has been a source of hope for independent voices in this bleak landscape. Websites such as Hi5.com, Facebook, and Trilulilu.ro together attracted almost three million Romanian users.²⁵ Other popular sites are the forums portal Softpedia.com, a rare example of an international platform owned by a Romanian company, and the self-explanatory eJobs.ro. There has been an explosion of personal blogs, including many with political commentary. But there is little evidence that these new forms of media can effectively replace traditional outlets. The most visited sites are utilitarian in nature, and the most popular blogs belong not to upstart journalists or commentators, but to celebrities from the world of entertainment. Some political actors, especially new entrants, plan to use social media for social or political mobilization in the 2012 electoral year,²⁶ but their potential has yet to be proven in Romania.

The more mainstream Romanian news websites, such as Hotnews.ro, have a smaller audience than the portals mentioned above and rely partly on EU projects to bolster their revenue stream. The best known and most active media-monitoring

NGOs—the Center for Independent Journalism, a training organization, and ActiveWatch—also rely on grants from the EU or other foreign donors. The very survival of such organizations in the adverse circumstances of the last few years qualifies as a major success. In addition, state authorities did not take any measure or action that could be interpreted as censorship or an attack on freedom of expression in 2011. As expected, a number of restrictive bills drafted by individual lawmakers in 2010 were dropped.²⁷

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

As in most of the rest of Europe,²⁸ especially in its south and east, local governments in Romania were in crisis in 2011. The local budgets shrank even more than the central budget, indicating that the central government applied pressure to the local and intermediary tiers so as to create fiscal space at the center. Facing demands from financial markets and international partners including the EU and the IMF, the central government was tempted to pass financial burdens to the local level, either by cutting transfers and local borrowing or by forcing local governments to run operational surpluses. There are strong signs that this was a deliberate strategy in Romania.²⁹

The government introduced stringent limitations on spending and transfers that in some instances amounted to micromanagement from the center. These included caps on material and investment costs, salary cuts, and draconian hiring restrictions.³⁰ While the necessity of strengthening budget discipline at the local level was undeniable, the manner in which these changes were implemented was not exactly in line with the European Charter of Local Self-Government, and reflected a lingering centrist political culture in Romania. There was little technical preparation and almost no consultation with the local government associations. Sometimes the decisions came overnight and had retroactive effects, which increased the uncertainty of the budgeting process.

The political effects of this local economic weakening are a serious concern. Two-thirds of the 2,860 rural communes are currently unable to cover their own salary expenses, leaving them very susceptible to political pressure from the center ahead of the 2012 local and national elections. One example of a financial transfer that is regularly used to keep local authorities in line is the Emergency Fund. The sums not spent from this fund, which is deliberately increased at the programming stage to ensure a substantial surplus, are distributed at the end of the fiscal year, mainly to municipalities and counties, with no clear criteria for allocation. In spite of repeated criticism and evidence provided by watchdog organizations that the distribution is discretionary and politicized,³¹ no corrections were made in 2011, and the practice continued unabated. A generous sum was earmarked for the Emergency Fund in the budget for 2012.

The by-elections held in 2011 demonstrated how the local authorities will be expected to “deliver results” for their respective national parties 2012. In the most important and visible contests, including one at the very end of 2010, the candidates were relatively unknown or tainted by allegations of wrongdoing.³² Nevertheless, the dominant county-level political machines ensured victory for their candidates more often than not. All parties claimed irregularities, such as carousel voting and other forms of electoral fraud, but the complaints were not thoroughly investigated and did not yield any change in the results.

It was not completely clear in 2011 whether the 2012 local elections would be held using the current structure of local governance. Under strong pressure from President Băsescu, the PDL floated various proposals to (i) create large regions with their own elected councils, at an intermediate level between the national and county governments;³³ (ii) change the structure, and perhaps the administrative limits, of the city of Bucharest by centralizing the city budget and splitting the current six districts into smaller units; and (iii) reduce the number of financially unsustainable rural communes by merging them into larger units.

The last proposal would be probably the most beneficial for Romania, from the point of view of both administrative efficiency and political accountability. However, the merging of communes would face opposition among local elites and substantial segments of the population. On the other two proposals, many details were left unaddressed by their sponsors. Moreover, the changes would entail amendments to the constitution, making it unlikely that they could be implemented before the next round of elections.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.95	4.25	4.00	4.00	3.75	4.00	4.00	4.00	4.00	3.75

Over the past several years, Romania has embarked on an ambitious project to reform the cornerstones of its legal system: the Civil Code, the Civil Procedure Code, the Criminal Code, and the Criminal Procedure Code. The new codes were drafted with the help of international experts, and parliament has discussed and adopted them. While the latter three were not set to enter into force until 2012 or 2013, the Civil Code took effect in October 2011. During the year, the Ministry of Justice contracted an impact study to assess the practical effects of the four codes. The preliminary findings indicated that the Civil Code would be the least cumbersome to implement, and would respond to a real need to modernize the legislation. The previous Civil Code dated back to 1864 and had been amended extensively over the years, with the most significant changes made under the communist regime. The new Civil Code also brings together provisions that were previously included in the Commercial Code and the Family Code.

While the necessity of reforming the civil legislation was widely acknowledged, both the judiciary and civil society groups have criticized the lack of preparatory measures to ensure a smooth transition to the new code. Only a handful of seminars were organized for judges, lawyers, bailiffs, and public notaries; the responsibility for digesting the new legislation fell largely on the shoulders of each individual. One of the new members of the Superior Council of Magistrates, Judge Cristian Dăniileț, has taken upon himself the task of coordinating the various training efforts conducted by the representatives of each legal profession, in part so that resources are fairly shared among them. In addition, the Ministry of Justice has established a website to post information on the new legislation and the main changes it brings about. Some trainings were carried out for the other new codes in 2011, but the need for further efforts remains substantial. The Civil Procedure and Criminal Procedure Codes in particular deserve significant attention, since they will change profoundly the way in which the judiciary operates.

The beginning of 2011 marked a new start for the Superior Council of Magistracy,³⁴ with a new membership chosen at the end of 2010. However, some former members were reelected to serve on the council despite the one-term limit established by law. After parliament appointed all the elected members, the Constitutional Court was asked to determine whether their situation was fully in line with constitutional requirements. Unsurprisingly, the court decided (i) to invalidate the mandates of three elected magistrates who had served before, and (ii) to invalidate the mandate of one of the representatives of civil society, on the grounds that he held two positions at the same time, and ban him from public office for three years.³⁵

New elections were organized for the posts vacated by the Constitutional Court's decision, and replacement magistrates were finally installed by midyear. To allow the council to operate in the meantime, the government modified the rules regarding the quorum needed for the body to take various decisions. Nevertheless, the disruption and legal struggles marred the institution's public image.

Changing the system of promotions to the High Court of Cassation and Justice to ensure transparency, fairness, and a merit-based decision-making process was one of the electoral promises of the reformist members of the Superior Council of Magistrates.³⁶ The main component of the existing system is an interview before the council, and it has been widely criticized for relying on excessive discretionary powers in the absence of any firm selection criteria. The council introduced some changes at the beginning of the year, but the courts invalidated them on the grounds that they exceeded the council's legal authority. The main actors in the judiciary—the Superior Council of Magistrates, the High Court of Cassation and Justice, and the Ministry of Justice—failed to agree on the details of a new promotion procedure being debated by parliament, and as a result the bill was rejected and the old procedure remained in place.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.50	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00

A series of high-profile cases in 2011 illustrated the depth of the corruption problem in Romania, the various obstacles that frequently hamper or derail prosecutions, and the ongoing efforts of certain institutions to improve detection and punishment of graft in spite of these obstacles.

In an unprecedented, far-reaching investigation, the National Anticorruption Directorate (DNA) indicted more than 200 police and customs officers during the year, most of whom were arrested on corruption charges. Special investigative means, such as undercover work and surveillance techniques, were deployed to build these cases. The General Directorate for Anticorruption, a unit within the Ministry of Internal Affairs, was also involved in the operation. Another DNA investigation into the port of Constanta targeted the secretary general of the Ministry of Internal Affairs and a member of parliament from the PDL.

Separately, a media investigation conducted by British journalists showed that at least three members of the European Parliament (MEPs)—among them Adrian Severin of Romania's PSD—were willing to advance certain pieces of legislation in exchange for money. The DNA sought to follow up on the media reports, but it first had to overcome Severin's immunity as an MEP. The European Parliament had to lift the immunity even for prosecutors to be able to investigate him, and had to grant a warrant for his office and computer to be searched. Notably, Severin was the only accused MEP who had to have his immunity lifted, as the others either resigned from office after the scandal broke or did not enjoy any immunity according to the laws of their own countries.

Another investigation with international implications centered on Gabriela Bârsan, chief justice of the Administrative Litigation Section at the High Court of Cassation and Justice. Her husband, Corneliu Bârsan, is a judge at the European Court of Human Rights (ECHR). Gabriela Bârsan was accused of influencing her colleagues to make decisions that favored a particular businessman from whom she received various benefits. Romanian anticorruption prosecutors asked for a search warrant for the couple's home, and the warrant was issued by the High Court of Cassation and Justice, with the prior approval of the Superior Council of Magistrates.³⁷ After the search was conducted, however, Gabriela Bârsan produced a letter from the president of the ECHR, who expressed concern that the search might not have taken into consideration the immunity of Corneliu Bârsan as it extended to the family domicile. The Romanian authorities decided to formally ask the ECHR to lift its judge's immunity so that the investigation could continue. The court ultimately complied, but it also upheld the general principle that the immunity of an ECHR judge extends to his or her spouse, who cannot be investigated or searched without the prior approval of the court.

In the autumn of 2011, two high-level corruption cases came to light in Cluj, the constituency of Prime Minister Emil Boc. They involved Radu Bica, the vice

president of the Cluj county council, and Sorin Apostu, the mayor of Cluj, both of whom were powerful members of the PDL. They were arrested on bribery charges, causing turmoil in the ruling party, but PDL members largely acquiesced to the criminal proceedings against their colleagues. This contrasted with another case earlier in the year, when opposition politicians protested the arrest of PSD member Constantin Nicolescu, president of the Arges county council.

There were also four convictions against members of Parliament in 2011, two of which were finalized and two of which were still subject to appeal, as well as a visible acceleration of high-level corruption proceedings against ministers and MPs at the High Court of Cassation and Justice. The new management of the High Court, and of the criminal section in particular, was attempting to avoid triggering the statute of limitations for these cases, which had already dragged out for years. While the decision to hold more frequent hearings was welcome, it remained to be seen whether the effort would come too late for the pending cases. With respect to other corruption cases before the courts, the positive effects of a recently introduced mechanism for facilitating guilty pleas could already be seen in the overall shortening of trials.

The ANI, the body tasked with the verification of public officials' declarations of assets and interests, has continued to refer cases to the Wealth Investigation Commissions attached to the Courts of Appeal, or directly to courts. In one such case, Labor Minister Ioan Botis of the PDL was forced to resign in early 2011 due to conflict-of-interest allegations. The ANI conducted investigations of MPs, mayors, and heads of various administrative institutions. However, among other difficulties, the agency faced serious challenges in securing an acceptable budgetary allocation from parliament for 2012.

In June the Constitutional Court reviewed proposals to amend the constitution and invalidated two of the most important changes for rule of law and anticorruption: (i) the limitation of the immunity from prosecution enjoyed by cabinet ministers and members of parliament and (ii) the elimination of a constitutional provision that blocks the investigation of illicit enrichment. The immunity rule has shielded senior politicians from corruption investigations in the past, and the constitutional assumption that all personal wealth is acquired legally has protected unexplained fortunes from scrutiny and seizure. The Superior Council of Magistrates had issued an opinion just before the Constitutional Court ruling, arguing against the elimination of the wealth rule despite the fact that the topic lay beyond the limits of the council's competence.

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Laura Stefan and Sorin Ionita are members of the Bucharest-based think tank Expert Forum (EFOR). Suzana Dobre and Ana Otilia Nutu, analysts at EFOR, contributed valuable research to the preparation of this report.

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- ³⁵ Victor Alistar, head of Transparency International, Romania.
- ³⁶ Horatiu Dumbrava, Adrian Neacsu, Cristian Danilet, and Alexandru Serban.
- ³⁷ In Romania, search warrants for the residences of judges and prosecutors can only be issued by courts with prior approval from the Superior Council of Magistrates.

Russia

by Robert W. Orttung

Capital: Moscow
Population: 141.8 million
GNI/capita, PPP: US\$19,240

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	4.75	5.50	6.00	6.25	6.50	6.75	6.75	6.75	6.75	6.75
Civil Society	4.25	4.50	4.75	5.00	5.25	5.50	5.75	5.75	5.50	5.25
Independent Media Governance*	5.50	5.75	6.00	6.00	6.25	6.25	6.25	6.25	6.25	6.25
National Democratic Governance	5.00	5.25	n/a							
Local Democratic Governance	n/a	n/a	5.75	6.00	6.00	6.25	6.50	6.50	6.50	6.50
Judicial Framework and Independence	n/a	n/a	5.75	5.75	5.75	5.75	5.75	5.75	6.00	6.00
Corruption	4.50	4.75	5.25	5.25	5.25	5.25	5.50	5.50	5.75	6.00
Democracy Score	5.75	5.75	5.75	6.00	6.00	6.00	6.25	6.50	6.50	6.50
	4.96	5.25	5.61	5.75	5.86	5.96	6.11	6.14	6.18	6.18

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

On 24 September 2011, President Dmitry Medvedev announced that he would step aside so that Prime Minister Vladimir Putin could return to the presidency in 2012, presumably for two six-year terms. This fait accompli effectively ended the period since 2008 in which Putin had claimed to share power with Medvedev, who articulated a desire to modernize Russia but failed to implement any significant policies toward that end in practice. Putin's return seemed to signal that Russia would face 12 more years of systemic corruption, control of the country's key assets by a narrow group of magnates closely tied to the leadership, national media that block free discussion of Russia's problems, and courts that decide politically driven cases largely according to the whims of the executive authorities.

However, the 4 December elections for the State Duma, the lower house of parliament, introduced a new dynamic in the Russian political system. Although the balloting was deeply flawed, voters used the process to reject the status quo, leaving the dominant United Russia party with just under 50 percent of the vote, according to official figures. What had been a steadily emerging mobilization of civil society before the elections culminated in large Moscow rallies on 10 and 24 December, backed by smaller protests across the country, at which participants denounced the electoral abuses and called for an end to Putin's tenure. Though Russian activists have few institutional ways to turn their proposals into state policy, the elections and their aftermath showed that the authorities could no longer expect the public to passively accept their political decisions and low standards of governance.

National Democratic Governance. The authoritarian political system began to lose its legitimacy in 2011 as an increasingly active society expressed its dissatisfaction with the status quo. Public anger at the manipulations in the December State Duma elections, which led to large protest rallies, cast doubt on Putin's ability to continue ruling as he had for the past 12 years. Nevertheless, no concrete institutional improvements were apparent during the year. *Russia's rating for national democratic governance remains unchanged at 6.50.*

Electoral Process. The State Duma elections were neither free nor fair, as foreign and domestic observers pointed out. Only seven parties had permission to compete, and the incumbent forces used the advantages of office to promote their candidates, tipping the field strongly in their favor. Voters used the flawed process to register a protest against the government, in part by turning to the Kremlin-approved opposition parties in large numbers. While the ruling United Russia party failed

to clear the 50 percent barrier in the officially reported popular vote, it was widely assumed that even this result was inflated. *Russia's rating for electoral process remains unchanged at 6.75.*

Civil Society. Russian civil society was apparently roused to anger by the Duma elections, with thousands of protesters across the country pouring into the streets to denounce the unfair voting and the broader governance system overseen by Putin. Before that point, civic mobilization had been steadily growing in the country, but most actions had been locally directed and rarely coalesced into national movements. *Russia's rating for civil society improves from 5.50 to 5.25.*

Independent Media. Russia remained a dangerous place to work as a journalist in 2011, and little progress was made in resolving past assaults and murders. Businessmen close to Putin are increasingly buying up key media assets to ensure ultimate regime control over mainstream news and information. During the year, there were several demonstrated cases of censorship in the national media. While internet discussion is still largely free, the authorities are developing additional tools to monitor and influence online activity as the number of Russians getting their information from new media continues to grow. *Russia's rating for independent media remains unchanged at 6.25.*

Local Democratic Governance. Medvedev extended the practice of replacing regional leaders to serve the political interests of the federal government. Similarly, the process of replacing directly elected mayors with city managers continued. Extensive violence in the North Caucasus remained a serious concern, reflecting the failure of the federal government to address the area's long-standing problems. *Russia's rating for local democratic governance remains unchanged at 6.00.*

Judicial Framework and Independence. In the most high-profile cases, Russia's courts continued to make decisions according to the Kremlin's wishes in 2011, even if in some instances the results seemed to provide a measure of justice. The judicial system appeared to protect law enforcement officials accused of serious crimes related to the 2009 death in custody of whistleblowing lawyer Sergey Magnitsky, and new evidence emerged that a 2010 verdict in the case of dissident former oil tycoon Mikhail Khodorkovsky had been dictated by higher authorities. While the number of prison inmates declined in 2011, conditions for many remained inhuman. Judges typically did not take advantage of new provisions seeking to reduce pretrial detention for people who commit economic crimes. *Russia's rating for judicial framework and independence declines from 5.75 to 6.00.*

Corruption. Although Russia's level of corruption improved slightly in 2011 according to some measures, new laws increasing the penalties for graft are only selectively enforced, and the issue remained a key rallying point for the opposition during the year. Police reform has had little impact on corruption in law enforcement

bodies. Medvedev removed government officials from the boards of state-owned companies in order to break the incestuous links between the state and business, but the powerful officials in question maintained informal influence over public assets. Corruption in the regions remains extensive, with many governors' children holding considerable property. *Russia's rating for corruption remains unchanged at 6.50.*

Outlook for 2012. Before the December 2011 Duma elections, Putin's return to office as president seemed guaranteed, but the sudden and spectacular rise of civic activism in the wake of the flawed balloting cast at least some doubt on his ability to win the 4 March presidential vote in the first round. And though his ultimate victory is likely, it will be difficult for him to continue ruling as he has since 2000, given his dwindling popular support.¹ The most vocal elements of Russian society have indicated that they want change, but it remained unclear at the end of 2011 how deep this social dissatisfaction was and what form it would take. Putin and Medvedev have proposed some political reforms, such as reinstating gubernatorial elections, but such concessions seem unlikely to win over the protesters. Any use of force against peaceful demonstrators could backfire on the regime, further reducing its legitimacy while galvanizing an already motivated opposition.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.75	6.00	6.00	6.25	6.50	6.50	6.50	6.50

At the end of 2011, Russia faced a situation dramatically different from when the year began. For the first time in more than a decade, the political system was characterized by high levels of uncertainty rather than assumptions that paramount leader Vladimir Putin would be able to rule as long as he liked. The governing United Russia party's failure to win more than 50 percent of the vote in the 4 December elections for the State Duma, the lower house of the Federal Assembly, and the subsequent anti-Putin rallies across the country demonstrated that society was no longer quiescent, and that the political establishment would have to adapt to address popular concerns. However, aside from the September dismissal of Finance Minister Aleksey Kudrin, there were few signs of serious disagreement among the key elites surrounding Putin.

The pivotal event of the year occurred on 24 September. Just as the State Duma election season was getting under way, President Dmitry Medvedev announced that he would not seek a second term in March 2012, allowing Putin, the prime minister, to return to the presidency.² Putin had anointed Medvedev as his successor in 2008 after serving the maximum two consecutive terms as president. The fact that the two leaders had amended Russia's constitution shortly thereafter, extending presidential terms from four to six years, suggested that Putin had long been planning a return to office for at least 12 more years, and that Medvedev had simply served as a placeholder. Putin's popularity, as measured by Russian polling agencies, had been declining for a year, and the 24 September announcement left many Russians feeling that they had no say in who would rule them. The obvious unfairness of the Duma elections became a focal point for public frustrations and led directly to the large protests of 10 and 24 December.³

Despite Putin's ostensible power, his decisions on succession and other issues are constrained in practice by the powerful government officials and business magnates who have enriched themselves under his rule. Many of his closest friends have become billionaires during his tenure.⁴ By one measure, Putin's allies have gained control over the key financial, natural resource, and infrastructural assets of the Russian economy, amounting to 10–15 percent of gross domestic product.⁵ And because corruption is an integral part of the current system, if Putin were to step down, he would be vulnerable to prosecution by his successor.⁶ Since he cannot guarantee his safety or that of his associates under a new leader, he is all but forced to remain in office indefinitely.

The problem of the delegitimization of the existing authorities was widely discussed during 2011.⁷ The growing gap between Putin's extensive power and his

rapidly declining popularity serve to destabilize the system. The established Putiner method of maintaining legitimacy by supporting a rising standard of living for Russian citizens requires ever greater budget expenditures and has forced the country to postpone investments in modernization.

Putin's regime survives by eliminating most organized political opposition while marginalizing and harassing the remaining groups, so that there seems to be no viable alternative to his leadership. Since 2000, he has systematically worked to bring the media, business magnates, regional governors, political parties, and civil society under centralized control. The publication by a Kremlin-affiliated website of opposition leader Boris Nemtsov's telephone conversations in December suggests that the intelligence services are violating constitutionally defined privacy protections to monitor and discredit antigovernment activists.⁸ Nemtsov has filed a lawsuit to bring the perpetrators to justice.⁹

Such misuse of state agencies for political or corrupt purposes has left them with little capacity to carry out their primary governance functions, belying Putin's portrayal of an efficient and capable state as a justification for his rule. Security services have expanded their ability to repress the economic and political rivals of the country's leaders, but they are ineffective at fighting crime and terrorism or protecting property rights, tasks which are necessary to preserve a functioning market economy.¹⁰

The hollow nature of Russia's parliament became clear in 2011 when the executive branch decided to replace Sergey Mironov as chairman of the upper house, the Federation Council, which the newspaper *Vedomosti* described as "a purely ornamental structure" that was effectively "a cross between a club for the elite and a political geriatric home."¹¹ Mironov, who heads Just Russia, one of the parliament's Kremlin-approved opposition parties, had grown increasingly critical of United Russia, possibly as part of a sanctioned effort to bolster his faction's popular credentials as the Duma elections approached. Once Mironov was dismissed, the leadership moved to install the unpopular St. Petersburg governor and Putin ally Valentina Matviyenko in his place. After the authorities heavily manipulated her election to a local council seat so she could qualify for nomination to the Federation Council, her presidentially appointed successor as governor immediately named her as St. Petersburg's representative, and members of the Federation Council duly elected her as the new chairwoman on 21 September.

The poor prospects for Russia's future have led many wealthy Russians to move their money outside the country.¹² Similarly, foreign businessmen are increasingly hesitant to work and invest in Russia because of rule of law concerns. Ordinary citizens are also fleeing: 100,000 to 150,000 people now leave Russia annually, according to expert estimates. These emigrants are usually young and highly educated, and are typically seeking professional employment options of a kind that they cannot find in Russia. The problem reflects the overall lack of opportunity imposed by the current political and economic system.¹³

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.75	5.50	6.00	6.25	6.50	6.75	6.75	6.75	6.75	6.75

The authorities made extensive use of state resources to support the ruling party in the elections of 4 December and prevented authentic opposition parties from competing, enabling United Russia to secure 238 of the 450 Duma seats and retain at least a simple majority.¹⁴ Both the Organization for Security and Cooperation in Europe (OSCE) and Golos, a Russian nongovernmental election-monitoring group, found many problems with the campaign and balloting, which entailed a “convergence of the state and the governing party, limited political competition and a lack of fairness,” according to the OSCE.¹⁵ At the same time, United Russia won just 49.32 percent of the vote,¹⁶ considerably less than in the 2007 elections, and many Russians believe that even this figure was inflated. Protest voters signaled their dissatisfaction with the “party of swindlers and thieves,” as antigovernment blogger Aleksey Navalny dubbed United Russia, by casting ballots for any of the available alternatives. This greatly boosted the performance of the Communist Party (19.19 percent), the center-left Just Russia (13.24 percent), and the nationalist Liberal Democratic Party of Russia (11.67 percent).

Voters opposed to the government chose these groups at least in part because other potential options were excluded by the authorities. The Justice Ministry refused to register the People’s Freedom Party (Parnas), led by several prominent members of the opposition, on the grounds that its charter allegedly did not have procedures for replacing its leaders and there were 79 dead people and minors among the 46,148 signatures submitted.¹⁷ Opposition leader Vladimir Ryzhkov described the decision as politically motivated and illegal.¹⁸

Billionaire businessman Mikhail Prokhorov’s short-lived leadership of the Right Cause party, one of only seven parties allowed to compete in the parliamentary elections, illustrated the Kremlin’s tight control over the country’s political party system.¹⁹ In June, Vladislav Surkov, the deputy head of the presidential administration, reportedly secured Prokhorov’s election as the party’s new leader. Some observers speculated that Right Cause’s purpose was to advocate unpopular liberal reforms so that United Russia would look more attractive in the eyes of voters.²⁰ However, Prokhorov reportedly came into conflict with the Kremlin over a variety of issues, including his candidate list and overly eager efforts to win public support. By 15 September he had been removed as party leader in a maneuver allegedly orchestrated by Surkov.

There was an abundance of evidence of electoral fraud,²¹ including the usual manipulations in areas like the North Caucasus—United Russia received an improbable 99.48 percent in Chechnya. Many members of the opposition called for a rerun of the December elections under fair conditions, but Putin rejected this idea.²² The postelection protesters included the removal of Vladimir Churov, chairman of the Central Election Commission, among their demands, particularly

given the perception that he would similarly rig the upcoming presidential election in March 2012.

The authorities exerted intense pressure on Golos in the runup to the voting. A denial-of-service attack on the group's online map of electoral violations rendered it inaccessible on election day.²³ Days before the voting, Golos director Lilya Shibanova was detained at Moscow's Sheremetyevo airport for 12 hours, and her computer was confiscated. A documentary aired on the state-controlled television station NTV just before the elections questioned whether Golos could be objective given the fact that it received funding from Western governmental and nongovernmental sources. Meanwhile, progovernment news agencies published information hacked from Golos e-mail accounts, and the authorities fined the group US\$1,000 on the grounds that its online map violated a law barring the release of polling data during the immediate preelection period.²⁴

Constraints on election observers are not new in Russia. The OSCE deployed 460 monitors in 2003, but refused to observe the 2007 Duma elections when Russian authorities offered visas for only 70 monitors to enter the country one month before the voting, rather than the usual three months.²⁵ In 2011, the OSCE sought to send 260, but had to settle for 200 (40 long-term and 160 short-term) observers.²⁶ The mission began on 26 October, about six weeks before the elections.²⁷ The OSCE's Parliamentary Assembly sent a separate delegation of almost 100 lawmakers, and the Council of Europe's Parliamentary Assembly sent 34.²⁸

According to a law signed by Medvedev in March, local legislatures with 20 or more seats must distribute at least half of them according to proportional representation, as opposed to the majority system, in future elections. Medvedev claimed that the reform would help develop the party system, but members of the opposition argued that it would simply favor the already dominant United Russia party.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.25	4.50	4.75	5.00	5.25	5.50	5.75	5.75	5.50	5.25

The December Duma elections seemed to mark a breakthrough for Russian civil society. Before the vote, there were clear signs that civil society activity was increasing, but afterward, it gained new impetus around the themes of electoral fraud and the broader corruption of the system overseen by Putin. On 10 and 24 December, experienced activists were joined in the streets by many citizens who had never participated in direct political action before. Approximately 40,000 to 50,000 people took part in the first rally, and 80,000 to 100,000 turned out two weeks later. In contrast to their previous policy of arresting protesters, the authorities allowed these large rallies to proceed. As recently as 5 December, police had arrested several opposition leaders, including Navalny and Ilya Yashin, at spontaneous

demonstrations that drew as many as 10,000 people. The detainees were jailed for 15 days, and other participants were beaten.²⁹ The December protesters made clear that the existing political system did not satisfy them and that they wanted free elections, the release of political prisoners, and the rapid adoption of other political reforms, though there are programmatic divisions among liberal, nationalist, leftist, and other opposition factions. While many speakers and banners at the rallies called for the end of Putin's tenure, the formal demands of the demonstrations did not explicitly address this issue.³⁰

The size and intensity of the December protests took most observers by surprise, but they did not come out of nowhere. Over the course of 2011, the Russian state continued to crack down on a civil society that, while seemingly weak and inactive, had been slowly evolving. Even before the elections, there was growing activity among a variety of groups and associations interested in urban planning, leisure and professional activities, charity, local government, parenting, the environment, and labor issues. While protest movements were rare and mostly focused on specific, local issues,³¹ such as the prevention of construction in nearby forest land, there were signs that some of these groups were starting to work together. The meeting of the "anti-Seliger" coalition in the Khimki forest—a response to the state-sponsored youth camp held each summer at Lake Seliger—united a core group of prominent activists, such as Navalny, the anticorruption blogger; journalist Oleg Kashin; environmental activist Yevgeniya Chirikova; and television critic Leonid Parfyonov. Civil society groups were in some cases able to change state policy. For example, the Federation of Russian Car Owners has long complained about mandatory automobile inspections that in practice can be passed only by paying a bribe. In May, Putin cancelled all inspections through the end of the year, until after the Duma elections. Moreover, the extensive corruption throughout Russian society had driven some civic activists into politics, as they realized that the problems they faced were of a systemic nature.

Although the election-fueled protests provided a dramatic ending to the year, it was unclear whether they would mark a real turning point in the political engagement of civil society. In general, Russian citizens have not engaged consistently or in large numbers in participatory behaviors that constrain abuses by elites. It is far more common for them to contact public officials through individual letters, seeking help for their problems, rather than engaging in party development or contentious mass politics. As a result, ruling elites have been able to roll back democratic gains from the earlier post-Soviet period.³² Concessions to public frustration are typically temporary and isolated, and do not change the nature of the system. For example, while the corrupt automobile inspections were cancelled in 2011, they will likely return once the election cycle is over.

The Putin regime has consistently pushed citizens away from opportunities to participate in the political process, reducing the number of elections and limiting the role of the parliament in public life. In an extensive survey of civil society published early in the spring, the Levada Center's Denis Volkov noted that while Russians were launching an increasing number of civic initiatives, they did so in conditions

that made it harder to achieve their goals—or even to make the attempt—than had been the case just 10 years earlier.³³

The authorities routinely use spurious or trumped-up criminal charges to persecute activists and intellectuals who are perceived to be at odds with the government's agenda. In October, an Arkhangelsk court proceeded with the closed trial of Mikhail Suprun, a historian who was investigating the fate of ethnic Germans deported from the Volga region and Crimea during World War II as “enemies of the Soviet people.” The Federal Security Service (FSB) apparently asked the plaintiffs in the case to file complaints against Suprun, allegedly for mishandling the private information of their relatives.³⁴ Though the case was dropped in December, Suprun's lawyer said it was intended as a warning or means of intimidation.³⁵

As foreign sources of funding dry up, Russia's nongovernmental organizations (NGOs) must obtain money either from the state or directly from citizens. Raising funds from individuals in Russia is difficult because a large majority, 64 percent, suspect that charities will not use their money for the declared purpose, according to a report prepared by the Russian Donors' Forum.³⁶ Only 107 of Russia's 301 charitable organizations declare financial information. In total, these organizations collected 23.4 billion rubles (US\$760 million). The leading areas of operation were environmental projects (3.6 billion rubles/US\$117 million), medicine (1.3 billion rubles/US\$42.2 million), and education (524.1 million rubles/US\$17 million). Tax exemptions for donors will come into effect in 2012.

The state is handing some functions to nonprofit organizations, but it expects total loyalty in return. In 2011, the government provided a billion rubles for the development of civil society institutions,³⁷ and 900 million for social-service organizations.³⁸ Medvedev suggested that the recipient organizations should focus on the prevention of cruelty toward children and harmonizing ethnic relations. The billion rubles were distributed through six NGOs that critics claimed were closely tied to the state.³⁹ No explanation was provided for the choice of these six distributors. In 2010, 60 percent of the billion rubles distributed that year went to NGOs in Moscow, according to a study by the Siberian Civic Initiatives Support Center.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.75	6.00	6.00	6.25	6.25	6.25	6.25	6.25	6.25

Russia remains an extremely dangerous place for journalists to work. On 15 December, assassins killed the founder of the independent Dagestani newspaper *Chernovik*, Khadzhimurad Kamalov. The Dagestani authorities had been harassing the paper since 2008, when it reported that innocent people had died in a counterinsurgency operation.⁴⁰ In April, a court convicted Nikita Tikhonov and Yevgeniya Khasis of the 2009 murder of lawyer Stanislav Markelov and *Novaya Gazeta* journalist Anastasiya Baburova. Tikhonov and Khasis are radical Russian

nationalists who targeted Markelov for his defense of ethnic minorities. Baburova died trying to protect him.

Unfortunately, the convictions in that case are an exception, as little real progress has been made in resolving some of the most prominent journalist murders of recent years. In August, the authorities arrested retired police lieutenant colonel Dmitry Pavlyuchenkov and charged him with organizing the group that carried out the 2006 assassination of *Novaya Gazeta* journalist Anna Politkovskaya. However, it remains unclear who actually ordered the killing.⁴¹ Pavlyuchenkov allegedly procured the murder weapon and hired Rustam Makhmudov, who was arrested in June, to carry out the crime. Makhmudov's two brothers and former police officer Sergey Khadzhikurbanov, also allegedly hired by Pavlyuchenkov, were acquitted by a jury in 2009 for lack of evidence, but the Supreme Court overturned that verdict and they are again under investigation.

More than 80 percent of the population watches television on a daily basis, and around 94 percent receive the latest news from the three main state-controlled networks, meaning they are often left uninformed about topics and events the government prefers to obscure.⁴² Genuine opposition leaders generally do not have access to airtime, and television commentators who speak on behalf of the state usually cast the opposition in a negative light. The large protests in December forced the state media to provide some coverage of the opposition, but this amounted to a temporary, tactical concession.⁴³ Independent online media presented a much more complete and even sympathetic picture of the protests than did the state media.⁴⁴

Business magnates with close connections to the Kremlin continued purchasing key media assets in 2011. Yury Kovalchuk, a co-owner of Bank Rossiya and a longtime Putin associate, purchased a 25 percent stake in Channel One, Russia's main television broadcaster,⁴⁵ and the radio station Russian News Service (RSN).⁴⁶ The state retains a majority stake in Channel One, which is a crucial asset for the 2012 presidential election, since it reaches almost all of Russia's population. Kovalchuk's National Media Group already owned 68 percent of Ren TV, 72 percent of Channel Five, a controlling stake in the *Izvestiya* newspaper, and Video International Group, which sells a large share of the country's advertising. Other oligarchs—including Aleksandr Mamut, Alisher Usmanov, Oleg Deripaska, Aleksey Mordashyov, and Roman Abramovich—have extensive media holdings of their own.⁴⁷ Pressure on Usmanov, who owns the business newspaper *Kommersant*, the news website *Gazeta.ru*, and the popular LiveJournal blogging platform, apparently increased during the election period.⁴⁸ In December he fired Maksim Kovalsky, the editor of *Kommersant's Vlast* magazine, for publishing a photograph of obscene comments about Putin written on a ballot.⁴⁹ A *Gazeta.ru* editor, Roman Badanin, resigned in response to the owner's request that a link to Golos's map of electoral violations be removed from the news site.⁵⁰ In a further blow to media diversity, the relicensing process associated with the upcoming switch to digital broadcasting is expected to eliminate many independent regional outlets.

The regime's most important tool for suppressing a wide variety of opposition speech may be its vaguely written legislation against "extremism," adopted in

2002 and amended in 2006.⁵¹ The authorities are increasingly using extremism laws against bloggers, according to Boris Timoshenko of the Glasnost Defense Foundation.⁵²

Censorship limits the information available in the media. In 2011, state-controlled NTV pulled a report about illegal abductions by law enforcement agencies in Chechnya after it had already begun to air in Russia's eastern time zones,⁵³ resulting in a wide-ranging discussion about the extent of censorship in Russia.⁵⁴ In another case, the station did not air an episode in which television host Kseniya Sobchak confronted Federal Agency for Youth Affairs chief Vasily Yakemenko as he ate in an expensive restaurant. On 20 November, Putin was apparently booed when he addressed 22,000 martial arts fans at Moscow's Olympic stadium,⁵⁵ but after the event was broadcast live, subsequent airings were edited to eliminate the heckling.⁵⁶

Approximately half of the population uses the internet in some way.⁵⁷ After the December elections, the number of visits to opposition news sites increased dramatically. Blogs diverge from the government line far more than the traditional media, according to the research of Harvard University's Bruce Etling. In fact, blogs represent an alternative public sphere where ordinary people can talk about issues that government officials do not want the mainstream media to discuss.⁵⁸ Satire targeting Putin and Medvedev is rampant on the internet. The most popular such site is Citizen Poet, which features a weekly satirical poem written by Dmitry Bykov and performed by Mikhail Yefremov.⁵⁹ Dozhd TV, an internet-only television station, provides a compelling alternative to Russia's state-dominated broadcast sector.

There are currently few state restrictions on the internet, but as the medium becomes more popular, the authorities are finding new ways to monitor and control its content.⁶⁰ Rather than banning dissent outright, they have generally attempted to shape the narrative of online discussions through progovernment or government-allied websites and commentators. However, more direct pressure is also applied. Before the 10 December postelection protests, for example, the FSB sought to have the social-networking site Vkontakte block seven opposition groups that were calling for demonstrations.⁶¹ Also during the year, Fontanka.ru journalist Aleksandra Garmazhapova was fired for writing an article describing how the Kirovsky district authorities in St. Petersburg used their administrative power to help elect Matviyenko to a district council so that she could be appointed to the Federation Council.⁶² "New cases of harassment of bloggers and netizens are emerging all the time, especially those speaking on sensitive topics," according to a June news release from Reporters Without Borders.⁶³ As one example, the group pointed to the case of Major Igor Matveyev, who wrote about the abuse of troops in Vladivostok and then faced trumped-up charges that could lead to a 10-year prison sentence.

In the regions, local officials control the vast majority of television and radio stations. They pay less attention to newspapers, but print media often have few readers and little influence. Local officials do not always honor newspapers' requests for information, and the courts generally back the political authorities, making it nearly impossible for journalists to obtain data about local corruption.⁶⁴ Regional

journalists usually censor themselves to avoid serious conflicts with the government or other powerful forces, but the line between permissible and impermissible coverage is rarely clear. Most regional papers are forced to rely on subsidies from an owner or patron, as they cannot survive on ordinary commercial revenue.⁶⁵

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.75	5.75	5.75	5.75	5.75	5.75	6.00	6.00

One area where Medvedev's policies as president differed from his predecessor's was in relations with Russia's regional leaders. Whereas Putin largely left incumbents in their positions, Medvedev has actively replaced them. In 2011, when the Kremlin decided to remove Marviyenko as governor of St. Petersburg because of her unpopularity ahead of the Duma elections, its choice to fill the vacancy was Georgy Poltavchenko, a largely unknown figure who had previously served as presidential representative to the central federal district. Both Poltavchenko and Sergey Sobyenin, who had replaced longtime Moscow mayor Yuri Luzhkov at the end of 2010, were notable for being loyal to Putin and lacking close ties to their new cities' political elites, which presumably made them more likely to implement the federal government's orders. However, in an ostensible step back from such direct central control, Medvedev proposed reinstating gubernatorial elections during his address to the Federal Assembly on 22 December. The move was seen as a concession to the postelection protesters. Putin had replaced gubernatorial elections with a system of presidential appointments in 2004, and both Putin and Medvedev had consistently rejected restoring the elections since then.⁶⁶

Since 2003, direct mayoral elections in Russia's cities and towns have gradually been abolished in favor of city managers chosen by the local legislatures. Mayors have been replaced in half of the cities with populations over 200,000.⁶⁷ The city manager system in practice makes the municipal executives more accountable to the federally appointed governors—the main political powerbrokers of each region—than to city residents. The trend has continued even though Minister of Regional Development Viktor Basargin denounced city managers as ineffective in July.

The 24 January bombing of Moscow's Domodedovo airport, which killed at least 37 people, was a tragic reminder of the ongoing failure of the Kremlin's counterinsurgency policy in the North Caucasus. The suicide bomber was a 20-year-old resident of Ingushetiya. Indeed, the situation in the North Caucasus remains extremely dangerous. During 2011, there were 546 insurgent and terrorist attacks, though that represented a 6.3 percent decline from 2010.⁶⁸

Chechen president Ramzan Kadyrov continues to run his republic with the help of extensive federal subsidies. His lavish lifestyle and extravagant birthday celebration in 2011 provoked protests in other parts of Russia. Despite his dependence on federal funds, Kadyrov operates with greater autonomy than Russia's other regional leaders. Putin visited Chechnya on 21 December and made

clear that he intends to continue supporting his ally, arguing that the existing policy was necessary to prevent Chechnya and neighboring republics from seceding.⁶⁹

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.75	5.25	5.25	5.25	5.25	5.50	5.50	5.75	5.50

Russia's courts continue to hand down politicized decisions in high-profile cases. Natalya Vasilyeva, a press officer for Moscow's Khamovnichesky District Court, claimed in February 2011 that Judge Viktor Danilkin was following orders from the Moscow City Court when he sentenced former Yukos oil company head Mikhail Khodorkovsky and his business partner, Platon Lebedev, to new prison terms at the end of 2010.⁷⁰

In May the European Court of Human Rights (ECHR) ruled that Khodorkovsky's rights were violated after his arrest in 2003, but it rejected Khodorkovsky's assertion that the tax evasion case was politically motivated.⁷¹ In a separate ruling on 20 September, the ECHR found that Russia had deprived Yukos of its right to a fair trial because the company did not have sufficient time to prepare a defense, and because of the disproportionate tax penalties, which effectively destroyed the firm.⁷² However, as with the case concerning Khodorkovsky personally, the court said that Russian authorities had legitimate grounds to investigate tax fraud and did not pursue the case with the aim of punishing Khodorkovsky's opposition activities and seizing Yukos's assets. Despite these judgments, most members of the opposition and outside observers such as Amnesty International view Khodorkovsky and Lebedev as prisoners of conscience.⁷³

They are far from the only government opponents to be targeted via the courts. The authorities jailed Left Front leader Sergey Udaltsov in December, after he played an important role in the election-related protests. Human rights activists have also drawn attention to the case of Taisiya Osipova, the wife of an activist for the National Bolshevik Party who was sentenced in December to 10 years in prison for alleged possession of heroin.⁷⁴ Osipova claims that she is innocent.

The authorities exert political pressure on judges. In the first nine months of 2011, 77 judges voluntarily resigned in Moscow, typically citing such pressure as one of the main reasons for their departure.⁷⁵ Court chairmen have extensive control over the professional lives of judges and can use this power to keep them in line. Even after judges retire, they often rely on the courts for their pensions and other benefits, meaning very few are willing to speak openly about infringements on their independence.

In some cases, the courts have appeared to make just, if not necessarily independent, decisions. For example, in mid-June a Moscow court ruled that Oleg Orlov of the human rights organization Memorial had not criminally slandered Kadyrov when he implicated the Chechen president in the 2009 murder of human rights worker Nataliya Estimirova. Orlov called the decision "unexpected" and

“amazing,” having assumed that the court would rule based on political pressure.⁷⁶ “The situation with our courts is such that a decision based on law is astounding,” he said. Although the criminal case against Orlov failed, Kadyrov had already successfully sued Orlov in a civil case. Also in June, Khamovnichesky District Court ruled against Vasily Yakemenko, the head of the Federal Agency for Youth Affairs, who had sued *Kommersant* journalist Oleg Kashin and *Noviye Izvestiya* political analyst Aleksandr Morozov for claiming that he had organized the brutal beating of Kashin.⁷⁷ And a St. Petersburg court imposed life sentences on two Russian nationalists convicted of killing and beating ethnic minorities in the city, despite a pattern of judicial leniency toward Russian nationalists in previous years.

The Russian courts have punished some organized crime figures. In September, Sergey Butorin, known by the nickname “Osy,” was sentenced to life in prison for participating in 29 murders and attempted murders.⁷⁸ And in a virtually unprecedented instance of an individual using the courts to combat abuses by the security services, banker and *Novaya Gazeta* owner Aleksander Lebedev filed a lawsuit on 13 September against the FSB department tasked with combatting economic crimes (Department K) for raiding his National Reserve Bank in November 2010. He alleged that the raid caused his clients to withdraw US\$66 million from the bank in the subsequent two weeks. Although Lebedev served in the KGB and maintains good relations with the Kremlin, it was not clear at year’s end how far his case would go in the court system.⁷⁹

There were 650,000 prisoners in Russia as of September 2011, down significantly from 880,000 in October 2010, thanks to concerted efforts to reduce sentences and decriminalize some offenses. Nevertheless, Justice Minister Aleksandr Konovalov has conceded that many inmates live in inhumane conditions.⁸⁰ The number of inmates held in pretrial detention centers dropped from 133,000 people in January 2009 to 113,000 at the beginning of 2011, according to the Federal Prison Service.⁸¹ But conditions in these centers are considered to be much worse than in regular prisons.⁸² As many as 50 to 60 people die each year in investigative isolation wards (SIZOs), according to the Moscow Helsinki Group. Medvedev signed a law in 2011 allowing people accused of economic crimes to avoid pretrial detention, but judges rarely use this option, according to Valery Borshchov, head of the Moscow Public Oversight Commission.⁸³ However, in a surprise move, a court released entrepreneur Natalya Gulevich after convicting her of fraud on 26 December.⁸⁴ She had been held in pretrial detention despite failing kidneys and bladder problems.

In the case of Sergey Magnitsky, who died in pretrial detention in 2009 after exposing extensive corruption among law enforcement officials, the Investigative Committee filed charges against two of the medical officials at Moscow’s Butyrskaya prison. However, human rights defenders argued that these officials played only a minor role in Magnitsky’s death, and were being used as scapegoats for the higher-level officials who wanted to silence Magnitsky.⁸⁵ The investigators did not explain evidence that Magnitsky had been beaten by guards in the Matrosskaya Tishina detention center shortly before his death.⁸⁶

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	5.75	5.75	6.00	6.00	6.00	6.25	6.50	6.50	6.50

Russia's battle against corruption in 2011 produced a few symbolic results, but graft remains a defining feature of Putin's tenure and a major source of frustration for anti-Putin activists and protesters. Russia's score on Transparency International's 2011 Corruption Perceptions Index was 2.4, a slight improvement from 2.1 in 2010. The group cited Medvedev's anticorruption measures and Russia's decision to join the antibribery convention of the Organization for Economic Cooperation and Development.⁸⁷ Similarly, a biannual survey by the international accounting firm PricewaterhouseCoopers reported less economic crime than in previous years.⁸⁸ Overall, 37 percent of the 126 companies surveyed reported being victims, down from 71 percent in 2009 and 59 percent in 2007, though 73 percent said they felt vulnerable to future economic crimes.

Despite these apparently improving figures, corruption remains a pervasive problem. The sinking of the Volga river vessel *Bulgaria* on 10 July, which killed 129 people, served as another tragic reminder of the fatal consequences of Russia's thoroughly corrupted systems for enforcement of health and safety rules. The boat was unfit for passenger service, had too many people aboard, and had violated a number of safety procedures. Corrupt inspectors frequently overlook such violations, making deadly accidents and fires a chronic affliction.

On 4 May Medvedev signed new legislation that raised fines for taking bribes to as much as 100 times the amount of the illegal payment.⁸⁹ The minimum fine is 25,000 rubles, and the maximum is 500 million rubles. The president said imprisonment would remain the main form of punishment. However, since the authorities only selectively prosecute such crimes, stronger penalties have little meaning in practice.

In a separate action in April, Medvedev ordered all government officials to withdraw from any positions they held on the boards of state-owned companies, ostensibly with the aim of reducing opportunities for high-level bureaucrats to convert their political status into material wealth. Among the most prominent figures affected was Deputy Prime Minister Igor Sechin, a close Putin ally, who had to step down as chairman of Rosneft, the state oil company. Nevertheless, senior officials like Sechin maintained close informal ties to their respective enterprises, and the government will likely continue to exert extensive and often personalized control over state-owned firms. As Rosneft president Eduard Khudainatov explained, "We are a company with state ownership, and we directly report to the government via orders and other administrative tools. The daily control is in the hands of Igor Ivanovich [Sechin]."⁹⁰ According to Navalny, the three most corrupt spheres in Russia are companies with state ownership, the system of state procurement contracts, and the setting of government-regulated prices for utilities and other services.⁹¹

The website Election2012.ru, edited by Marina Litvinovich, lays out the considerable business interests of the current ministers and their closest family members. The information gathered on the site shows how officials control not only oil and gas in Russia, but most of the key financial flows. It also lists the alleged connections between ministers and organized crime groups. The dense ties between the state and business were the focus of attention at a 2011 London trial pitting exiled tycoon and former political power broker Boris Berezovsky against Roman Abramovich, his erstwhile business partner. The proceedings, in which Berezovsky was seeking compensation for breach of contract, revealed in detail how in the 1990s he had used his Kremlin connections to manipulate the privatization of oil companies, which Abramovich could then buy, earning huge profits for both men.

The problem of personal enrichment by government officials is as pervasive in the regions as it is in the capital. In 2011 the business newspaper *Vedomosti* found evidence that 23 governors' children owned sizeable stakes in various companies.⁹² One governor's 18-year-old daughter reportedly owned shares in 10 companies and was the general director of 20.

In a meeting with writers on 28 September, Putin denied that he had helped a personal associate, Gennady Timchenko, turn his Gunvor oil-trading company into a billion-dollar business, one of the most prominent charges of corruption against Putin's regime. Putin also rejected Navalny's charge that US\$4 billion had been embezzled from the state pipeline monopoly Transneft, arguing that the use of funds for something other than the assigned purpose did not amount to theft. Aleksey Venediktov, editor in chief of the often outspoken radio station Ekho Moskvy, later accused Putin of being "disingenuous" about both Timchenko and the Transneft issue.⁹³

Although a new law on police reform came into effect on 1 March, it had little impact on corruption during the year. The police were formally renamed *politsiya*, replacing the Soviet-era term *militsiya*. However, the interior minister kept his position, and aside from the firing of some high-ranking officers, the leadership structure remained largely intact. The police are still ultimately accountable to the federal authorities, not regional or local leaders and residents. Proposals for more effective police reform include decentralizing law enforcement authority, allowing police chiefs to be appointed locally, and removing the police's jurisdiction over economic matters to reduce their involvement in extorting businesses.⁹⁴

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Serbia

by Aleksandra Nenadović

Capital: Belgrade
Population: 7.3 million
GNI/capita, PPP: US\$11,090

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	Yugoslavia	Serbia									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Electoral Process	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Civil Society	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.25	2.25	2.25
Independent Media Governance*	3.25	3.50	3.25	3.25	3.50	3.75	3.75	4.00	4.00	4.00	4.00
National Democratic Governance	n/a	n/a	4.00	4.00	3.75	4.00	4.00	3.75	3.75	3.75	3.75
Local Democratic Governance	n/a	n/a	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.50	3.50
Judicial Framework and Independence	4.25	4.25	4.25	4.25	4.25	4.50	4.50	4.50	4.50	4.50	4.50
Corruption	5.00	5.00	5.00	4.75	4.50	4.50	4.50	4.50	4.25	4.25	4.25
Democracy Score	3.88	3.83	3.75	3.71	3.68	3.79	3.79	3.71	3.64	3.64	3.64

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTES: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The Republic of Serbia made progress on its path to European Union (EU) integration in 2011 with the arrest of well-known war criminals Ratko Mladić and Goran Hadžić. In other areas identified as priorities for EU accession, reform and diplomatic efforts were only partly successful. EU-brokered bilateral trade negotiations with Kosovo broke down during the year, resulting in the postponement of a European Commission vote on Serbia's EU membership. Dialogue with Kosovo—an important accession prerequisite—remains problematic and politically dangerous for Serbian politicians, as refusal to recognize Kosovo's secession remains one of the few things on which all of Serbia's political parties can agree.

An ongoing conflict between President Boris Tadić's Democratic Party (DS) and the G17 Plus party led by former minister of economic and local development, Mladen Dinkić, challenged the stability of the government in early 2011, causing several members of parliament (MPs) to resign. Dinkić himself left the government in February after repeated clashes with the finance minister and other members of the DS. To resolve the issue, parliament approved a reshuffle in March, reducing the size of the cabinet, but keeping the G17 Plus party in government.

Living standards continued to decline in 2011, though inflation stabilized after the exchange rate shocks of late 2010 subsided and is expected to remain in the single digits in 2012. In September, the International Monetary Fund (IMF) granted Serbia a substantial loan to protect its economy against market instability.

In 2011 authorities adopted a law to increase transparency in the financing of political parties and election campaigns and amended key electoral legislation. The judiciary pushed to correct errors made after a 2009 decision on court re-appointments. However, the review process was controversial and heavily criticized by civil society groups.

National Democratic Governance. The ruling coalition continued key EU reforms and held its mandate despite a cabinet reshuffle and the opposition's calls for early elections. The first-ever EU-backed bilateral talks between Priština and Belgrade began in March, but had largely broken down by year's end. Though still suffering a protracted economic crisis, Serbia concluded a sizeable loan agreement with the IMF in September. *Serbia's national democratic governance rating remains at 3.75.*

Electoral Process. The Law on Financing of Political Activities was adopted in 2011 with the aim of improving the transparency of political party and campaign financing in advance of the spring 2012 elections. However, it is unclear whether

parties will be obliged to respond to questions by nongovernmental organizations and the Anticorruption Agency regarding the sources of previous years' funding. The new Law on Conflict of Interest aims at ending the established practice of awarding Serbian political leaders multiple elected and non-elected positions. Pending evidence that new legislation will lead to greater transparency in political party financing, *Serbia's electoral process rating remains at 3.25.*

Civil Society. Serbian civil society organizations have a solid record of promoting human rights and anticorruption efforts, but extremist organizations remain an ongoing issue for security in the country. In 2011, the government felt compelled to cancel not only the October Gay Pride parade but all other public gatherings, following alarming security reports from law enforcement officials that indicated nationalists and neo-Nazi extremists were planning disturbances in several parts of Belgrade. Roma continue to face frequent discrimination and attacks. *Serbia's civil society rating remains at 2.25.*

Independent Media. Media ownership in Serbia is generally nontransparent, and the largest outlets are government-owned. Media frequently rely on financing from political parties. Journalists face harassment and physical attack, though incidents of the latter have declined in recent years. Several outstanding cases of attacks on journalists remain unsolved. No changes were made to improve media regulations by supporting journalistic independence and professionalism. *Therefore, Serbia's independent media rating remains unchanged at 4.00.*

Local Democratic Governance. Serbian authorities adopted the Law on Financing of Local Government to strengthen local governance and increase financing, though some observers fear it could exacerbate the state budget deficit. Most Serbians believe crucial decisions are not made by local authorities, but rather by top party leadership and local tycoons. Disagreements between local and central governments over minority representation in the local national council led minorities to boycott the 2011 census, significantly skewing its results. *Serbia's local democratic governance rating remains at 3.50.*

Judicial Framework and Independence. Judicial reform continued in 2011 with the adoption of new civil and criminal procedure codes aimed at improving efficiency. The High Judicial Council reviewed the controversial 2009 reappointment procedures for judges and prosecutors amidst strong criticism from the Judges Association of Serbia. During the process, many of the original decisions were revoked. One year after the court restructuring, case backlogs remain high, and civil proceedings remain slow despite attempts to improve efficiency. A lack of standard policies on sentencing in criminal cases is believed to have led to a rise in repeat offenses. *Serbia's judicial framework and independence rating remains at 4.50.*

Corruption. Efforts to combat corruption remained comparable to the previous year, with continued large-scale investigations into corruption scandals in the construction and healthcare sectors. However, political will to make use of existing anticorruption frameworks remains weak. Graft and misconduct remain serious problems in the healthcare sector and the judiciary. In December, the government backed controversial amendments to the Law on Public Procurement that ignore relevant EU directives. The government refuses to investigate several corruption cases referred by its own Anticorruption Council. With no significant gains in anticorruption efforts, *Serbia's corruption rating remains at 4.25.*

Outlook for 2012. The Kosovo issue and the domestic economic crisis will continue to dominate Serbian politics in 2012. The second wave of the global economic downturn is expected to further stunt the country's economy, though short-term reform measures will likely be introduced, mainly in the banking sector. The 2012 elections will be a critical test for the country's anticorruption efforts, as the 2011 Law on Political Party Financing comes into force. The ongoing economic crisis, the necessity for public sector and pension reform, and endemic corruption will pose long-term challenges for the new government.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.00	4.00	3.75	4.00	4.00	3.75	3.75	3.75

Serbia's government managed to hold onto power throughout 2011, despite a crisis within the governing coalition. Conflict between the ruling Democratic Party (DS) of President Boris Tadić and coalition partner G17 Plus escalated in the beginning of the year, causing several members of parliament (MPs) to resign, including G17 Plus leader and Deputy Prime Minister/Minister of Economy Mladen Dinkić, who left in mid-February after repeated clashes with the minister of finance and other DS members. Dinkić resigned on 14 February, one day after his removal was recommended to parliament by Prime Minister Mirko Cvetković. To avoid the collapse of the coalition and the need for early elections, the government reshuffled the members of its cabinet in March, restoring balance in the distribution of ministerial posts for each party, including G17 Plus. No previous Serbian government in the past decade has governed for a full, four-year term.

Throughout the year, the ruling coalition pushed to harmonize national laws with European Union (EU) directives in hopes of obtaining a positive recommendation from the European Commission (EC) on Serbia's membership bid before the end of October. Undermined by special interest lobbying and pandering to specific electoral groups (notably public administration employees and retirees), and overshadowed by renewed unrest in northern Kosovo, these efforts did not achieve their short-term goal: the recommendation of the EC was rejected on 9 December, further postponing a decision on EU membership for Serbia until March 2012. Nevertheless, policymaking procedures moved faster than normal in 2011, with the ruling coalition passing some key, EU-mandated legislation.

In September, the DS pushed through a long-awaited and controversial law regulating the restitution of property nationalized by the post-World War II Yugoslav regime. Based on claims submitted by former owners or their heirs, restitution of farmland, houses, apartments and forests is to begin "where possible" in 2014. In cases where the confiscated land is in public use (by libraries or educational institutions, for example) government bonds will be issued to former owners or heirs as compensation, up to a maximum value of US\$672,000. Critics of the law objected to limits on the amount of property restitution, accusing the government of having already sold most valuable nationalized assets to business owners with political connections, and alleging that the law merely served to legalize past deals.

Another important step taken in the direction of EU accession was the capture of Serbia's last two remaining war crimes fugitives, Ratko Mladić and Goran Hadžić. Bosnian Serb ex-army chief Mladić, a leading figure in the Srebrenica massacre, had been on the run for 16 years. Hadžić, a Croatian Serb wartime leader was indicted

by The Hague in 2004, but fled immediately, tipped off by nationalist hardliners in Serbia's security services. The arrest and surrender of these well-known figures in 2011 demonstrated Serbia's willingness to cooperate with the United Nations' (UN) war crimes tribunal, the International Criminal Tribunal for the former Yugoslavia (ICTY), a heavily emphasized precondition for EU membership.

Serbia's troubled relationship with Kosovo—another pivotal factor in EU membership—took small steps forward before once again unraveling in 2011. In March, Belgrade and Priština began their first-ever, EU-backed dialogue, addressing technical topics like the free movement of people, telecommunications, and customs, while steering away from the key issue of Kosovo's independence. The talks were repeatedly disrupted by a border dispute in ethnic Serb-majority northern Kosovo, where Belgrade still funds so-called "parallel" governance structures¹ and Priština has little influence. A conflict broke out in July after Kosovo's prime minister, Hashim Thaçi, sent police forces to take control of the northern border and enforce an effective embargo of Serbian goods. The initial violence was followed by months of unrest, demonstrations and blockades by local Serbs many of whom reject Kosovo institutions. By summer's end, Kosovo Force (KFOR), the international peacekeeping force led by the North Atlantic Treaty Organization (NATO), had become involved in clashes with local Serbs.

During a visit to Belgrade in August, German chancellor Angela Merkel strongly urged Serbia to accommodate Kosovo's demands for recognition, quite bluntly linking the question to Serbia's EU membership bid. At a press conference with President Tadić, Merkel said she interpreted progress in the bilateral talks as the dissolution of the parallel governance structures in northern Kosovo and permission for Kosovo to participate in regional and international association meetings. Merkel made no reference to UN Resolution 1244, which upholds Serbia's sovereignty over the province. In response, Tadić reiterated that Serbia does not recognize Kosovo's independence. The meeting with Chancellor Merkel highlighted a deep contradiction between two of the ruling coalition's most important campaign promises: EU membership candidacy and the preservation of Serbian governance structures within Kosovo.

On 12 October, the EC proposed Serbia for candidate status on the condition that negotiations with Kosovo continued, existing agreements were implemented, and the EU Rule of Law Mission in Kosovo (EULEX) was allowed to operate in the north. However, due to a lack of demonstrated progress in improving relations with Kosovo, the European Council took the unprecedented step of rejecting the EC's recommendation on 9 December, postponing the decision on candidate status to March 2012. The decision was seen as a victory for Chancellor Merkel's interpretation of "progress" on Kosovo. The European Council also demanded a resolution of the integrated border management, or joint management of the Kosovo-Serbia border, and freedom of movement for EULEX.

Living standards continued to decline in 2011 due to a prolonged economic crisis. Slow economic recovery will present a challenge for the incumbent government in the runup to 2012 parliamentary elections. Inflation, however, did stabilize in

2011 after the exchange rate shocks of late 2010 subsided; National Bank Governor Dejan Šoškić said he expected inflation to remain within the planned limits of up to 6 percent.² In September, the government also signed a new Stand-By-Arrangement with the International Monetary Fund (IMF) worth €1 billion in loans.³ Under the agreement, the IMF allows Serbia to increase its budget deficit slightly, while encouraging public sector, labor market, and pension reform. The IMF predicted that the agreement would better prepare Serbia for any financial shocks in 2012.⁴

Electoral Process

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25

During the year, the government undertook several legislative changes affecting party finance and the conduct of parliamentary, local, and—to a lesser extent—presidential elections slated for May 2012.

In April, Serbia's Constitutional Court ruled against the controversial practice of blank resignations, according to which every politician elected to the national or a local assembly on a party ticket was required to deposit a written resignation with the party before taking the seat, empowering the party to suddenly activate the resignation and replace any member in the event of perceived disloyalty or defection. Most major parties insisted that blank resignations were necessary for consensus building, but vocal critics insisted that the practice was undemocratic, breaking the link between the electorate and its representatives. Under a May 2011 amendment to the Law on the Election of Members of Parliament, parties in 2012 will now have to submit closed electoral lists where the ranking on the list will determine who wins a parliamentary seat, and seats can no longer be transferred to other party members between elections.⁵

One effect of the Constitutional Court's ruling and subsequent amendment was to reduce the appeal of smaller parties as coalition partners to DS or Serbia's main opposition party, the Serbian Progressive Party (SNS). Previously, the ability to directly control parliamentary deputies within coalition partners made it worthwhile for large parties to maintain tenuous alliances with smaller groups. Speculations that DS and SNS would form a grand coalition in the next elections ended after SNS leader Tomislav Nikolić went on a hunger strike in April, demanding early elections. His efforts failed and the episode cost his party significant credibility, eliciting criticism from DS and other ruling coalition parties.

In June, the government took an important step towards increased accountability and transparency in political financing through the adoption of the long-awaited Law on Financing of Political Activities. The law covers both general political party financing as well as campaign financing and is meant to end entanglements between the parties and special interest groups. The public will have access to political financing records, including the size of donations and

their sources. The law also introduces penalties for omissions in financial reporting, subject to evaluation by the state anticorruption agency. The government's media relations coordinator, Slobodan Homen, said all recommendations from the EC and the Venice Commission had been incorporated into the new financing legislation, which was modified to meet EU standards⁶. Although the changes are scheduled to come into effect during the 2012 campaign, it remains unclear whether political parties will be forced to reveal funding sources from previous years. Nongovernmental organizations (NGOs) like Transparency Serbia and Center for Free Elections and Democracy (CeSID) have noted discrepancies between declared and real campaign expenditures in past elections.

In September, Serbia's Constitutional Court also ruled against widely criticized July 2010 amendments to the Law on the Anticorruption Agency allowing political leaders to hold multiple elected and non-elected government positions. Subsequent legislation has ended this practice by limiting the number and type of appointed positions an elected official can hold. The new law will mainly affect powerful local leaders or members of the national and regional parliaments in the autonomous Vojvodina province. Critics have claimed that the law is an instrument of the DS for reining in powerful regional leaders like Dragan Marković, who at that time served as both a member of the ruling coalition and the mayor of Jagodina. Marković strongly opposed the law, but quietly resigned from his parliamentary seat after its adoption.

Civil Society

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.25	2.25

NGOs in Serbia continued to actively engage with society on human rights and minority issues, efforts to increase transparency in state institutions, environmental protection, trade union activism, education reform, and protection of property rights. However, the cancellation of the 2011 Gay Pride parade in Belgrade served as a discouraging reminder of the influence of extremist and illiberal groups on Serbian society.

For the last 10 years, Serbian authorities have battled many right-wing organizations emerging from criminal gangs and commandos that served under President Slobodan Milošević in the 1980s and '90s. On the far right there are several extremist organizations allied with underground neo-Nazi groups and soccer hooligans. These groups generally promote clerico-fascism and ultranationalism and openly support war criminals, calling for the unification of all Serb-inhabited lands (via military incursion in Kosovo), closer ties with Russian ultranationalists, and persecution of sexual and national minorities. The Constitutional Court has determined that Nacionalni Stroj (National line) is a "secret political organization" that violates the constitution by inciting national and religious hatred. Several

other organizations, including Srpski Narodni Pokret 1389 (Serbian Nationalist Movement 1389, commonly known as “1389”) and the Naši (Ours) movement, are on a list of banned organizations that the public prosecutor submitted to the Constitutional Court on 18 October as part of an initiative to eradicate far-right organizations. Tomo Zorić, spokesman for the prosecutor’s office, said the organizations continued to “incite national, racial and religious hatred, intolerance and active intolerance toward minority groups.”⁷ The initiative marked the first time the Serbian government reacted to frequent calls from civic activists to deal with organizations that violate human and minority rights.

Authorities cancelled the Belgrade Pride Parade scheduled for 2 October because of attacks on past demonstrations held by the lesbian, gay, bisexual, and transgender (LGBT) community. In 2001, an LGBT gathering ended in attacks on participants; a 2009 pride parade was similarly canceled for security reasons. The 2010 Belgrade Pride Parade received state support, most notably from the Ministry of the Interior. Nevertheless, certain segments of the public opposed it with several hundred opponents staging a protest that ended in violent riots. In 2011, Mladen Obradović, leader of the ultranationalist group *Obraz* (Honor), was sentenced to two years in prison for organizing the 2010 riots—the first conviction for discrimination against LGBT persons in Serbia. Another 13 individuals involved in the riots received sentences of up to a year and a half. When LGBT activists scheduled the 2011 Pride Parade for early October, Belgrade Mayor Dragan Đilas said Serbia had “bigger problems” than protecting the participants of the Pride Parade, a sentiment echoed by several other politicians.⁸ In September, the Police Union of Serbia and the right-wing movement *Dveri* (Doors) held a joint meeting, calling on LGBT representatives to cancel the gathering. Following alarming security reports from law enforcement officials that indicated extremists were planning disturbances in several parts of Belgrade, the National Security Council ultimately decided to ban *all* public gatherings on the weekend of 2 October. While the ban was widely seen as the authorities’ failure to guarantee human rights to the LGBT community, *Obraz* called it “a victory of Serbian patriots.”⁹

Attacks on Roma remain frequent in Serbia. In March, a young Romany boy named Alija Omerović was beaten in downtown Belgrade, leading to three arrests.¹⁰ In May, a 20-year-old Roma was beaten at a Belgrade bus station, resulting in the arrest of three suspects on suspicion of expressing racial and national hatred and assault.¹¹ However, by year’s end, courts had not yet ruled in either case. In April, the magistrate for junior offenders in the southwestern town of Čačak ordered 30 days’ detention to a 17-year-old for stabbing Aleksandar Nikolić, an 18-year-old Roma, and for injuring three others. International and local agencies, including the Open Society Foundations Budapest, the Center for Roma Affirmation, and the Serbian Ministry for Human and Minority rights, organized an antidiscrimination media campaign focusing on Roma called “Do you know who I am?”¹² Meanwhile, the Roma Informative Center of Kragujevac organized the “Strengthening of the Roma”¹³ campaign, which aims to increase employment among the Roma population.

In December 2011, the Serbian group Civil Rights Defenders, the NGO Humanitarian Law Center, and law professor Vesna Rakić Vodinelić called for revisions to Serbian laws on material reparations for victims of war crimes and other human rights violations. Current legislation regarding victims of the wars in the 1990s dates back to 1996. Between late April and the end of June 2011, the Belgrade-based Humanitarian Law Fund and other regional NGOs collected over 540,000 signatures in the former Yugoslav republics to support a campaign for the establishment of an independent, regional commission to verify allegations of war crimes and conduct an impartial probe into the conflicts.¹⁴

Labor and pension reforms intended to curb government spending in the face of the economic crisis led to a series of strikes in several sectors. Having frozen public sector wages and pensions in early 2010 in order to fight the budget deficit, the government agreed to increase wages and pensions by 5.5 percent in the second quarter of 2011.¹⁵ Nevertheless, in December, teachers, health care workers, and police officers went on strike throughout Serbia, demanding additional wage increases.

Independent Media

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	3.50	3.25	3.25	3.50	3.75	3.75	4.00	4.00	4.00	4.00

Electronic media remained broadly available in Serbia in 2010, with six national television networks, five national radio broadcasters, and more than a hundred regional and local electronic outlets, licensed by Serbia's Broadcasting Agency. Internet and cable providers continue to operate freely in an increasingly competitive environment. Controversial laws on electronic communications and public information—implemented in 2010 and 2009, respectively—remain in effect, despite local and international concern that they threaten investigative journalism and privacy of communication.¹⁶ The switchover from analogue to digital broadcasting is scheduled to occur by April 2012, though the government may postpone implementation until 2013.

After 10 years of prodemocratic governance, Serbia's media environment appears to be stagnating. Associations of journalists complain of state pressure on media, which are reportedly financially dependent on political parties. Most media coverage is paid for or sponsored by government ministries and agencies, according to a report by the state anticorruption agency, and objective reporting and investigative journalism are scarce.¹⁷ Attacks and threats against journalists continue to occur, though they have declined in recent years, with just 13 such cases in 2011, compared with 143 in 2008.¹⁸ The 2011 figures are especially low considering the fact that more cases are now reported to authorities than in past years. Nevertheless, the Organization for Security and Cooperation in Europe (OSCE) representative for media freedom, Dunja Mijatović, warned in May that attacks on independent press in Serbia remain worrying.¹⁹

Several press outlets experienced harassment in 2011. The Independent Association of Journalists of Serbia (NUNS) issued official statements in February and March about the targeting of the independent B92 television station by extremist organizations, which have openly threatened journalists and editors.²⁰ In March, the right-wing group 1389 staged an unannounced rally in front of the offices of B92 television, carrying a banner with Nazi symbols in protest of the station's "untruthful" reporting.²¹ Although four members of 1389 were sentenced to 15 days in prison for staging the protest, harassment of B92 continued. After the station aired a report on alleged abuses at the Kolubara Coal Mine, fake obituaries with the names of B92's editor-in-chief, Veran Matic, and other journalists from B92 were plastered all over the town of Lazarevac. NUNS again called on the authorities to take action against the perpetrators, and the OSCE and the Association of Independent Electronic Media (ANEM) condemned the threats. In April, four persons were arrested in connection to the Lazarevac case, which at year's end was still ongoing. One month later, another man was sentenced to 10-months house arrest for a 2008 attack on a B92 cameraman. Despite actions from authorities to punish the perpetrators of these crimes, cases of harassment continued throughout the year. In October, the car of Tihomir Trišić, editor-in-chief of the weekly *Akter*, was set on fire. Police were still investigating the incident at year's end.

In some cases press outlets have also engaged in attacking public figures for cracking down on corruption. In February, the Belgrade daily *Večernje Novosti*²² published an article attacking Verica Barać, a well-known anticorruption activist and president of the Anticorruption Committee, for a report she had written, exposing illegal activities in the sale of the port of Belgrade.

While authorities have responded to pressure to solve certain cases, attacks against journalists often go unresolved. The alleged murder of the journalist Dada Vujasinović, who was found dead in 1996 after chronicling Željko Ražnatović's rise from criminal to national prophet, remains unsolved. Similarly, twelve years have passed since publisher, journalist, and outspoken critic of Slobodan Milošević, Slavko Ćuruvija, was gunned down in downtown Belgrade, but no progress has been made on identifying his killers. A correspondent for *Večernje Novosti*, Milan Pantić, who reported extensively on corruption, was beaten to death at his home in Jagodina in 2001, but his case was never solved. In fact, in the past four years, Serbian authorities have only solved 17 of 212 reported attacks against journalists.

In April, a group of journalists' associations, including the Journalists' Association of Serbia (UNS), NUNS, the Independent Journalists' Association of Vojvodina, ANEM, and the Association of Independent Local Media Local Press addressed an open letter to President Tadić about the deteriorating media situation in Serbia. Representatives of the EU and the OSCE also received copies.

Despite the Law on Information, which requires the government and local authorities to relinquish media ownership, the biggest press outlets in Serbia remain in the hands of the state, including the nationally broadcast television channel (RTS TV) and radio station (Radio Belgrade), as well as *Politika*, the most influential daily. In general, media ownership lacks transparency; according to a report by

the state anticorruption agency, only 2 out of 11 national media outlets have clear ownership structures. In 2011, the Anticorruption Council, a government advisory board charged with proposing measures to combat graft and misconduct, took action against certain cases of illegal privatization. In June, the council charged seven people with favoring certain interests groups and wealthy individuals during the privatization of the Novosti media company. The case caught the attention of Vincent Deger, the EU's representative in Serbia, who subsequently called on authorities to introduce clearer rules for media financing and guarantees for fairer competition in the privatization process.

According to March amendments to the Law on Government, ministers must seek the prime minister's approval before addressing the public. Journalists' associations sharply criticized the law, claiming that it effectively promoted a "code of silence" and prevented ministers from criticizing the prime minister's policies.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.50

With the exception of the autonomous province of Vojvodina, Serbia is ruled by two strata of government: central and local self-government (LSG). Several key pieces of LSG legislation, including the Law on Local Government, have been in place since 2007. Future decentralization in the country remains uncertain due to sharply divergent views in society, from outright rejection based on perceived risk to territorial integrity, to vocal demands for local autonomy.

According to a poll on decentralization and regionalization by the Center for Free Elections and Democracy (CeSID), Serbians believe the municipal assembly, the highest local self-governance body, has the weakest influence on decision-making, while top party leadership wields the most, followed by local tycoons and people with criminal ties. Most respondents said that while local party representatives are relatively weak, they are still more powerful than mayors and municipal assemblies. According to the poll, 41 percent of staunch decentralization supporters believe party leaders make key decisions for local assemblies, compared to roughly 20 percent of those favoring a stronger central government. Strong supporters of centralized governance were more likely to believe local officials are corrupt.²³

Shortly after leaving parliament in February 2011, G17 Plus party leader Mladan Dinkić created a new coalition of regional parties called the United Regions of Serbia (URS) in an effort to shore up his own support base and the position of G17 Plus before the 2012 parliamentary and local elections. In June, the URS presented Serbia's parliament with draft amendments to the Law on Financing of Local Government, containing provisions on decentralization that each previous government had failed to pass. The government quickly adopted the changes, which were widely seen as a necessary concession to calm the political

situation with G17 Plus and avoid early elections. Effective 1 October, the new amendments increased the share of payroll taxes allocated to local governments from 40 percent to 80 percent. Belgrade, as the largest local government, gets 70 percent rather than 80, and does not receive funds from the central state budget like smaller local governments. Instead, Belgrade's share of the budget will be distributed to other local governments, with the most underdeveloped getting the largest share.²⁴ The amendments stipulate that local projects are funded from local budgets, instead of national coffers, but local governments may request funds for projects from national institutions, such as state-owned companies, agencies, and other organizations, as well as international bodies. In recent years, local authorities have received development funds from The World Bank, the European Bank for Reconstruction and Development, Transparency Serbia, the EC, the National Endowment for Democracy, Telekom Srbija (the state-owned telecommunications company), and government sources.

While promoted as an important step in harmonizing Serbia's legal system with EU standards, changes to financing of local governments increased concerns over the central government budget. Throughout the year, the IMF emphasized that Serbia's deficit is high considering the level of development in the country.²⁵ IMF representative Bogdan Lissovlik and the state fiscal council warned that the new distribution of payroll taxes threatened to increase the budget deficit in 2012, necessitating draconian austerity measures, such as the re-freezing of salaries and pensions.²⁶ In mid-November, the IMF and Serbia reached a staff-level agreement on the first review of a precautionary Stand-By Arrangement worth €1.1 billion, which sets the 2012 budget deficit at 4.25 percent of gross domestic product.²⁷ The accompanying October review of Serbia's 2011 budget proposed lower revenues, but few changes in expenditures, with social protections remaining the largest allocation. One of the few changes in expenditures affected pensions, salaries and social security, which increased beginning in October.

Serbia made significant strides in financing infrastructure at the local level in 2011. The city of Novi Sad became the first local self-government unit in Serbia to issue municipal bonds to finance infrastructure construction. Although the municipal bond issue has been in the works for years, the first tranche of €15 million was not approved by the Securities and Exchange Commission until October 2011. UniCredit bank underwrote the issue, with a guarantee from the United States Agency for International Development (USAID). The EC and Standing Conference of Towns and Municipalities provided technical assistance (i.e. preparation of the feasibility study and information memorandum). The next two tranches—€6 million and €14 million, respectively—were issued at year's end. The first and third tranches went toward construction of an urban boulevard and suburban sewer network, while the second tranche was used to finance insurance companies. Following amendments to the Law on Public Debt, which removed obstacles to the purchase of bonds by individuals, more cities—including Užice, Pančevo, and maybe even Belgrade—are expected to issue municipal bonds in the future.

Serbia's first population census since 2002 was held in October 2011.²⁸ Although the government urged all residents to participate, Albanians from southern Serbia (Preševo, Medveđa, and Bujanovac) and part of the Bosniak population from Sandžak boycotted the census due to disagreements between local and central governments over minority representation in the local national council. The boycott is believed to have somewhat skewed census results, especially in areas with large minority populations. For example, a total of 2,481 residents were counted in the Preševo municipality, where the 2002 census had shown 34,904 inhabitants. As of January 2011, Serbia had the most refugees and Internally Displaced Persons (IDPs) in the Balkans and one of the largest populations of displaced people in Europe, according to data from the United Nations High Commissioner for Refugees (UNHCR).²⁹ The Commissariat for Refugees of the Republic of Serbia, notes that over 700,000 refugees from the war-affected territories of former Yugoslavia have settled in Serbia.³⁰

Judicial Framework and Independence

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2102
Yugoslavia	4.25	4.25	4.25	4.25	4.25	4.50	4.50	4.50	4.50	4.50

Serbia's judiciary remains a weak component of democratic capacity and practice, lagging behind and impeding broader efforts to ensure rule of law in the country. Judicial reform continued in 2011 with the adoption of new civil and criminal procedure codes aimed at improving efficiency. The credibility of Serbia's High Judicial Council (HJC) remained low, despite efforts to review its controversial judicial and prosecutorial appointments.

A few months after its establishment in 2009, the HJC declared its decision to appoint 1,532 permanent judges to higher courts, including the Supreme Court of Cassation and the Court of Appeal in Belgrade. The council, which consists of three ex-officio members and another six appointed by parliament, also proposed 876 first-time judges, citing the need to increase the independence of the judiciary. Many of the dismissals and reappointments made by the HJC were highly controversial—in part because they were conducted extrajudicially, without recourse to the appeals procedure guaranteed by the constitution. The council has been accused of firing good judges for political reasons and retaining or promoting others who had demonstrated substandard performance and questionable handling of cases in the turbulent 1990s.

Serbian authorities launched a review procedure of the HJC's reappointment process in December 2010. In May 2011 the HJC and the State Prosecutorial Council approved the final review guidelines and criteria, which the EC called clear and transparent.³¹ However, the review process was heavily criticized by the nongovernmental Judges' Association of Serbia (JAS); among other criticisms, JAS accused officials of using it as a means of confirming the original decisions made by the HJC.³² Although the review process is scheduled for completion by the

end of January 2012, HJC President Nata Mesarović noted that staffing problems within the HJC have challenged the process.³³ In September, HJC member and High Magistrates Court Judge Blagoje Jakšić was arrested on corruption-related charges. The election of his replacement, Predrag Dimitrijević, was invalidated by the Anticorruption Council, on grounds of a conflict of interest with Dimitrijević's deanship at the Faculty of Law in Niš. In Late November, another judge—Milimir Lukić—resigned from the HJC, complaining that some participants in the reappointment review were reversing their votes during the process.

Serbia continues to pass legislation aimed at increasing judicial efficiency. The court network has been restructured to reduce the total number of courts and better distribute workloads. In May 2011, parliament adopted a law to strengthen the enforcement of court decisions. New civil and criminal procedure codes followed in September. The first aims to streamline civil procedures, while the criminal procedure code overhauls criminal proceedings by enabling the prosecution service to lead investigations and launch an adversarial system in which the role of the judge is primarily that of an impartial referee between prosecutors and defendants.³⁴ Nevertheless, civil proceedings remain notably slow and their effectiveness is hindered by poor implementation of judicial decisions, among other factors. In some cases, witnesses and even defendants do not show up in court. The backlog of cases continues to grow and was at nearly 2 million by the end of 2011.³⁵

In 2011, the executive branch and the police heavily criticized the criminal justice system. Several policemen were killed in a number of high-profile armed robberies and civil disturbance interventions. In one case, the perpetrator had already committed 26 felonies without serving a day in prison. Minister of Interior Ivica Dačić complained that police are often criticized for human rights abuses, yet their rights also go unprotected.³⁶ The lack of policy standards on sentencing was among the most criticized issues in the criminal justice system.

Corruption

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Yugoslavia	5.00	5.00	4.75	4.50	4.50	4.50	4.50	4.50	4.25	4.25

Corruption remains widespread in many spheres. Although anticorruption legislation and institutions exist, political will remains weak, especially regarding public tenders. While a number of significant arrests were made in 2011 in several new investigations, the general opinion of analysts and the public is that government efforts are largely for show.

Launched in 2010, Serbia's Anticorruption Agency focuses on corruption prevention, a mandate that includes overseeing implementation of the National Anticorruption Strategy and Action Plan and conflicts of interest. It has subsumed the responsibilities of the now-defunct Republic Board for the Resolution of Conflicts of Interest. In 2011, the agency forced three parliamentary deputies and one minister to resign because of conflicts of interest related to multiple

appointments. Culture Minister Predrag Marković also stepped down from his position at a publishing company to remain in the ministry. Despite these efforts, the EC noted that the agency lacks mechanisms to guarantee the enforcement of its decisions.³⁷

In October 2011, arrests were made in an alleged gross malfeasance case in the Kolubara strip mining complex. Two of the company's former directors and several middle managers and private business owners were charged with siphoning public funds. The suspects allegedly contracted heavy machinery from external companies at inflated prices and gave preferential sales rights to a limited number of private dealers with political or family ties to mine executives. More arrests followed in December, with a total at 31 persons facing corruption charges. The trial was pending at year's end.

Serbia's public healthcare sector, police, and judiciary are perceived to be deeply corrupt. In 2011, new charges were leveled against executives from the Belgrade Institute of Oncology and Radiology, including the institute's former director, Nenad Borojević. Borojević and his colleagues were originally arrested in June 2010 and charged with receiving bribes from major pharmaceutical companies like Merck and Roche; in 2011, the group was indicted for a related equipment purchase.

Health Minister Tomica Milosavljević resigned in January "for personal reasons," after coming under fire for his involvement in the purchase of a bird flu vaccine during the 2005 pandemic scare. Critics argue the purchase was unnecessary, and that the government had accepted an unreasonably expensive bid. Zoran Stanković, the former defense minister and head of the Military Medical Academy, replaced Milosavljević in March 2011. Since Stanković had often spoken out against corruption in public tenders in the past, he was expected to support efforts to stamp out illegal practices. Instead, he quickly clashed with Doctors Against Corruption (DAC), an NGO focusing on healthcare fraud, over ongoing corrupt practices in public tenders for prescription drug purchases. Dragana Jovanović, head of the DAC, was a former member of the state commission for the purchase of cytostatic drugs, one of the medications at issue in the Borojević bribery case. She stated that tenders for medications involved setting the amount of funds in advance and then purchasing the drugs for the set amount, or prompting the government agency on drugs to issue opinions which allowed the government to avoid tender procedures entirely. A similar tactic is applied to state purchases in other procurement areas in order to skew public tender results.

The September arrest of HJC judge Blagoje Jakšić and three other officers of the court on suspicion of abuse of office made major headlines during the year. In a comment to the media regarding the case, Justice Minister Snežana Malović said: "No one is exempted from punishment because of their office in any segment of the government, including the highest state bodies. The proceeding against the judge proves that the anti-corruption fight is our priority, as well as that elected judges are not untouchable."³⁸

The tendency of successive governments to target officials from previous regimes often prompts claims that corruption investigations are politically

motivated. In media interviews, this was the defense offered by the initial suspects in the Kolubara affair. Marija Rašeta Vukosavljević, who served as transport minister under Prime Minister Vojislav Koštunica's government (2004–08), made the same claim about the corruption case against her, which finally reached court in 2011 after a 7-year investigation.³⁹ Vukosavljević is accused of malfeasance in relation to the reconstruction of the Belgrade airport terminal during her time in office. Justice Minister Malović and other officials have denied claims about politically motivated prosecutions, which nevertheless breed public skepticism regarding the sincerity or effectiveness of state anticorruption efforts. Verica Barać, the chief of the Anticorruption Council—a government advisory board charged with proposing measures to combat graft and misconduct—has echoed the public's disillusionment with anticorruption efforts, saying that even EU pressure has failed to force prosecutors to act on numerous cases submitted by the council.⁴⁰

The ruling coalition's push in 2011 to fast-track amendments to the Public Procurement Law also raises doubts about the sincerity of its anticorruption efforts. The amendments, adopted during a teleconference on 30 December, will make the Procurement Administration part of the Ministry of Finance, undermining its current independence. Since October 2000, the Law on Public Procurement has been changed three times in the name of anticorruption work, always following a change in government. In a letter to Prime Minister Cvetković on 30 September, Vincent Deger, chief of the EU Mission to Serbia, warned against the adoption of the new procurement law—especially at such speed and just months before the 2012 elections. Deger cautioned that the law and its timing might lead to “serious confusion” and a “legal vacuum” in this sphere.⁴¹

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Slovakia

by Grigorij Mesežnikov, Miroslav Kollár, and Michal Vašečka

Capital: Bratislava
Population: 5.4 million
GNI/capita, PPP: US\$22,980

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	1.50	1.50	1.25	1.25	1.50	1.50	1.50	1.75	1.50	1.50
Civil Society	1.50	1.25	1.25	1.25	1.50	1.50	1.75	1.75	1.75	1.75
Independent Media	2.00	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.00	2.75
Governance*	2.25	2.25	n/a							
National Democratic Governance	n/a	n/a	2.00	2.00	2.25	2.50	2.75	3.00	2.75	2.75
Local Democratic Governance	n/a	n/a	2.25	2.00	2.00	2.25	2.50	2.50	2.50	2.50
Judicial Framework and Independence	2.00	2.00	2.00	2.00	2.25	2.50	2.75	3.00	2.75	2.75
Corruption	3.25	3.25	3.00	3.00	3.25	3.25	3.25	3.75	3.50	3.50
Democracy Score	2.08	2.08	2.00	1.96	2.14	2.29	2.46	2.68	2.54	2.50

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

The trajectory of Slovakia's political development has changed several times since the country attained full independence in 1993. From 1993 to 1998, Slovakia was ruled by a series of coalitions between nationalist and populist parties, whose governance was repeatedly criticized by the international community for violations of minority rights, misuse of the secret service, and corruption. Many negative trends of this era were reversed after the 1998 parliamentary elections brought to power a broad coalition of pro-democratic political forces committed to addressing Slovakia's democratic deficit and setting Slovakia back on the path to European Union membership.

Two consecutive, pro-reform administrations launched extensive structural socioeconomic reforms and secured Slovakia's accession to the European Union and the North Atlantic Treaty Organization (NATO). The social impact of reforms in this period reinvigorated nationalist, anti-reform parties, which gained enough support to form a ruling coalition from 2006 to 2010. Under the pretext of building a strong "social" state, the administration led by Direction–Social Democracy (Smer-SD) Chairman Robert Fico discontinued the process of liberal-oriented economic reforms and pursued an agenda of broadened state interventionism, characterized by hostility to the independent press, clientelism in filling public service positions and spending public funds, and ethnocentrism.

Parliamentary elections in 2010 once again reconfigured the country's system of political parties, with pro-reform, center-right forces gaining the upper hand. In 2011, the administration of Iveta Radičová continued to focus on measures for strengthening Slovakia's economy and both curbing and increasing the transparency of public spending. Parliament approved legislation obliging public institutions to publish all contracts online and adopted amendments to increase transparency in public procurement and the judiciary. However, Radičová's government collapsed in October after the ruling coalition's failure to reach consensus on the expansion of the eurozone rescue fund—the European Financial Stability Facility (EFSF)—resulted in a vote of no confidence. Early parliamentary elections will be held in March 2012.

National Democratic Governance. The governing coalition of the Slovak Democratic and Christian Union–Democratic Party (SDKÚ-DS), the Freedom and Solidarity (SaS) party, the Christian Democratic Movement (KDH), and the Most-Híd ("Bridge") party adopted several important legislative and administrative measures aimed at strengthening the openness and effectiveness of Slovakia's political institutions. The political agendas of the president and constitutional court, however, challenged the functioning of some state institutions. *The country's rating for national democratic governance remains unchanged at 2.75.*

Electoral Process. Slovakia's electoral legislation provides adequate conditions for free and fair political competition. Following the June 2010 elections, seats in parliament were divided among six political parties, four from the ruling coalition and two from the opposition. There were no nationwide elections in 2011; however, a lack of consensus on the EFSF bailout fund caused the ruling coalition to collapse in October, triggering early parliamentary elections set for March 2012. *The country's rating for electoral process in 2011 remains unchanged at 1.50.*

Civil Society. Slovakia's civil society remains vibrant and enjoys a predominately positive public image. The legal and regulatory environment for civil society is free from excessive state pressure and bureaucracy, and nongovernmental organizations (NGOs) enjoy favorable tax laws. The NGO sector in Slovakia has a well-developed infrastructure as well as a strong training and research base. The government was extremely receptive to policy and advocacy groups in 2011. *The country's rating for civil society in 2011 remains unchanged at 1.75.*

Independent Media. A long-awaited amendment to the controversial 2008 Press Act drastically reduced the scope for government pressure on journalists and editors, alleviating—if not eliminating—deep tensions between the political elite and the media. Among other key improvements, the amendment does away with the “right of reply,” which had been used by public figures to discourage critical reporting under the government of former prime minister Robert Fico. In response to financial pressures, public service broadcasting underwent fundamental legislative and institutional changes in 2011. Due to the removal of stifling regulations on print media, *Slovakia's rating for independent media improves from 3.00 to 2.75.*

Local Democratic Governance. The parties of Prime Minister Radičová's ruling coalition have been vocal advocates of decentralization and self-governance. However, the state of local self-governance did not see any major changes in 2011. A new model for generating local government funding (the so-called “mixed tax”) was widely discussed but eventually postponed as a result of the cabinet's collapse. *The country's rating for local democratic governance in 2011 remains unchanged at 2.50.*

Judicial Framework and Independence. Bold reforms initiated by the Ministry of Justice met with fierce resistance from Supreme Court Chairman Štefan Harabin, the Judicial Council, and Slovakia's president. Nevertheless, the ministry succeeded in introducing some important legislative changes and administrative measures aimed at opening the judiciary to greater public control and increasing its openness, professionalism, and efficiency. *The country's rating for judicial framework and independence in 2011 remains unchanged at 2.75.*

Corruption. Combating corruption remained a stated priority of the Radičová administration throughout the year. Beginning January 1, state organs were required to publish all public contracts online. The application of newly adopted legislative

measures—including amendments to the law on free access to information and the civil judiciary—aimed to increase transparency in public life. *Slovakia's rating for corruption remains at 3.50.*

Outlook for 2012. Early parliamentary elections in March 2012 will determine the further implementation of reforms introduced by the SDKÚ-DS-SaS-KDH-Most-Híd government. Strained relations between center-right parties since the EFSF voting debacle may change the composition of coalitions in the next government. The formation of a center-right government would mean the continuation of the previous pro-reform socioeconomic policies and increased transparency in public life. On the other hand, a victory for nationalist and populist parties could lead to a reversal of positive trends brought on by the previous government.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.00	2.00	2.25	2.50	2.75	3.00	2.75	2.75

The Slovak Republic is a stable democracy with a generally effective system of governmental checks and balances. The cabinet reports to the legislative assembly, which has the right to dissolve it. The president can veto laws adopted by the parliament, but vetoed laws can still be passed with the support of a parliamentary qualified majority. The Constitutional Court acts as an independent judicial body protecting the constitution and citizens enjoy direct participation in the political process through elections and political party activities.

The National Council (parliament) of the Slovak Republic is a sovereign representative body, the sole legislative and constituent assembly, and is autonomous from the executive. It has sufficient resources and capacities for the creation and enactment of bills. Members of parliament (MPs) frequently question cabinet members and exercise oversight of state and public institutions. Parliamentary deliberations are open to the public and media (except for closed sessions on classified matters, such as intelligence and secret service issues). The entire legislative process—including transcripts of meetings, full text of legislative bills, and the results of assembly votes—is made available to the public via the parliament’s website. Slovakia’s constitution guarantees the right to free retrieval, collection, and dissemination of information. In October 2011 parliament approved an amendment strengthening the 2000 Law on Access to Information, making it difficult for state administration and self-governance organs to ignore citizens’ formal requests for information.

Parliamentary elections in 2010 brought to power a new, center-right coalition composed of the Slovak Democratic and Christian Union–Democratic Party (SDKÚ-DS), the Freedom and Solidarity (SaS) party, the Christian Democratic Movement (KDH), and the Most-Híd (“Bridge”) party. The new government led by Prime Minister Ivetta Radičová’s appeared to reverse the clientelist policies of the former government led by a coalition between Direction–Social Democracy (Smer-SD), the Slovak National Party (SNS) and the People’s Party–Movement for a Democratic Slovakia (ĽS-HZDS). The new coalition’s main goal has been to stabilize the country’s institutions and improve the functionality of public administration. The cabinet has demonstrated greater responsiveness to allegations of clientelist and corrupt behavior than its predecessor. However, efforts to investigate and establish personal responsibility in certain cases provoked tension within the cabinet and the ruling coalition as well as within Radičová’s own party, the SDKÚ-DS.

Parliament approved a large number of laws during the year. Many of these were measures introduced by the Radičová cabinet with the aim of increasing

transparency in political life, competitiveness and fairness in the distribution of public funds, and openness of the judiciary. Beginning in January 2011, government contracts became available to the public via the internet and tenders were held for high government and public service positions. The government also introduced electronic auctions for the purchase of goods and services for public administration. New amendments were introduced to laws governing the state prosecutor's office and the judiciary, resulting in a more competitive and transparent selection process for court functionaries.

Several leading positions in public institutions remained vacant during the year. The election of a new prosecutor general—a post that remained vacant from February 2011 through year's end—was delayed due to a standoff between President Ivan Gašparovič and the Radičová government that developed into a broader struggle between the ruling coalition and the opposition. In June, parliament conducted a secret ballot resulting in the election of Jozef Čentéš, who won votes from 80 out of 150 parliamentary deputies. However, President Gašparovič refused to appoint Čentéš, citing the Constitutional Court's decision to temporarily suspend the parliament's rules of procedure. Although the court reversed the suspension not long afterwards, President Gašparovič used the initial court decision as a pretext for his own inaction on the appointment of Čentéš. In November, Jozef Čentéš demanded the Constitutional Court obligate Gašparovič to appoint him.

Another key position that remained vacant in 2011 was the head of the National Security Office (NBÚ). According to the coalition agreement, the SaS party had the right to nominate candidates to this position, and these must be voted on by parliament as a whole. However, the three candidates proposed by SaS were all rejected.

In October 2011, tensions within the parliament came to a head over the expansion of the euro backstop fund, the European Financial Stability Facility (EFSF). Coalition member SaS opposed the reform, making Slovakia the one holdout among 17 eurozone members. Prime Minister Radičová attempted to pressure her colleagues to approve the plan by tying it to a no-confidence motion. This tactic failed, and the government was officially dissolved on 11 October, with early elections set for March 2012. The EFSF vote was then immediately pushed through with the support of the incumbent government's largest opposition party, Robert Fico's Smer-SD.

In addition to dissolving the government, the no-confidence vote revoked the president's power to temporarily extend the term of the cabinet until the new government was elected. This forced parliament to pass a constitutional amendment substantially extending the president's authority over the cabinet until a new government is in place. However, some provisions of the amendment dealing with shared competencies are so broadly defined that they risk precipitating conflicts between the two institutions.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.50	1.25	1.25	1.50	1.50	1.50	1.75	1.50	1.50

The authority of the government in Slovakia is based on freely exercised universal suffrage. Since the Communist regime's collapse in 1989, Slovakia has held seven parliamentary elections, five municipal elections, three regional elections, three presidential elections, and two elections to the European Parliament, all of which were judged free and fair by domestic and international monitors.

Parliamentary elections are based on proportional representation. Under a preferential voting structure, voters are permitted to select a maximum of four preferred candidates. Candidates who receive more than 3 percent of the preferential votes for any party are given an advantage in the allocation of mandates. Elections to local and regional self-governments use a modified majority electoral model. Political parties are required to submit a petition with at least 10,000 signatures to the Ministry of Interior in order to register. In 2011, 56 political parties were registered with the Ministry of the Interior.¹

At the beginning of 2011, Interior Minister Daniel Lipšic announced the ministry's intention to draft a new electoral code aimed at unifying rules for all types of elections in Slovakia. The new code would introduce a single technical design for ballots in all elections and guarantee delivery of ballots to voters' homes by mail, prior to the elections. Additionally, a moratorium on pre-election campaigning in all elections would be lifted (exception on election day) and the dates of elections would be unified. The draft electoral code should have been submitted for public review by the end of 2011; however, the fall of the government prevented this from taking place.

About 15 percent of Slovak citizens belong to various ethnic minorities. Ethnic Hungarians form the largest ethnic minority, making up nearly 10 percent of the total population, and are traditionally very politically mobilized. As a result, the Hungarian minority is effectively represented in legislative and executive organs. The situation is very different for the country's second largest ethnic minority, the Roma, who are inadequately represented in political processes due to social marginalization, low average education level and consequent shortage of political leaders, and the inability of ethnic majority, mainstream political parties to cooperate with Roma organizations. In order to participate in political processes, members of Slovakia's smaller ethnic minorities and groups (i.e., Czechs, Ruthenians, Ukrainians, Germans, Poles, Croats, Bulgarians, and Jews) use opportunities provided by non-ethnically-based political formations.

The most recent parliamentary elections in Slovakia were held on 12 June, 2010. The social democratic Smer-SD won 34.79 percent of the vote, winning 62 seats in parliament; the center-right, moderately conservative SDKÚ-DS won 15.42 percent and 28 seats; liberal party SaS won 12.14 percent and 20 seats; conservative KDĽ won 8.31 percent and 15 seats; Most-Híd, the major party

representing ethnic Hungarians, received 8.12 percent and 14 seats; and the radical nationalist SNS won 5.07 percent and 9 seats. The ĽS-HZDS, a populist party with unclear ideological orientation, and SMK (Party of Hungarian Coalition), another party representing ethnic Hungarians, had previously been represented in parliament but did not pass the threshold in 2010. Smer-SD failed to transform its electoral victory into a ruling coalition with majority support in the parliament, as the center-right parties refused to form an alliance with them. The election results led to the creation of the center-right ruling coalition including SDKÚ-DS, SaS, KDH and Most-Híd. Iveta Radičová, party list leader and vice chairman of SDKÚ-DS, was appointed prime minister of the cabinet and led the government until its collapse in October 2011. Early elections were set for 10 March 2012.

The most recent presidential elections in Slovakia were held in March–April 2009. In the second round, Ivan Gašparovič—a joint candidate of two ruling parties, Smer-SD and SNS, and pro-governmental extra-parliamentary party HZD (Movement for Democracy)—obtained 55.5 percent of the popular vote and was elected president. Six parties from Slovakia are represented in the European Parliament as of the most recent elections (June 2009).²

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.25	1.25	1.25	1.50	1.50	1.75	1.75	1.75	1.75

Since 2004, structural funds and other European Union (EU)–based funding sources have brought new opportunities and challenges to Slovakia’s nongovernmental organizations (NGOs). Under the government headed by Robert Fico, clientelism and mismanagement of EU funds took a serious toll on Slovakia’s third sector, as did the government’s unwillingness to engage civil society in decisionmaking at any level. By contrast, the Radičová government’s relationship with civil society has been characterized by close cooperation with watchdog organizations, think tanks, and environmental groups. Radičová herself comes from the NGO world, and has prioritized the improvement of relations between government and the third sector. In March 2011, the cabinet appointed Filip Vagač as Slovakia’s first-ever Governmental Plenipotentiary for Civil Society, a position whose mandate is the improvement of communication between public sector, business sector, media or political spheres, and the general public.

The legal and regulatory environment for civil society is free of excessive state pressures or bureaucratic impediments to registration. The Ministry of Interior acts not only as the registry of NGOs but also as their primary supervising institution. The Ministry of Interior, Ministry of Finance, Statistical Office, and several organizations servicing the NGO sector provide access to important information on NGO activities through their websites. Tax legislation favors organizations engaged in not-for-profit activities; for example, they are not required to pay taxes on gifts or institutional income. The business community’s commitment to corporate social

responsibility and philanthropy is relatively low, and there are no tax incentives for donations.

Numerous NGOs provide training for the civic sector, although these services are perceived as less important than in previous years. There are also many informal coalitions and networks in Slovakia that address particular issues or needs on an ad hoc basis. In 2011, for example, various civil society initiatives in Slovakia supported worldwide campaigns for global justice. Such initiatives are becoming more visible in political life in Slovakia.

The Ministry of Interior registers and records all figures on Slovak NGOs; some data on the NGO sector are also kept at the Statistical Office of the Slovak Republic and the Ministry of Culture. In October 2010, the Ministry of Interior listed 31,446 organizations that could be considered NGOs in a broad sense. These include clubs, societies, unions, domestic and international NGOs, foundations, and a variety of cultural and religious associations.

The Hungarian minority is well represented at all levels of administration and self-government, while the number of Roma organizations is much lower. Religious groups play the most significant and visible role in charitable activities, with all major religious groups in Slovakia (Roman and Greek Catholics, Lutherans, Orthodox, and Calvinists) very much involved in these activities. The public image of civil society organizations in Slovakia is predominantly positive.

Extremist and racist organizations are illegal in Slovakia, but their continued existence is a source of ongoing public concern and debate. During 2011 Slovak police continued to monitor neo-Nazi, right-wing, and left-wing extremist groups. However, some NGOs continued to criticize the Ministry of Interior and police for reacting to public displays of extremism (during football matches, for example), rather than increasing intelligence work to monitor and prevent these groups' activities.

Most news media treat civil society groups as independent and reliable sources of information. Slovak NGOs received extensive and predominantly positive coverage from public and private media in 2011. By contrast, the image of trade unions remains rather negative among all segments of the population. This is partly due to the confrontational style of Slovakia's Confederation of Trade Unions (KOZ), and its involvement in politics on the side of Smer-SD. Membership in organizations like KOZ shrinks every year.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.00	2.25	2.25	2.25	2.25	2.50	2.75	3.00	3.00	2.75

Relations between the political elite and media became increasingly professional in 2011. Although strong tensions remain between media and some representatives of the ruling coalition, political elites responded to the media's criticism by engaging in public exchanges, rather than discrediting journalists or threatening legal action, as was the practice in previous years.

In late November, Defense Minister Lubomir Galko was dismissed after reports emerged that the military secret police, which is governed by the Ministry of Defense, had tapped the phones of journalists at the daily *Pravda* and the television news channel TA3. Galko claimed that the tapping was sanctioned by a judge and did not break any laws. In explanation for Galko's dismissal, Prime Minister Radičová stated that "wiretapping of journalists, no matter if legal or illegal, is inconsistent with basic principles of rule of law and democracy."³ The incident represents an ongoing process of defining the rules for independent journalism. The investigation into Galko's actions was ongoing at year's end.

In the first half of 2011, overturning a previous presidential veto, parliament completed a legislative procedure aimed at remedying the restrictive measures imposed by the 2008 Press Act. Under the original law, public officials had the right to respond at length to any allegation, true or false, in the publication where it was made—a costly and time-consuming requirement for editors that effectively encouraged self-censorship. Journalists were also vulnerable to libel charges for criticising public officials, which frequently involved hefty fines. The new amendment restricts public officials' "right of response" to cases where untruthful or distorted information is published about them, or when the information in question concerns their personal lives, rather than their job performance. Financial sanctions against journalists for publishing information critical of public officials were abolished altogether. Publishers and broadcasters now have the right to refuse to publish corrections, responses, or additional announcements in cases where doing so would amount to a criminal offense, a transgression or other misconduct, or would interfere with third persons' interests protected by law. Persons facing criminal prosecution retain the right to react to information published by the media.

Public service broadcasting went through fundamental legislative and institutional changes in 2011 in order to prevent its imminent economic collapse. Effective 1 January 2011, both public service broadcasters—Slovak Television (STV) and Slovak Radio (SRo)—merged into a single unit called Radio and Television of Slovakia (RTVS).⁴ In the first half of 2011, the newly formed RTVS struggled with the general challenges of organizational restructuring as well as the burden of STV's massive corporate debt.⁵ In addition to financial difficulties, RTVS suffered from low ratings and low-quality content, particularly with regard to its television programming. Over the course of 2011, RTVS's ratings for its television broadcasting declined so steeply that the public questioned the legitimacy of using public funds to support public broadcasting.⁶ Despite efforts to reach a greater audience through satellite reception, the newly appointed RTVS management failed to increase the relevance of its programming and public credibility in 2011.

Toward the end of 2011, parliament passed a law introducing fundamental changes to financing public service broadcasting in Slovakia, effective 1 January 2013. Currently, public service media are financed directly from individual citizens' public fees, which make up three-quarters of RTVS's annual budget. Beginning in 2013, the broadcaster will be financed directly from the state budget. This

arrangement promises to stabilize RTVS funding in the short term, but may expose the broadcaster to direct political meddling. Moreover, the amount earmarked for years after 2013 is based on RTVS current budgetary needs, but does not allow for improvement or development of program services in the future

The switchover to digital satellite television broadcasting was completed with the abolition of analogue broadcasting in the first half of 2011. Digitization dramatically increased the number of television channels available to the majority of Slovak households. However, this increase was achieved at the expense of terrestrial television signal, whose share declined steeply. The overall number of households depending on terrestrial television broadcasting dropped by almost half after the launch of digital satellite television broadcasting.

The public (previously state-run) news agency, TASR, suffered financial difficulties during the year as its state budget subsidies dropped from €2.3 million in 2010 to €1 million in 2011. TASR's sales revenues also dropped significantly, mostly due to a flurry of contract terminations with public administration bodies. Austerity measures adopted by TASR management have been unable to reverse the slump. TASR General Manager Jaroslav Rezník publicly accused SITA news agency, its largest private competitor, of orchestrating the termination of contracts through price dumping. The "price war" between news agencies has pushed prices below the level of normal market competition.

In January 2011, the general manager of the private television news station TA3 left his position, setting off a chain reaction of resignations. The news and journalism department director and deputy director quit in March, and were soon followed by nine of the station's news anchors and reporters. According to them, the atmosphere at the office had become tense with the change in top leadership.

Consumers continued to shift toward the internet for news, a phenomenon reflected in the growing popularity of leading internet news portals, which make up half of the top ten most visited internet portals in Slovakia.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.25	2.00	2.00	2.25	2.50	2.50	2.50	2.50

The Slovak constitution and other applicable laws provide an adequate framework for self-governance at the regional and local levels. There are three levels of elected bodies: central (parliament), regional (regional assemblies), and local (municipal councils). Representatives of self-governments (deputies of municipal councils and regional assemblies, mayors of villages and towns, and regional governors) are elected in direct, free, and democratic competitions, which are open to political party candidates as well as independent candidates. Slovakia's last municipal elections were held on 27 November 2010. Most new mayors were elected off the candidate list of Smer-SD.

As part of public administration reform, a large block of powers was transferred in 2001–05 from central government organs to local and regional self-governance bodies. However, the Fico-led administration that came to power in 2006 favored policies aimed at strengthening the role of the central government and cementing the positions of ruling parties in self-governance organs. By contrast, the ruling coalition of SDKÚ-DS-SaS-KDH-Most-Híd elected in 2010 comprised parties known to be vocal advocates of decentralization and self-governance.

Meetings of local and regional self-governance bodies are held regularly and are open to the public; the results of their deliberations are posted on public notice boards, via the media, and increasingly on the internet. Amendments to the Law on Access to Information and the civic code, approved in October 2011, further oblige local governments to publish announcements of all public procurement tenders and concluded contracts online.

Different interest groups, especially developers and investors, have attempted to influence decisions of local councils in bigger cities. The most famous example of this in 2011 was one developer's controversial takeover of a piece of land containing the Park of Culture and Relaxation (PKO), a popular cultural facility in Bratislava. The developer wanted to shut down the PKO, but civil activists defended it persistently. The media published allegations that local officials' decision to sell the land to this particular developer had been influenced by bribes from the developer. As a result, the former mayor of Bratislava was under police investigation on suspicion of abuse of power at year's end.

The recent global economic crisis has adversely affected the financial situation of local self-governments. In May 2011, parliament approved an amendment to the Law on Mayors' Salaries, reducing their base salaries by 10 percent.⁷ New legislation also restricts the powers of local councils to increase the salaries of statutory representatives and prohibits the payment of additional remuneration. While some mayors clearly disagreed with the amendment, it was welcomed by the general public.

In 2011 the representatives of local self-governments criticized the speed and scale of the consolidation of public finances proposed by the Ministry of Finance. Insisting that not all self-governments would be able to adjust their operations to the proposed terms, self-governments demanded at least one extra year to prepare for the changes and that a higher proportion of tasks be distributed to state organs and self-governments.

The most discussed issue on the local self-government agenda in Slovakia in 2011 was the incumbent cabinet's proposal to change the model of tax revenue for local councils. The government proposed introducing a so-called mixed system of taxation, in which the budgets of local self-governments would be financed by income taxes paid by companies and legal entities, value added taxes, and consumer taxes in addition to income taxes paid by individuals. The central government argued that such a system would present an adequate response to challenges proceeding from public finance consolidation; however, representatives of self-governments warned that it could cause a reduction in tax revenues of approximately €200 million.

Self-government associations favored the proposal in principle, but objected to the timing of its introduction. In November 2011, Minister of Finance Ivan Mikloš announced that the central government and the Union of Cities of Slovakia, an umbrella association of local governments, had agreed to postpone introduction of the mixed tax until further notice.⁸

Self-governments are subject to internal as well as external supervision. Internal control is entrusted to chief controllers, who are appointed for six-year terms. Externally, the Supreme Audit Office (NKÚ) controls all funds expended by self-government organs and supervises the financial management of legal entities established by self-government organs.

Most self-governance organs have adequate capacities to manage their operations; employee training continues to improve due to various education projects that have been initiated and implemented by the government, self-governance associations, NGOs, and international partners. The situation is significantly better in cities and large towns than in smaller towns and rural areas.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.00	2.00	2.00	2.00	2.25	2.50	2.75	3.00	2.75	2.75

The Slovak Constitution, the Bill of Fundamental Rights and Freedoms, and other laws provide a framework for the protection of human rights. The constitution guarantees all citizens equality before the law. Slovakia has a three-level judicial system, consisting of a Supreme Court, 8 regional courts, and 45 district courts, all of which are administered jointly by the president, parliament, Ministry of Justice, Judicial Council, and Supreme Court. The president appoints judges on the basis of proposals from the Judicial Council, which is the principal organ of self-governance within the judiciary. The Ministry of Justice appoints the chairmen and vice chairmen of particular courts.

In recent years, the judiciary has become the target of harsh criticism by numerous social players, including judges themselves. The subject of much of this controversy is Štefan Harabin, who served as justice minister from 2006 until 2009, when he became chairman of the Slovak Supreme Court. Under the Fico-led administration, Harabin worked to concentrate power within his position, and did so with the full support of the ruling coalition. Harabin's performance has been criticized by opposition leaders, NGOs, and a number of individual judges. Reportedly, judges who criticized the judicial system and the Supreme Court chairman were subjected to pressure and disciplinary sanctions, while judges loyal to Harabin were quickly promoted.

The situation in the judiciary remained tense in 2011, as legislative and personnel changes initiated by Justice Minister Lucia Žitňanská faced internal resistance from the judicial council, the Supreme Court, and representatives of the Association of Slovakia's Judges. In May 2011, the justice minister dismissed 14

out of 62 regional and district court chairmen for delaying court proceedings, lack of impartiality, and non-compliance with random assignment of cases.⁹ Harabin, a strong opponent of the reforms, condemned the action as “political cleansing.”¹⁰

In 2011, parliament supported reforms proposed by the Ministry of Justice and passed several important amendments to laws governing the justice system. New amendments introduced open competition for the recruitment of judges, heads of courts and positions at the prosecutor’s office, which were previously filled through appointments by the prosecutor general. New state prosecutors will be selected by a six-member committee, with three committee members proposed by the general prosecutor’s office and three by parliament. Prosecutors can serve only two consecutive, five-year terms in top positions and the prosecutor general and special prosecutor will be limited to only one term. Financial statements from the prosecutor’s office as well as all judicial decisions from courts must be published online. The new process for hiring judges, which was first tested in December, subjects candidates to a written examination of their legal knowledge. Another new amendment, passed in October 2011, requires judges to pass a law exam every five years and publish annual reviews of their activities online. Previously, the competency of judges was never evaluated. One month after the amendment had passed, it was vetoed by President Gašparovič, but parliament overturned the president’s veto.

The Constitutional Court is an independent element of the judicial system, and its verdicts are legally binding. The right to appeal to the Constitutional Court regarding the constitutionality of laws, government regulations, and other legal rules applied by the public administration rests with parliamentary deputies (at least 30 are required to launch an appeal), as well as the president, the cabinet, courts, the attorney general, and the ombudsman for human rights; in certain cases, self-governments also invoke this right. Citizens are free to turn to the Constitutional Court if they believe their constitutional rights have been violated by a state institution.

In 2011, the Constitutional Court issued long-awaited rulings against several controversial laws introduced by the Fico administration, including the Health Insurance Act and an act on the expropriation of land for the purpose of building highways. Members of the government and the media criticized the court for the slow pace of these rulings. Under the previous government, the Constitutional Court was accused of deliberately delaying the adjudication of motions filed by opposition members of parliament, allegedly to the advantage of the Smer-SD-SNS-ĽS-HZDS coalition. In June 2011, the court’s decision to temporarily suspend existing rules for electing a prosecutor general two days before the victory of the ruling coalition’s favored candidate led to a standoff between Prime Minister Radičová and President Gašparovič. Although the court retracted its ruling shortly thereafter, the president used the initial decision as a pretext not to appoint Jozef Čentíš, and the position of prosecutor general remained empty at year’s end.

Tensions with Hungary eased somewhat in 2011 after parliament approved an amendment to the state language law, allowing minority languages to be used in

official communication in communities where the minority makes up 15 percent of the total population (previously the minimum threshold was 20 percent). However, the law will only apply once the minority's presence can be established by data taken from two consecutive censuses, which will not be available until 2021. Minority language rights may only be withdrawn if the minority's population falls below 15 percent in three consecutive censuses.

Another issue of great importance to Slovakia's large Hungarian minority was the ban on dual citizenship introduced by the outgoing Fico administration in July 2010. In September 2011, a group of 44 MPs from Most-Híd, SaS, and SDKÚ-DS applied to the Constitutional Court, calling the ban unconstitutional. If the Constitutional Court agrees in 2012, the ban will be automatically suspended.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.25	3.25	3.00	3.00	3.25	3.25	3.25	3.75	3.50	3.50

Corruption in Slovakia is long-standing and widespread. In contrast to the previous government—which exploited, rather than alleviated corruption in Slovakia's public institutions—the cabinet led by Iveta Radičová defined combating corruption as a top priority. Beginning in late 2010, the government embarked on a series of legislative and administrative measures designed to increase transparency and public control over public funds and crackdown on high-level corrupt activities, even when committed by the government's own nominees. Pro-market economic policy pursued by the center-right cabinet prevented excessive state involvement in the country's economy. Reducing bureaucratic regulations, defined as one of the cabinet's priorities, also narrowed the space for corrupt activities.

In August 2011 the cabinet approved the Strategic Plan of Combating Corruption, which defines the systemic and destructive nature of corruption and seeks to identify which entities are at the greatest risk of corruption. The plan schedules the proposal of legislative amendments for the elimination of shortcomings in existing anticorruption law by February 2012. By December 2012, clear criteria and procedures for the allocation of licenses, concessions, permits, loans, subsidies, or grants should be codified. However, the collapse of Radičová's government in October 2011 and subsequent political developments, especially the formation of a new government, presents a challenge for the implementation of the strategic plan in 2012.

An amendment to the Law on Freedom of Information, approved in October 2011, removed all exclusions for the publication of data on public spending. An amendment to the penal code defined bribery during elections ("electoral corruption") as a new criminal offense punishable by five years' imprisonment for state officials and two years for ordinary citizens. In November 2011, parliament approved an amendment to the civil judicial order enabling courts to force public institutions to fulfill citizens' requests for information on the basis of Freedom

of Information legislation. Previously, courts had the power to override officials' decisions to refuse information, but could not force them to take action in cases where the delivery of information was simply postponed or neglected. Now the public administration is unconditionally obliged to fulfill court decisions; it cannot postpone, neglect, or ignore the court's ruling.

Although the incumbent government launched an ambitious series of anticorruption measures, suspicions of clientelism within the ruling coalition remained. The most notable case in 2011 was the tender for the rental of the Central Tax Authority's building in Košice (eastern Slovakia). Independent media and NGO activists monitoring the issue argued that the winner of the tender, the private company Nitra Invest, benefited from the fact that its owner was the chief of the regional organization of the ruling SDKÚ-DS. The director of the Central Tax Authority, Miroslav Mikulčík, resigned in April 2011 under the strong pressure from Prime Minister Radičová.

A constitutional law on conflict of interest bars the president, cabinet members, constitutional court justices, and other top officials from pursuing any business activities, receiving pay for brokering deals between the government and private entities or corporations, or receiving income generated by a side job or contract that exceeds the minimum wage. Other bills adopted during the last decade have sought to introduce the principle of zero tolerance for corruption among notaries and marshals, compulsory disclosure for customs officers, protection of whistleblowers in the workplace and witnesses in court cases, and the post of controller for local and regional self-governance bodies. All Slovak institutions financed from public funds are subject to the supervisory authority of the NKÚ.

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- ¹ Ministry of Interior of the Slovak Republic, “Register of Parties,” <http://portal.ives.sk/registre/zoznamPS.do?action=azza>.
- ² See website of the Statistics Office of the Slovak Republic: www.statistics.sk.
- ³ “Slovak Defense Minister Sacked over Media Wiretapping,” *Reuters*, 22 November 2011, <http://uk.reuters.com/article/2011/11/22/slovakia-government-wiretapping-idUKL5E7MM4C120111122>.
- ⁴ In 2011, one of the report authors held the post of chairman of the RTVS Council.
- ⁵ At the time of the merger with Slovak Radio (SRo), the debt carried by Slovak TV (STV) was €45 million, the equivalent of nearly half of its annual budget. See STV, *Výročná Správa o činnosti slovenskej Televízie za rok 2010* [Annual activity report of Slovak Television 2010] (Bratislava: STV, 2010), http://www.stv.sk/chillout_items/5/8/5/585796_6f78d7.pdf.
- ⁶ In the second half of 2011, the combined audience share of both STV channels dropped below 10 percent. *Výročná Správa Rozhlasu a Televízie slovenska za rok 2011* [Annual Report of Radio and Television of Slovakia 2011] (Bratislava: RTVS, 2011), http://www.rtvs.sk/projects/RTVS/media.nsf/rw_BzID/ID_7265CD111A564673C1VS_RTVS_2011_final_30042012_def.pdf.
- ⁷ Law Number 154/2011.
- ⁸ “Samosprávy by mali dostať v budúcom roku o 60 miliónov viac” [Self-governments should get 60 million more next year], *SITA News Agency*, 4 November 2011, <http://www.webnoviny.sk/slovensko/samospravy-dostanu-v-budvcom-roku-0-6/425497-clanok.html>.
- ⁹ “Žitňanská: Predsedov sudov odvolala, lebo mali najhoršie výsledky” [Justice Minister Žitňanská dismissed judges due to the worst results of their work], *SITA News Agency*, 10 May 2011, <http://www.aktuality.sk/clanok/186860/zitranska-predsedov-sudov-odvolala-lebo-mali-najhorsie-vysledky/>.
- ¹⁰ “Harabin: Žitňanská odštartovala politické čistky v súdnictve” [Harabin says that Žitňanská has launched political purges in judiciary], *SITA News Agency*, 10 May 2011, <http://www.aktuality.sk/clanok/186859/harabin-zitnanska-odstartovala-politicke-cistky-v-sudnictve/>.

Slovenia

by Damjan Lajh

Capital: Ljubljana
Population: 2.0 million
GNI/capita, PPP: US\$26,530

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Civil Society	1.50	1.50	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00
Independent Media	1.75	1.75	1.50	1.75	2.00	2.25	2.25	2.25	2.25	2.25
Governance*	2.25	2.00	n/a							
National Democratic Governance	n/a	n/a	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Local Democratic Governance	n/a	n/a	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Judicial Framework and Independence	1.75	1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75
Corruption	2.00	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.50	2.25
Democracy Score	1.79	1.75	1.68	1.75	1.82	1.86	1.93	1.93	1.93	1.89

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Following a period of substantial political change in Central and Eastern Europe, Slovenia's first free and democratic elections were held in 1990. One year later, the country declared its independence from Yugoslavia, establishing itself as an internationally recognized state. Slovenia joined the United Nations in 1992, the Council of Europe in 1993, and the European Union (EU) and North Atlantic Treaty Organization (NATO) in 2004. On 1 January 2007, the Slovenian currency, the tolar, was replaced by the euro, and at the end of December 2007 Slovenia entered the Schengen zone. In 2008 Slovenia passed another maturity test on the European stage by holding the Presidency to the Council of the European Union from January to July of that year as the first of the 12 new EU member states to do so. In July 2010 Slovenia became a full member of the Organization for Economic Cooperation and Development (OECD).

The economic crisis of 2008 led to significant challenges for the ruling government in 2011. Attempts to rein in the budget through austerity measures were extremely unpopular with the public and some members of the government. Following the departure of several ministers, the government collapsed and early elections were held in December, resulting in an unexpected victory for Positive Slovenia, which received a mandate to form a governing coalition in 2012.

National Democratic Governance. The year 2011 was marked by serious political and economic challenges. The government responded inadequately to the economic crisis and was unsuccessful in passing necessary structural reforms. Since the appointment of the center-left government on 21 November 2008, a total of twelve ministers have left the government; in 2011 alone, four ministers and two out of four coalition parties left the government, citing irreconcilable differences. A vote of no-confidence in September led to independent Slovenia's first early elections on 4 December 2011. Positive Slovenia, a new party led by Ljubljana's mayor, Zoran Janković, won elections with 28.51 percent of the vote, followed closely by Janez Janša's Slovenian Democratic Party. No new government had been established at year's end. Political infighting and ineffective management of the economic crisis caused the government to collapse, but elections were held without incident, demonstrating that Slovenia's governance system remains stable. *Therefore, the national democratic governance rating stays at 2.00.*

Electoral Process. Slovenia's first-ever extraordinary parliamentary elections were conducted on 4 December 2011. The preelection period saw the establishment of new political parties, though opinion polls forecasted a smooth victory for the Slovenian Democratic Party throughout the campaign. Three political parties

from the previous government—the Liberal Democracy of Slovenia, Zares–Social Liberals (formerly Zares–New Politics), and the Slovenian National Party—did not win enough votes to pass the 4 percent threshold for representation in parliament. On the other hand, the New Slovenia party successfully re-entered parliament after one term as an extraparliamentary party. The government tried to pass four new proposals through popular referenda, all of which were rejected. The most critical of these was the rejection of pension reform, which represented the core of urgent structural reforms. *Slovenia's rating for electoral process remains unchanged at 1.50.*

Civil Society. Slovenia's trade unions mobilized aggressively in response to the government's attempts at structural reforms in 2011. Unions played a major role in the outcome of three referenda, preventing pension reform and the adoption of the Mini Jobs Act. In June, deputies in the National Assembly adopted the family code, which inter alia allows same-sex couples to adopt children. A group called Civil Initiative for the Family and Children's Rights rallied support for a referendum on the legislation, which is set to take place in March 2012. *Slovenia's rating for civil society remains at 2.00.*

Independent Media. In mid-July, parliament rejected a piece of draft media legislation widely criticized for endangering journalistic freedom and access to information. Journalists in Slovenia continue to experience political pressure and harassment in the form of defamation suits by public figures. *Slovenia's rating for independent media remains at 2.50.*

Local Democratic Governance. The year saw no serious progress regarding the establishment of provinces—a long-standing issue in Slovenian politics. In 2011 deputies in the National Assembly finally adopted an amendment to the Law on Deputies that forbids members of parliament from serving simultaneously as city mayors. Previously, approximately one-third of deputies in Slovenia's National Assembly held mayoral posts, for which reason parliament blocked the amendment for many years. *Slovenia's rating for local democratic governance remains unchanged at 1.50.*

Judicial Framework and Independence. At the end of April, the National Assembly passed the amended Law on Courts. The revised law, which establishes a system of specialized courts, is intended to speed up court proceedings and increase effectiveness of prosecutions in cases of economic and organized crime. Amendments to the judicial order in late June should also contribute to more rapid procedures, greater transparency of registers, and a higher level of professional qualifications among judicial staff. *Slovenia's rating for judicial framework and independence remains at 1.75.*

Corruption. The so-called Patria affair, a case involving accusations of bribery against several Slovenian officials, gained momentum in 2011, shortly before the

start of the parliamentary election campaign. In September, the president of the Slovenian Democratic Party, Janez Janša, was put on trial for his involvement in the case and charged with accepting bribes. In 2011, the Commission for the Prevention of Corruption launched an online database, called Supervizor, for monitoring financial expenditures of public bodies. The database provides the public information on business transactions conducted by direct and indirect public budget users (bodies of the legislative, judicial and executive branch, autonomous and independent state bodies, local communities, etc.) and marks a major step forward in increasing the transparency of procurements. *Slovenia's increasingly serious efforts to improve transparency through the use of new technologies raise the country's corruption rating from 2.50 to 2.25.*

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00

Since 1991, Slovenia has been a constitutional democracy characterized by free elections, regular and peaceful transfers of power, a parliament with full legislative authority, and an independent judiciary. National referenda have become a stable feature in Slovenian politics, though some experts argue they are often used in an undemocratic and illegitimate manner.¹

The Slovenian parliament consists of the National Assembly and National Council. Owing to the limited powers of the National Council, however, the parliament is usually referred to as a “one-and-a-half-chamber system.” Parliamentary documents and sessions are available to the public via the National Assembly’s website, which since 1996 posts transcripts of parliamentary debates. The public may attend all parliamentary sessions except those of the Commission for Supervision of the Intelligence and Security Services. Access to government information is overseen by the Office of the Information Commissioner and guaranteed by Article 39 of the constitution and by the Law on Access to Public Information. In practice, however, applicants’ requests for information often go unanswered.²

Although Slovenia was the fastest growing eurozone member four years ago, its export-driven economy was badly hit by the global financial crisis and shrank by 8 percent in 2009.³ Aftereffects of the economic crisis overwhelmed the government’s attempts at implementing structural reforms in 2011 and by the end of the year, Slovenia’s unemployment rate had climbed to 11.9 percent.⁴ The Slovenian Chamber of Commerce expects a mere 1 percent growth in gross domestic product in 2011, and predicts an even smaller increase in 2012.⁵ Throughout 2011, economic conditions dampened public support for the government, and by year’s end more than 80 percent of survey respondents characterized the government’s work as unsuccessful.⁶

Disagreements within the ruling coalition on how to proceed with reforms stopped key austerity measures from being implemented, as did the government’s inability to reach consensus with unions and other civil society actors. Since the appointment of the center-left government in November 2008, a total of twelve ministers have left the government; in 2011 alone, four ministers and two out of four coalition parties left the government, citing irreconcilable differences. Following the failed referendum on the Mini Jobs Act in April, the president of the left-liberal party Zares, Gregor Golobič, announced his intention to resign from the Ministry of Higher Education, Science, and Technology, submitting with his resignation a

proposal for a thorough reconstruction of the government. In May, the Democratic Party of Retired Persons of Slovenia left the ruling coalition in protest of a proposed pension reform, and because they reportedly felt like unequal partners.⁷ By the end of June, the Zares party had decided to leave the government altogether, leaving only two parties in the coalition—the Social Democrats and Liberal Democracy of Slovenia. With the exit of Zares, the government lost Minister of Economy Darja Radič, Minister of Public Administration Irma Pavlinič Krebs, Minister of Culture Majda Širca, and Speaker of the National Assembly Pavel Gantar.

Faced with an exodus of ministers and falling public support, Prime Minister Borut Pahor asked the parliament for a motion of confidence. The 20 September vote came out against the Pahor government, leading to the dissolution of the National Assembly and scheduling of Slovenia's first-ever, early parliamentary elections on 4 December. The newly established Positive Slovenia Party, led by Zoran Janković, won a narrow victory with 28.51 percent of the vote, beating out favored winner Janez Janša's Slovenian Democratic Party (SDS), which received 26.19 percent of the vote. By law, the right to form a new government coalition goes to the relative winner of the elections—Zoran Janković. At year's end, a new coalition government had not yet been formed.

Slovenia's Court of Audit bears supervisory responsibility for all government finances, including state budgets, accounts, and all public spending. Slovenia's prime minister is entitled—but not required—to accept the recommendations of the court, as a result of which these recommendations are sometimes selectively applied. In early August 2011, the Court of Audit and the Commission for the Prevention of Corruption discovered irregularities in the work of Minister of Internal Affairs Katarina Kresal, prompting her voluntary resignation.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

The Slovenian government gains its authority through universal and equal suffrage, and the will of the people is expressed through regular free and fair elections conducted by secret ballot. The electoral system is multiparty-based; political parties have equal campaigning opportunities, and the public's choices are free from domination by any specific interest group.

Deputies to the National Assembly (parliament) are elected on the basis of proportional representation with a 4 percent threshold. To establish a political party, only 200 signatures are required, and there are few barriers to political organization, registration, and participation in elections. In practice, it is much easier for parliamentary parties to participate in elections, while non-parliamentary parties and independent candidates must obtain 50 signatures from 8 electoral districts. According to the constitution, professionals in the defense forces and the

police may not be members of political parties. Similarly, members of the Office of the State Prosecutor and the judiciary may not hold office in a political party, as the Constitutional Court supervises political parties. The Slovenian party system is relatively open, formally speaking, yet new entrants into the Assembly are few. In National Assembly elections, voter turnout declined from 85.8 percent in 1992 to 65.6 percent in December 2011.⁸

Early parliamentary elections on 4 December brought unexpected gains to new parties, and left some former coalition members out in the cold. Positive Slovenia, established in October by Ljubljana's mayor, Zoran Janković, won 28 seats in parliament, narrowly—and quite unexpectedly—beating SDS, which won 26.⁹ Following the establishment of Gregor Virant's competing, center-right party, Citizen's List, support for SDS dropped slightly in October and November, but most public opinion polls continued to forecast its overwhelming victory. Only one newspaper, *Mladina*, published a poll two days before the elections showing a dramatic decline in support for SDS and suggesting that it might not win a leading place in the new government.

The scale of loans given to political parties has come under considerable scrutiny in recent years, and most of the older parties carry significant debts. Most parties entered into the December 2011 electoral campaign with limited financial resources.

Gregor Virant's decision to form a new party before the elections appeared to upset the members of SDS, especially the party's president, Janez Janša, who had counted on Virant's support. Virant was never a member of SDS, but he did head the Ministry of Public Administration in Janša's government from 2004 to 2008. There was some speculation that Virant's new party was a strategic maneuver by center-right parties to attract more of the center-left electorate. Citizen's List won 8 seats in the assembly on 4 December.

Three political parties from the previous government—the Liberal Democracy of Slovenia, Zares–Social Liberals (formerly Zares–New Politics), and the Slovenian National Party—did not win enough votes to pass the four percent threshold for representation in parliament. Meanwhile, the New Slovenia party returned to parliament after three years as an extraparlimentary party, winning 4 seats. In total, the elections on 4 December brought 29 women to office—the largest-ever female representation in the assembly. Following the elections, the responsibility of forming a new government coalition went to the leader of Positive Slovenia, Zoran Janković. This process, always challenging in a government of so many small parties, was ongoing at year's end.

During the course of 2011, the government called four national referenda, all of which failed to validate the ruling parties' proposals. On 10 April, the government held a referendum on the so-called Mini Jobs Act, a law passed by parliament in October 2010 that extends temporary contracts previously reserved for student workers to unemployed or older temporary hires. The law met with strong opposition from students and first-time jobseekers, who also rallied the support of Slovenia's trade unions. With a voter turnout of approximately 34 percent, more

than 80 percent voted against the legislative proposal.¹⁰ The other referenda called in 2011 concerned the Law on Prevention of Illegal Work and Employment, the Law on Pension and Disability Insurance, and the Law Amending the Law on Protection of Document and Archive Materials and Archives. All three votes were held on 5 June, with each of the measures opposed by over 70 percent of voters. From the government's point of view, the most damaging of these defeats was the rejection of critical pension reforms, which had been undertaken at the urging of the International Monetary Fund and other economic watchdogs.

The public's ability to paralyze policymakers, especially in the case of unpopular but necessary reforms, triggered concern about the strength of the institutional veto among practically all political parties. As a result, during the electoral campaign nearly all parties emphasized the necessity of changes to referendum legislation. Slovenian constitutionalists such as Matevž Krivis and Andraž Teršek have stressed that the use of referenda in Slovenia often impedes, rather than contributes to genuine democracy and the legitimacy of the democratic political process.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.50	1.50	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00

The right to assembly and association is guaranteed in Article 42 of the Slovenian constitution. Legal restriction of these rights is permissible when required for national security or public safety, for example to protect against the spread of infectious diseases. Most statistics show that Slovenian civil society is vibrant; of the country's approximately 24,000 nongovernmental organizations (NGOs), the majority are organized as associations and work at the local level in the fields of sports, culture and art, and fire brigades, with others taking the form of private foundations and institutes.¹¹ The country has more civil society organizations per capita than most states. Yet civil society in Slovenia struggles with a personnel deficit. Following the "golden era" of civil society during the 1980s, which featured the establishment of an independent state and the transition to democracy, today most NGOs are not involved in public affairs in Slovenia.

During the 2011 parliamentary election campaign, the Centre for Information Service, Cooperation, and Development of NGOs (CNVOS) scrutinized the activities of Slovenia's nongovernmental sector with the intention of improving the effectiveness and efficiency of its operations. CNVOS consulted with different political parties on the challenges faced by Slovenian NGOs and received proposals on effective solutions for improving the situation. As a joint initiative for the development of civil society organizations, CNVOS and various NGOs prepared a proposal on key government measures to enhance the activities of NGOs in the period 2012–15.¹²

Unions are most directly engaged with government policymaking within the Economic and Social Council of the Republic of Slovenia (ESC), a tripartite national body that brings together representatives of government, employers, and trade union organizations.¹³ The ESC was founded in 1994 as the main consultative and coordinating institution for social dialogue in Slovenia on issues of wage policy, social policy, labor relations, employment, and employment-related topics. Social partners, such as employers and trade union organizations, are certainly the most important civil society actors engaged in policymaking, but other groups, such as the Social Chamber of Slovenia or university research centers, also play active roles on specific issues.

As the government attempted to adopt changes affecting labor in 2011, trade unions made active use of referenda to block several structural reforms, including the Mini Jobs Act and pension reform. Dissatisfied with their exclusion from discussions on the drafting of significant legislation, trade unions retaliated by using the referendum as an institutional veto point. Prime Minister Pahor criticized unions for using referenda to prevent much-needed reforms.

On 16 June, the National Assembly adopted a controversial Family Code, which opens the possibility of adoption for same-sex couples under specific circumstances. In September, the new law was challenged by a conservative popular movement called the Civil Initiative for the Family and Rights of Children, which called for a referendum on the issue, and began gathering the 40,000 signatures required to initiate a nationwide vote. On the first day, the initiative collected more than 10,000 signatures, but the process was then suspended when a majority of National Assembly deputies decided to send the referendum initiative for review before the Constitutional Court. At the end of December, the court ruled that a referendum on the issue would be constitutional, and a vote was scheduled for March 2012.

It is rare for Slovenian civil society organizations to align themselves directly with specific political parties during an election campaign. One group to defy this trend in 2011 was the Civil Initiative for the Family and Rights of Children, which explicitly supported center-right political parties such as the SDS, the Slovenian People's Party, and New Slovenia. Representatives of the initiative even attempted to register as official organizers and fundraisers for these electoral campaigns, but were ultimately prevented from doing so by the Ministry of Public Administration. Instead, the initiative expressed its support unofficially, claiming this right on the basis of freedom of expression legislation.

Other civil society organizations actively engaged in the electoral campaign by pressing political parties for their positions on important issues. The environmental organization Greenpeace Slovenia invited all political parties to express their opinion about key energy-development issues, such as the construction of a sixth block of the thermal power plant in Šoštanj. The organization's intention was to get clear responses from candidate parties on difficult environmental concerns so as to clearly inform voters of their positions before the election.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.50	1.75	2.00	2.25	2.25	2.25	2.25	2.25

Slovenia's constitution and legal system guarantee freedom of the press, and the media for the most part operates without direct political interference. However, press outlets are sometimes punished or threatened for reporting on controversies and corruption surrounding powerful political figures and parties.

The privatization model established in the early 1990s enabled the state to keep significant ownership in privatized companies through state-controlled funds. In the period 2005–07 there were controversial changes to media regulations and takeovers of several daily newspapers, the public service radio and television, and the national press agency. In those outlets, governing bodies, managers, editors, and reporters have in many cases been replaced by professionals loyal to the political parties in power.

There are currently about 1,400 media outlets registered in Slovenia. The largest of these are the public service broadcaster Radiotelevision Slovenia/RTV Slovenia, the commercial broadcaster Pro Plus, and three print publications—*Delo*, *Dnevnik*, and *Večer*. RTV Slovenia takes in €124.7 million per year, 62.6 percent of which comes from subscription fees paid by television owners, as defined in the Law on RTV Slovenia. Pro Plus produces two television programs, bringing in an estimated €51.1 million per year, mostly from advertising.¹⁴

In mid-July, members of the National Assembly rejected a draft media law defining the rights, obligations, and responsibilities of individuals and legal entities with regard to public interest in the field of mass media.¹⁵ Even before it was submitted to parliament, the draft law provoked debate and controversy, as well as criticism from press associations for imposing excessive government regulation on the work of journalists. The Association of Journalists and Publicists said the proposed law was intended to intimidate and incriminate journalists, comparing it to the widely vilified Hungarian Media Law. The most controversial aspect of the bill was the establishment of a Council for Media, appointed by the National Assembly and responsible for monitoring compliance with professional standards. The council would also propose appointments to the Press Court of Honor (Novinarsko častno razsodišče), a right formerly afforded only to journalists. According to Slovenia's information commissioner, the proposed law would have significantly decreased freedom of information, removing journalists' legally protected status for obtaining specific information. Both Slovenian press associations—the Association of Journalists and Publicists and the Slovenian Association of Journalists—echoed the information commissioner's warnings. The Ministry of Culture, which drafted the original bill, argued that the law's main purpose was to increase media freedom and autonomy, and in particular, eliminate interference by business interests in media policy.

Despite the existence of numerous regulatory bodies and a code of journalistic ethics, the level of professionalism among Slovenia's media remains comparatively

low. On 28 May Prime Minister Pahor held an explicitly off-the-record, informal meeting with journalists. In this gathering the prime minister was very relaxed, often using sharp and occasionally vulgar language. Disregarding the prime minister's request, one anonymous journalist recorded the meeting anyway, and posted it on YouTube. The Association of Journalists of Slovenia emphatically condemned the journalist's actions, saying that publication of an off-the-record discussion had damaged the reputation of Slovenian journalists, setting a dangerous precedent. The association also noted that the Code of Journalists of Slovenia prohibits audio recording of anyone without his or her consent.¹⁶ It was unclear whether this episode—the first of its kind in Slovenia—was an example of a basic lack of journalistic professionalism, or a politically motivated effort to embarrass the prime minister.

Articles 170 and 171 of the Slovenian Criminal Code, on defamation and injurious accusation, have often been invoked against journalists who publish damaging claims about political figures. Three weeks before the 2008 elections, the Finnish public broadcaster YLE aired a documentary accusing then prime minister Janez Janša of receiving kickbacks from arms deals between Slovenia and the Finnish defense contractor Patria. In response, the Slovenian Foreign Ministry sent two communiqués to the Finnish government protesting the documentary and demanding a clarification. In July 2009, Slovenian prosecutors charged Magnus Berglund, the Finnish journalist responsible for the documentary, with defamation under the aforementioned Article 171, requesting a maximum six-month jail sentence. In January 2010, Janša—no longer prime minister but still head of SDS—filed a €1.5 million (US\$2.15 million) damage claim in a Slovenian district court against YLE, Berglund, and several other individuals for offensive allegations. In December 2011, the court ruled in Janša's favor, stating that YLE failed to prove Janša's guilt in court and the documentary never afforded Janša an opportunity to tell his side of the story. Janša was awarded €21,500, of which €15,000 was paid by YLE and Berglund.¹⁷ In September 2011, however, Janša was put on trail on charges of bribery for his involvement in the Patria case.¹⁸ The case was ongoing at year's end.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

The basic unit of local self-governance in Slovenia is the municipality. In accordance with legislation, the territory of a municipality comprises one or several settlements bound together by the common needs and interests of residents; local affairs may be regulated by the municipality autonomously. With the prior consent of the municipality or wider self-governing local community, the state may by law vest specific state duties in the municipality if the national government provides financial resources and oversight for this purpose. In principle, a municipality is financed

from its own resources, but in the case of insufficient economic development it is assured additional funding by the state. Over the last two decades, inter-municipal cooperation in Slovenia has been largely unsuccessful. The Slovenian constitution offered a “bottom up” approach to regionalization, but this led to the fragmentation of the country’s subnational level.

In 1994, the Law on New Municipalities established 147 new municipal units, but in the following years a majority of these separated into smaller units so that, to date, the number of municipalities in Slovenia has grown to 210 (in a country with a total population of only 2 million). As a result, a vast majority are very small, have limited financial and political power, and are inadequately staffed.

Based on changes to the constitution in mid-2006, procedures for setting up the size, number, responsibilities, and financing of provinces as well as other related issues should be arranged under a special law, which has yet to be established. In 2011, the debate on establishing provinces was again postponed. Before the extraordinary elections of December 2011, mayors in the eastern part of Slovenia formed an informal coalition to demand greater autonomy of the eastern part of Slovenia. The primary purpose of forming the coalition was to force the issues of decentralization and regionalization into preelection debates; in the end, however, the issues and the coalition itself drew limited attention.

The problem of limited municipal budgets was highlighted in 2011 as Slovenia’s largest city, Maribor, prepared to host two major events—the European Capital of Culture in 2012 and the World University Games in 2013. Both projects face large financial concerns. The World University Games were nearly cancelled several times due to weak financial and political backing, and inadequate human resources.

In May, deputies in the National Assembly finally adopted a long-anticipated amendment to the Law on Deputies, making it illegal to serve as both a parliamentary deputy and a mayor at the same time. For many years, a strong mayoral lobby in the National Assembly prevented the introduction of such a provision, but it narrowly passed in 2011, with the support of 48 out of 90 deputies. The amendment to the law went into effect with the establishment of the new National Assembly on December 21. Zoran Janković, the leader of Positive Slovenia, was still mayor of Ljubljana when his party ran in the December elections, lost his mayoral post the day he became a parliamentary deputy.¹⁹ Janković’s decision to stand for elections in the first place met with criticism from many sources, most notably the mayors of other large cities in Slovenia. Presumably, the amended law will influence the decision of some mayors to run in future national parliamentary elections.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1.75	1.75	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75

Slovenia’s judicial branch of government consists of the Supreme Court and Constitutional Court. Judges are independent and are not allowed to participate

in political party organs (though they may be members, formally). They are elected by the National Assembly after being nominated by the eleven-member Judicial Council. The National Assembly elects five members to the council on proposal of the president from among law professors and attorneys; the remaining six members are judges chosen by their peers holding permanent judicial office. The council selects one of its members as its president. The Constitutional Court is composed of nine judges nominated by the president and elected by the National Assembly; these nine judges elect the president from among their own number for a term of three years.

Despite reform efforts, the judicial system remains overburdened, resulting in long trial delays. At the end of April 2011 the National Assembly passed the amended Law on Courts and the Law on Judicial Service, creating a legislative basis for the effective and timely prosecution of economic and organized crime. The revised Law on Courts and the Law on Judicial Service enabled the creation of four specialized divisions, intended to try cases dealing with complex forms of economic and organized crime and corruption, including false bankruptcy claims, abuse of authority or trust, unauthorized acceptance of gifts, money laundering, and serious forms of tax evasion and concealment. In the past, such cases have often gone unpunished. According to the amendment, the country's most experienced and qualified judges will now be tasked with trying these cases. Judges in the specialized courts receive high salaries as a safeguard against corruption.

With the introduction of specialized divisions, the Ministry of Justice has continued its campaign against organized and economic crime. Major accomplishments of this campaign include an amended code of criminal procedure, a reform of the penal code, and a draft law on the public prosecutor's office. According to Minister of Justice Aleš Zalar, these measures represent a comprehensive strategy for tackling economic crime, and will guarantee the necessary judicial capacity for fairly and efficiently addressing corruption.

At the end of June 2011, parliament adopted a court order expected to contribute to faster legal procedures, greater transparency of registers, and higher professional qualifications of judicial staff. Among the major changes in the judicial order is an extension of opening hours of the courts. The order also allows courts to run hearings and meetings before or after regular business hours, an option recommended by the Ministry of Justice for courts with an extensive backlog of cases. With the introduction of the new court order, persons in charge of case registers have to inform the president of the court when a hearing is postponed indefinitely, in which case the president may then request an explanation from the judge responsible for the postponement. The new court order also stipulates educational requirements for court personnel. All employees of the court, who have not passed the state exam within one year after their hire date, must take an exam on their knowledge of judicial order.

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2.00	2.00	2.00	2.25	2.25	2.25	2.50	2.50	2.50	2.25

Slovenia adopted the Law on Prevention of Corruption in 2003, and then in 2004 adopted the country's first anticorruption strategy with 172 measures to eliminate the conditions for corruption in Slovenia. These measures were prescribed for the areas of politics, state administration, investigative, prosecuting and judicial bodies, business, NGOs, the media, and the general public. In October 2004, the five-member Commission for the Prevention of Corruption began operations, and although it struggles with various problems, including threats of abolishment, the commission appears to be an effective enforcer of the Law on Prevention of Corruption as well as a confident watchdog of public employees. The tasks of the commission are mostly preventive, ensuring that officials do not abuse their public office for private business gain.

One of the commission's mandates is investigating administrative claims into allegations of corruption, conflict of interest and illegal lobbying. In 2010, the commission received 1,271 reports, of which 577 were resolved. In the same year, the commission also examined and reviewed 291 reports from 2004 to 2009, following a methodology specifically adopted for eliminating investigation backlogs. By the beginning of October 2011, the commission had received 918 reports of alleged corruption and other irregularities; 424 of them were resolved, while 494 remained under investigation. The number of claims filed in 2011 is projected to exceed those filed in 2010.²⁰

Corruption is an institutional problem in Slovenia's public sector as the procedures for recruitment and public procurement lack transparency and business with the state is often ruled by political connections rather than market principles.²¹ Government positions and contracts are often handed to friends of the ruling party, regardless of who is in power. According to the law, recruitment processes for civil servants and procurement contracts must be made public in order to ensure open and fair competition.²² The transparency of public procurement procedures should be ensured by publishing public contracts on the Public Procurement Office's unified online information portal, which was launched in 2007 by the Finance Ministry.²³ However, according to the Commission for the Prevention of Corruption, portals like these fail to detect corruption risks or confirm criminal offenses, where substantiated suspicions of corruption exist. The government regulatory bodies file less than ten criminal charges relating to alleged corruption per year, although significantly more corruption risks are detected.²⁴

In August, the Commission for the Prevention of Corruption attempted to address the issue of underreported corruption risks by creating a complex and comprehensive online database called Supervizor, which monitors all financial transactions of public bodies and allows the public to search government spending records dating back to 2003. This new tool represents an important step towards

increasing the transparency of state operations and the funding of state projects. The database provides the public information on business transactions conducted by direct and indirect public budget users (bodies of the legislative, judicial and executive branch, autonomous and independent state bodies, local communities, etc.). Supervisor stores data about contracting parties, the recipients of funds, related legal entities of those involved in the transactions, the date and amount of transactions, and the purpose of money transfers, giving the public and the media insight into the flow of funding between the public and the private sector as well as other regulatory and supervisory bodies.²⁵

The so-called Patria case—which implicates SDS President Janez Janša on charges of accepting bribes during his term as prime minister in 2008—went to trial in September 2011, just three months before the December elections. This marked the second time that the case was brought into the public spotlight in the runup to a parliamentary election. Court hearings were originally scheduled to take place during the electoral campaign, but the hearings scheduled for 28 November and 5 December (just before and after elections) were postponed at the request of Janša's counsel. The case—one of the most highly publicized in Slovenia's history—was ongoing at the end of the year.

Slovenian citizens report higher levels of perceived corruption than most EU member states.²⁶ Of course, these perceptions are also influenced by Slovenia's media, which energetically reports on all suspected instances of corruption. Slovenia was ranked 35th among 183 surveyed countries in Transparency International's 2011 Corruption Perceptions Index with a score of 5.9 on a scale from 1 to 10 (10 represents almost no corruption in the country).²⁷

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- ²³ See Procurement Portal: <http://www.enarocanje.si/?podrocje=portal>.
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Tajikistan

by Payam Foroughi

Capital: Dushanbe
Population: 7 million
GNI/capita, PPP: US\$2,140

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	5.25	5.75	6.00	6.25	6.50	6.50	6.50	6.50	6.50	6.50
Civil Society	5.00	5.00	4.75	5.00	5.00	5.50	5.75	6.00	6.00	6.00
Independent Media	5.75	5.75	6.00	6.25	6.25	6.00	6.00	5.75	5.75	6.00
Governance*	6.00	5.75	n/a							
National Democratic Governance	n/a	n/a	6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25
Local Democratic Governance	n/a	n/a	5.75	5.75	5.75	6.00	6.00	6.00	6.00	6.00
Judicial Framework and Independence	5.75	5.75	5.75	5.75	5.75	6.00	6.25	6.25	6.25	6.25
Corruption	6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
Democracy Score	5.63	5.71	5.79	5.93	5.96	6.07	6.14	6.14	6.14	6.18

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Tajikistan's two decades of independence have been characterized by violence, poverty, autocratic leadership, and geostrategic vulnerability. The 1992–97 civil war between the communist-remnant government and the Islamist-led United Tajik Opposition (UTO) resulted in roughly 50,000 deaths, making it the deadliest conflict in the post-Soviet space, excluding Chechnya. Despite consistent annual economic growth since 1997 and signs of subsiding poverty (from a reported 72 percent of the population in 2003 to roughly 50 percent by the end of 2011),¹ income inequality in Tajikistan has continued to widen, likely approaching pre-Soviet levels. President Emomali Rahmon and his People's Democratic Party (PDP) have dominated politics in the country since 1992, increasingly sidelining the opposition and presiding over a regime characterized by cronyism and patronage.

Situated in a geologically active zone with frequent earthquakes, Tajikistan has been disproportionately affected by global warming, resulting in long periods of drought, increasingly hot summers, rapidly melting glaciers, and periodic floods and mudslides, which have also been induced by man-made deforestation. Meanwhile, a shared and porous 1,400-kilometer border with Afghanistan has put Tajikistan in an assailable position, vulnerable to extremism by osmosis and treated by Russia and the West as a strategic buffer zone against the flow of drugs, extremism, and terrorism.² A sign of Tajikistan's growing geostrategic importance is its role in the "northern distribution network" of states, which aids in delivery of supplies for the ongoing United States and North Atlantic Treaty Organization (NATO)-led war in Afghanistan.³

National Democratic Governance. Apart from Islamists and some intellectuals, most Tajik citizens support President Emomali Rahmon, a former communist from the Soviet era, who favors secularism and a strong executive. Popular support of President Rahmon and the PDP is based on pragmatism, but also on an acknowledgement that despite ongoing socioeconomic problems, today's Tajikistan enjoys a level of peace and security far beyond that of the civil war era. The government has successfully harnessed both ethnic Tajik nationalism and Islamic symbolism in its favor. However, evidence during the year pointed to the use of extrajudicial execution when security forces were sent to neutralize antigovernmental insurgents in January. Though the economy grew at an average annual rate of 6.5 percent during 2007–11, the growth can be largely attributed to remittances sent home by Tajik migrant workers, mostly in Russia. *Tajikistan's rating for national democratic governance remains unchanged at 6.25.*

Electoral Process. Government-engineered parliamentary elections in 2010 gave only a semblance of pluralism to the lower house of parliament: of the 63 total seats, 55 went to the ruling PDP and progovernmental independent candidates. The opposition Islamist and Communist parties won two seats each, as did two progovernmental parties, the Party for Economic Reform and the Agrarian Party—both suspected of being government constructs. In anticipation of similar results, the Social Democratic Party (SDP) leader called for a boycott of the December 2011 parliamentary by-election. The government introduced no electoral reforms during the year, nor did it take steps to open up the political spectrum. *Tajikistan's rating for electoral process remains unchanged at 6.50.*

Civil Society. Formal nongovernmental organizations (NGOs) have mushroomed since the mid-1990s but remain mostly funds- rather than issue-driven. The government has been wary of foreign religious groups—especially the Islamic varieties, but also Christian missionaries—attempting to gain influence and converts. Among other restrictions, a 2011 law “On the responsibility of parents for upbringing and education of children” prohibits those younger than 18 from attending places of worship. Critics have warned of potential backlash due to excessive government control and coercion over both moderate and extremist Muslims, some of whom were sentenced to long prison terms during the year. *The rating for civil society remains unchanged at 6.00.*

Independent Media. Tajikistan's relative media openness as compared to much of Central Asia took a turn for the worse in 2011. In January, the government filed a slander and insult suit against the country's largest private paper, *Asia Plus*, for publishing an investigative story on cases of alleged torture by the Ministry of Internal Affairs (MIA). A northern court imprisoned a reporter from *Nuri Zindagi*, a small district paper, for 11 months for having reported on credible allegations of corruption. In June, the authorities arrested a local British Broadcasting Corporation (BBC) journalist for alleged ties to the extremist Hizb ut-Tahrir group and tortured him to extract a confession. *Tajikistan's rating for independent media worsens from 5.75 to 6.00.*

Local Democratic Governance. As most local leaders are essentially presidential appointees, their main allegiance remains to the central government. Illegal land grabs and illicit exploitation of natural resources are rife. Over two-thirds of the population lives in agrarian regions, but poverty, skewed access to land, shrinking per capita arable land, an unwritten edict to cultivate cotton, and lack of access to fair credit have driven an estimated 1–1.5 million people to seek work abroad, primarily in Russia. In 2011, Tajikistan remained number one in the world in remittances as a share of gross domestic product (GDP), with just under US\$3 billion reaching households in Tajikistan from relatives abroad. Migration has also had negative effects, including low economic productivity of those left behind, gender imbalance, and a resurgence of archaic traditions, with an estimated

10 percent of men engaging in polygamy. *Tajikistan's rating for local democratic governance remains unchanged at 6.00.*

Judicial Framework and Independence. The courts remain overloaded, pressured by the executive branch, susceptible to corruption, and largely run by unqualified judges. Torture is endemic, especially in cases of suspected drug trafficking and membership in banned Islamist organizations. Torture-induced confessions and self-incrimination are routinely used as evidence in court. There were a number of deaths in detention in 2011. The government declared its intention to release 4,000 detainees and reduce the sentences of 11,000 others in a presidential amnesty marking 20 years of Tajikistan's independence; reportedly, nearly all prisoners amnestied under a similar presidential decree in 2010 had to pay bribes to be released. The government continued to deny access to detention centers by the International Committee of the Red Cross (ICRC) and made no movement towards ratifying the United Nations Optional Protocol to the Convention against Torture. *Tajikistan's rating for judicial framework and independence remains unchanged at 6.25.*

Corruption. Poverty, weak rule of law, lack of coordinated public and civil society activism, misdirected foreign aid, and lack of political will to pursue anticorruption measures contributed to Tajikistan's high levels of corruption during the year. Many activities—from dealing with the traffic police to settling a case in court, ensuring entry into university, or seeking a military draft waiver—require illegal payments. Proximity to Afghanistan and collusion between organized crime and elements of the Tajik security services have led to a lucrative drug trade (mostly heroin), estimated to equal one-third of Tajikistan's GDP. Exports by Tajikistan's state-controlled aluminum and cotton industries generated over US\$1 billion in 2011, only a small fraction of which returned to the national budget. Aluminum sales were associated with two murky Caribbean-registered companies controlled by Tajikistan's ruling elite. *The rating for corruption remains unchanged at 6.25.*

Outlook for 2012. Skirmishes with a small number of armed Islamists to the east are a potential threat to Tajikistan's security. Continued lack of economic opportunities, a decrepit education system, excessive regulation of religious activities, and mistreatment by security services make the country's youth susceptible to recruitment by extremists. This threat may increase as the deadline for the departure of NATO forces from Afghanistan approaches. Relations with Russia—critical for maintaining a steady outflow of migrant workers and inflow of remittances—will be cautiously stable in 2012. Threats to Tajikistan's environment may increase as deforestation of mountainsides accelerates due to energy shortages, environmental mismanagement, and population growth. Key opportunities are international investment in hydro-power, natural gas, oil, gold, and silver, which should eventually bring significant revenues to government coffers. Having been selected as among the “top 10 best value destinations”⁴ for 2012 by the world's largest travel guidebook company, Tajikistan will see a rise in its tourism during the year.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25

In power since 1992, President Emomali Rahmon remains popular with the majority of the population, excluding Islamists and a minority of youth and intellectuals. Therefore, even in a hypothetically free and fair presidential election in November 2013, President Rahmon's re-election remains almost guaranteed. Despite ongoing economic problems and outbursts of intermittent violence, today's Tajikistan has undergone a vast improvement relative to two decades ago, when social and political turmoil led to a civil war (1992–97) with roughly 50,000 lives lost. President Rahmon has successfully harnessed nationalism—primarily of the ethnic Tajik variety—and, to a limited extent, religion (Hanafi Sunni Islam) as a means to win hearts and minds, maintain power, and ensure stability. In what was described as a “costly show of pomp,” the government spent US\$210 million in 2011 to commemorate the country's 20th anniversary of independence. Numerous schools and structures were refurbished and built, including the highest office building in the country, the largest library in Central Asia, and the tallest flagpole in the world.⁵

A survey released in 2010 revealed that about two-thirds of the population considers itself religious, about half attends mosque on a weekly basis, and an estimated 7 percent thinks that Tajikistan should become an Islamic republic.⁶ In the past few years, the government has attempted to neutralize its Islamist opponents (including those operating legally) by attempting to transform the secular state into a champion of Islam while simultaneously passing legislation to restrict and control activities of organized religion. Among other things, the government assigned 2009 as the year of the *Imomi Azam* (Greatest Imam, a.k.a. Abu Hanifa, founder of the Hanafi Sunni Islamic jurisprudence) and in 2011 introduced plans to build Central Asia's largest mosque, financed mainly by Qatar, at a cost of US\$100 million and with a capacity of 115,000 worshippers.⁷ At the same time, the authorities continued to detain and try suspected extremists.

A number of bold commentaries in 2011 were indirectly critical of President Rahmon's rule. In December, the largest privately owned paper in the country, *Asia Plus*, credited Tajikistan's socioeconomic problems to corruption, nepotism, and over-reliance on labor migration, all brought about by the “incompetence” of high-level government appointees who are periodically reshuffled by the president. Criticism was also raised against the government's inability to provide much of the population with potable water, natural gas, and electricity as well as its lack of progress in building the much-promised Roghun hydroelectricity plant, for which US\$185 million worth of shares were sold in 2010—often forcefully—to the population.⁸

Apparent success on the economic front has also been tenuous. Although the average annual increase in gross domestic product (GDP) during 2007–11 was 6.5 percent,⁹ this seemingly impressive figure reflects—as *The Economist* magazine once described Russia—a case of “economic growth without development and capitalism without democracy.”¹⁰ Tajikistan’s growth figures can be primarily attributed not to macroeconomic policies recommended by the International Monetary Fund, which have nevertheless been followed, but to the massive remittances sent home by Tajik citizens working abroad, mainly in Russia. Tajikistan remains highly dependent on Russia—albeit in an erratic relationship—for everything from employment for Tajik migrant workers to import of 90 percent of its fuel needs, while in return acting as a base for an estimated 5,500 Russian troops.¹¹ Under these circumstances, it is unsurprising that in November 2011 the government was unable to resist Russian pressure to release two Russian and Estonian commercial pilots who earlier in the year had illegally infiltrated Tajikistan’s airspace from Afghanistan.

The government has not always acted within the law when confronting its opponents. The death of Alovuddin Davlatov (a.k.a. Ali Bedaki) in 2011 is a case in point. Following a September 2010 ambush on an army truck in the eastern Gharm region in which reportedly 28 mostly young conscripts were massacred, the government placed the blame on Bedaki and another former United Tajik Opposition commander, Abdullo Rahimov (a.k.a. Mullo Abdullo, killed in April 2011), subsequently sending troops to neutralize their armed bands. In November 2010, the head of Tajikistan’s State Committee for National Security (GKNS) said that the operations in the east had “nearly ended and the small group of insurgents will soon be destroyed.”¹² In January 2011, the authorities announced the death of Bedaki and seven of his comrades in a four-hour battle. By February, however, a mobile phone video was circulated among the public depicting a frightened, bearded, shirtless man bearing a striking resemblance to Bedaki, whose corpse the state TV had shown weeks earlier. In the video, he was alive and facing abuse and interrogation by what appeared to be Tajik security agents. The Ministry of Internal Affairs (MIA), which oversees the police, claimed the footage was “an ordinary fake,” while the head of Tajikistan’s National Security Council said that Bedaki was captured alive but died due to gunshot wounds on the way to the hospital. There remained credible evidence, however, that Bedaki’s death was not a result of a military operation or combat, but that he was “captured, tortured, and executed” extrajudicially by an arm of the executive branch.¹³

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.25	5.75	6.00	6.25	6.50	6.50	6.50	6.50	6.50	6.50

Described as “a parody”¹⁴ by the leader of the opposition Communist Party (CP), Tajikistan’s 2010 parliamentary elections demonstrated the country’s lack of progress in adopting democratic norms after almost two decades of independence. Prior to

the elections, the U.S. Embassy had reported that: “Elections are unlikely to be free and fair, and public apathy and lackadaisical campaigning reflect the widespread lack of faith in the government’s commitment to democracy.”¹⁵ The Organization for Security and Cooperation in Europe (OSCE) and the European Parliament, which had sent 279 election monitors to Tajikistan—some argue wastefully and redundantly, at an estimated cost of US\$2–3 million—reported afterwards that the elections had “failed to meet many [...] international standards for democratic elections.”¹⁶

In 2011, Tajikistan’s multi-party system remained largely superficial, a “democratic façade,”¹⁷ tailored for the consumption of naïve Westerners. Still, it is also true that among the eight registered political parties, the ruling People’s Democratic Party (PDP) has genuine popular support. This is unsurprising given the political and economic benefits it brings to the elite as well as government control of state media, with its unwritten policy of barring coverage of opposing viewpoints. The opposition includes the Islamic Renaissance Party (IRP), the CP, the Social Democratic Party (SDP), and the Democratic Party. The IRP, led by the moderate Muhiaddin Kabiri, is the largest opposition party, claiming a membership of 40,000, but in reality it is far larger and growing in support. There are two categories of IRP supporters: devout and default. The devout are practicing, law-abiding Muslims who favor an eventual Islamic republic. The majority of IRP’s default supporters are secular Muslims who are not party members and do not aspire to an Islamic republic, but who vote for the party due to admiration for Kabiri or as an antiestablishment alternative. The Communists are mostly old-time Soviet nostalgics, whose numbers are rapidly dwindling. The SDP is comprised mostly of activist lawyers and professors scattered throughout Tajikistan; its membership is low, however, due to weak party strategy, a population not yet capable of digesting SDP’s progressive message, and government persecution of members. Though represented in parliament, the Party for Economic Reform and the Agrarian Party (AP), both formed in 2005, are in reality PDP annexes created or allowed to function as window dressing for a non-existent pluralism.

On 15 May 2011, a by-election was held in the Sino District of Tajikistan’s capital, Dushanbe (with 70,000 eligible voters in 48 polling stations) to fill a vacancy in the lower house. As expected, the ruling PDP candidate, former GKNB head, Amirqul Azimov, was victorious, garnering 62 percent of the vote. Those running against him were Tolibsho Saidzoda, an independent candidate and the editor-in-chief of the weekly *Millat* newspaper, who received 16 percent; Safarbek Mannonov, also an independent (9.9 percent); and Muzaffar Mirzoyev of the AP (7.6 percent).¹⁸ Both the IRP and the SDP expressed distrust in the by-election, refusing to register candidates. SDP leader, Rahmatillo Zoirov, claimed that the Central Commission for Elections and Referenda (CCER) rejected the party’s request for its members to be represented in the District Election Commission.¹⁹ According to the CCER, however, the May by-election was held in a transparent and democratic atmosphere. Moreover, it claimed to have fired a precinct commission member for having campaigned on behalf of Azimov, a violation flagged by Saidzoda, who later

filed a complaint claiming shortcomings and fraud by election workers. He also disputed the government's claim that voter turnout was 81 percent, arguing it was closer to 20 percent—far below the required 50 percent participation threshold. Another seat of the lower house was vacated in October with the passing of Safarali Rajabov, representing the Shohmansur district of Dushanbe. The seat was filled through a flawed December by-election in which the Communists, the Islamists, and the SDP all refused to register candidates. The vote ended in a victory for Suhrob Sharipov, the ruling PDP nominee and former head of the Strategic Research Centre under the Presidential Apparatus.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.00	5.00	4.75	5.00	5.00	5.50	5.75	6.00	6.00	6.00

By the mid-1990s, formal civil society associations in the form of Western-funded nongovernmental organizations (NGOs) began to mushroom in Tajikistan. As is the case in much of the developing world, where NGOs are headed by elites mainly “skilled at writing grant proposals” and having “little durability once the outside source of funds dries up,”²⁰ most NGOs in Tajikistan have been of “peripheral significance” rather than serious bodies capable of affecting public policy.²¹ The funds- rather than issue-driven focus of Tajik civil society has led to ineffective projects, unscientific reports, excessive international travel for often redundant trainings and conferences, and a general ineptitude and unwillingness to properly monitor conditions in Tajikistan and challenge decrepit institutions. If anything, NGOs and their international donors have mostly confronted symptoms rather than dealing with core social and economic phenomena. For example, human trafficking, for which inordinate funding is available, has been dealt with cosmetically, without addressing underlying causes such as poverty, illiteracy, and a patriarchal culture that views women as subordinates, tolerates forced marriages, and condones polygamy.

In recent years, the government has been increasingly concerned about the influence and popularity of Islam and the spread of other religions. To regulate and control religious activities, in 2009 a new law “On freedom of conscience and religious associations” was passed, replacing the rather liberal religion law, which had been on the books since the *perestroika* period of the Soviet era. The government's aim with this new law has been to combat real and perceived Islamic extremism, halt the successes of evangelical Christian missionaries, and defend, as it considers, the sovereignty and honor of the Tajik nation.²² In a February 2011 speech delivered to Tajikistan's National Security Council, President Rahmon cautioned against the wayward religious instruction and unchecked sermons of *imams* (Muslim clerics), which could lead to radicalization of the country's youth. He declared that the number of mosques in Tajikistan (nearly 5,000) surpasses schools (3,800) and referred to the skirmishes in the east as a result of lax government control over mosques. President

Rahmon urged the government to augment action against the 1,250 still-unregistered mosques. Among other measures, the government's Committee on Religious Affairs limited the number of acceptable themes for Friday sermons to 52 and their length to 15 minutes.²³ With regard to non-Islamic faiths, in July a meeting in Dushanbe of the Jehovah's Witnesses (a group banned by the Ministry of Culture in 2007) was raided by GKNB agents, who temporarily detained and interrogated a number of believers and beat a disabled member from Uzbekistan, who was later deported.²⁴

Although the government denies it, since 2004 it has been using a *fatwa* (Muslim religious edict) issued by the chief state-sanctioned cleric to ban women from mosques. In addition, a new law "On the responsibility of parents for upbringing and education of children" was approved in July 2011, prohibiting children under 18 from attending places of worship. Despite criticism of the draft law by local religious leaders and Western governments (primarily the U.S.), there was no organized opposition to the bill by Tajik civil society. If anything, the draft law elicited overwhelmingly positive support when the government opened it to public debate, which was regularly broadcast on state television in the months prior to the parliamentary vote.

Some observers argue that the new law—in conjunction with the government's heavy-handed tactics for controlling religion, including the imposition of limitations on the religious practice of ordinary citizens and imprisonment of hundreds of alleged Islamists in the past few years—will act as a self-fulfilling prophecy for promoting radicalism. The new law could backfire due to government interference, harassment, and unjust imprisonment of moderate Muslims. A ban on children's attendance of mosques without alternative activities might also encourage lawlessness and hooliganism by frustrated, directionless, and undereducated youth—a description that fits a large segment of the estimated 2.5 million under-18-year-olds in Tajikistan.²⁵ In addition to the new law on religion, in July 2011, the government amended the criminal code, putting in place a prison sentence of up to five years for those convicted of organizing illegal gatherings.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	5.75	6.00	6.25	6.25	6.00	6.00	5.75	5.75	6.00

Reporters without Borders ranks Tajikistan's media environment as the freest among the Central Asian states, excluding Kyrgyzstan.²⁶ Events in 2011 indicate, however, that the gap between Tajikistan and its more authoritarian neighbors is narrowing. During the year, several newspapers faced slander and insult suits, while a number of journalists were targets of arrest, imprisonment, abuse, and prosecution.

Early in the year, Ramziya Mirzobekova, a reporter with *Asia Plus*, was summoned to the Prosecutor General's Office and questioned about a 2010 article she had written about deaths in custody, in which she accused the MIA's department for Prevention of Organized Crime (a.k.a. "Section Six") of torture. In

late January, *Asia Plus* was sued for slander and insult by the head of Section Six, Anvar Taghoimurodov, who sought 1 million somonis (US\$225,000) in damages and insinuated that Mirzobekova and her colleagues “probably had relations” with those guilty of the September 2010 suicide attack on Section Six headquarters in Khujand.²⁷ Contrary to Article 29 of Tajikistan’s Law on Mass Media, Mirzobekova was also pressured—albeit unsuccessfully—by the Prosecutor’s Office to name her sources.²⁸ In November, the two sides settled out of court.

Another case during the year involved the conviction of Muhammadyusuf Ismoilov, a reporter with *Nuri Zindagi*, a paper with circulation of 2,000 in the northern Asht district. Ismoilov had been imprisoned since November 2010 on charges of slander, insult, “regional hatred” (fanning sectarianism), and extortion. In a story titled “Asht is being destroyed. Who’s responsible?” Ismoilov had criticized the district mayor and his deputy along with a northern businessman with close ties to the authorities, accusing them of corruption, mismanagement, abuse of office, and illegal confiscation of agricultural lands. Extortion charges against Ismoilov were related to several planks of wood valued at around US\$50, which he had received from a relative working in a government post, despite testimony that the unused wood had been donated to him.²⁹ Additional charges against Ismoilov of regional hatred originated from his reporting on 140 hectares of district land that was put at the disposal of a Khujand businessman, while many Asht residents remained landless.³⁰ The OSCE Representative on Freedom of the Media called the arrest and prosecution of Ismoilov a result of “his professional journalistic work” and asked the Tajik authorities to “drop all charges” and “release him immediately.”³¹ In mid-October 2011, a court found Ismoilov guilty as charged, resulting in a three-year sentence (instead of the prosecution’s request of 16 years), and a fine of 38,500 somonis (US\$7,100). As he had already served 11 months in prison and received a two-year reduction in his sentence under the Amnesty Law, Ismoilov was set free the same day, though he remains barred from practicing journalism for three years.³²

The case that received the most attention during the year was that of Urunboi Usmonov, a reporter for the Uzbek language service of the British Broadcasting Corporation (BBC). Usmonov was arrested in June on suspicion of membership in the Islamic extremist organization Hizb ut-Tahrir (Freedom Party). He was allegedly tortured by Tajikistan’s GKNB agents and forced to sign a false confession and forfeit his right to counsel. Largely due to a BBC campaign, Usmonov’s case received a degree of attention unprecedented for Tajikistan, with a number of international organizations and western governments demanding his release, and some also asking for an investigation of torture allegations. This “systematic and united pressure” for Usmonov’s release took the authorities by surprise and prompted President Rahmon to personally interfere in the case, instructing Prosecutor General Sherkhon Salimzoda to set the reporter free until his trial, a request which was promptly fulfilled. What also helped this case was that it coincided with President Rahmon’s visit to Brussels, where the chairwoman of the European Parliament’s Subcommittee on Human Rights, Heidi Hautala, had bluntly confronted Tajikistan’s ruler on the country’s human rights record.³³

In October, the court found Usmonov guilty of possessing extremist literature and “failing to report a crime” (as he had not informed the police of his confidential Hizb ut-Tahrir sources). Usmonov was subsequently sentenced to three years’ imprisonment, but the judge set him free using the Amnesty Law. Four other men accused of Hizb ut-Tahrir membership and tried alongside him were not so lucky, receiving prison sentences of 20 to 22 years with confiscation of property. In December, the U.S.-based Committee to Protect Journalists called for the decriminalization of slander and insult laws so as to bring Tajikistan “in line with international norms of press freedom.”³⁴

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.75	5.75	5.75	6.00	6.00	6.00	6.00	6.00

In accordance with the constitution, Tajikistan’s president appoints province and district heads, including the mayor of Dushanbe. Elected parliaments of provinces and districts in turn approve the president’s appointments in rubberstamp fashion. In general, local leaders are not answerable to the populations they are meant to serve, and are preoccupied with maintaining their positions through satisfying the formal and informal demands of the central government. Some enrich themselves and their cronies through various means including illegal land grabs and illicit exploitation of natural resources.

Three-quarters of Tajikistan’s population lives in rural areas, many engaged in agriculture. Tajikistan’s agricultural productivity declined drastically after the fall of communism, and has yet to recover. Inequitable distribution of land combined with the highest crude birth rate (28 per 1,000 people) and the lowest per capita arable land (10.8 hectares per 100 people)³⁵ among the former Soviet and communist world make it impossible for Tajikistan’s population to sustain itself through agriculture. Production in most commodities remains dismal: the average dairy cow in Tajikistan produces no more than 700 liters of milk per year, as compared to 2,000 liters in Kyrgyzstan³⁶ and 3,500 in Russia; wheat yields are between 2 to 2.5 metric tons/hectare,³⁷ about one-third the yields of many European countries. Although cotton is referred to as “white gold” and “strategic,” its cultivation in Tajikistan has become a cause of poverty, environmental degradation, and a throwback to pre-Soviet feudalism. Annual raw cotton production is now less than half the 1 million tons produced yearly in the last decade of communist rule, with per hectare yields having fallen to 1930s levels. Profits from the production and sale of cotton and, to a lesser extent, wheat grown on private collective farms normally bypass the average farmer and reach the pockets of the wealthy.³⁸ Cotton production has damaged arable land, with various degrees of erosion and salinity due to poor irrigation and land overuse. Despite regional environmental damage, such as the shrinking of the Aral Sea, and the abject poverty of many cotton farming households, the World Bank has backed the government’s efforts with cotton-farming assistance projects.

Meanwhile, energy shortages and population pressures have led to the loss of an estimated 70 percent of Tajikistan's meager forests since independence, leaving the country increasingly vulnerable to soil erosion, flooding, and mudslides.³⁹

Tajikistan consumes as much as 1.6 million tons of grain per year, less than half of which is produced domestically. For most households, bread is part of every meal, constituting an estimated 60 percent of the average diet.⁴⁰ A 2011 study determined that 26 percent of children in Tajikistan are hungry and malnourished, while at least two-thirds of the rural population lives far below the poverty threshold.⁴¹ Many argue that if farmers are granted land rights and freedom to sow the crop of their choice, coupled with modest technical and financial support, Tajikistan could nearly feed itself and gain significant foreign earnings through export of fruits and vegetables.⁴²

For much of the rural (and many urban) households, the main source of income is no longer farming but wire transfers from relatives, for the most part husbands and sons, working abroad. An estimated 1–1.5 million Tajik citizens (roughly 90 percent being males) have sought work abroad, primarily in Russia. Globally, India and China have greater remittances sent to them than any other state (US\$58 billion and US\$57 billion a year, respectively); as a share of GDP, however, Tajikistan's remittances are the highest in the world—estimated at just under US\$3 billion in 2011, or about 40 percent of its GDP.⁴³ Despite overall economic benefits, migration has also had its downsides. The migrants themselves face demands for bribes by foreign authorities (the vast majority of Tajik migrants in Russia have no working papers), as well as the threat of ultranationalist xenophobic groups that harass and occasionally murder individuals perceived as being non-Slavic. Those left behind in Tajikistan endure their own hardships, with many children, for example, being forced to work in the bazaars and some dropping out of school, often filling in for fathers who have divorced their mothers and stopped sending remittances.⁴⁴

Due to the large-scale outmigration of males and the legacy of the civil war, Tajikistan has the largest share of female-headed households in Central Asia. However, due to the resurgence of archaic cultural mores since the end of communism, many females are discouraged from pursuing an education and forced to marry young, after which, they often face abandonment by their husbands, who may divorce them—in many instances over the phone—while away in Russia. Gender imbalance, poverty, and cultural susceptibility have also led to the revival of the pre-Soviet norm of polygamy: an estimated 10 percent of all men in Tajikistan have more than one wife. Although nearly all marriage ceremonies among Muslims (*nikoh*) are conducted by mullahs, second wives cannot be registered, leaving the women and resulting children with virtually no rights to property or alimony. The government's feeble attempts to address this issue have failed to require a civil wedding certificate prior to *nikoh* as means of preventing polygamy. According to a prominent Tajik feminist, polygamy was also practiced, though clandestinely, in Soviet times; today, however, it is practiced to such an extent that “almost every government official has two or three wives.” Ironically, to improve women's economic rights, some advocate legalizing polygamy in Tajikistan.⁴⁵

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	5.75	5.75	5.75	5.75	6.00	6.25	6.25	6.25	6.25

Ongoing reforms to Tajikistan's judiciary have been almost entirely on paper, with little actual implementation. Among other problems, law enforcement, courts, and penitentiaries remain corrupt and susceptible to influence. One commentary in 2011 reported that the public's "harshest criticism" was of Tajikistan's courts, which they see as lacking independence and delivering perpetually unfair rulings.⁴⁶ Still, some steps taken in recent years may serve as beginnings for eventual behavior change. Among these are the appointment of Tajikistan's first human rights ombudsman (2009), the long-delayed approval of a new criminal procedure code (2010), and the government's invitation for a visit by the United Nations (UN) Special Rapporteur on Torture (2011).⁴⁷

According to a coalition of Tajik NGOs, the average court in Tajikistan is overloaded with cases, pressured by the executive branch including the Prosecutor's Office and the Council of Justice (which oversees judicial tenure), plagued by frequent staff turnover, and run by unqualified judges. Despite the transfer of sanction of arrest in the criminal code from the prosecutor to the judge, the prosecutor still determines detention terms and extension of sentences. And although Tajikistan's constitution allows for the application of international law, it has never formed the basis of a court ruling. In addition, neither the government nor civil society has been able or willing to provide proper free legal representation for the majority of the poor.⁴⁸

A mid-level Tajik security official participating in an anti-torture roundtable in 2010 expressed a perspective on dealing with suspects that is typical among Tajikistan's security and justice personnel: "If you don't slap them a few times, they won't confess!" According to Human Rights Watch, "Torture is practiced with near impunity"⁴⁹ in Tajikistan and regularly used against individuals detained on suspicion of drug trafficking, membership in banned organizations, or petty robbery. According to Amnesty International, "confessions extracted under duress" are regularly used as evidence in court, and victims rarely report abuse out of "fear of repercussions." Torture methods have included beatings, the pouring of boiling water on victims, the use of electric shocks, and rape. Torture primarily occurs in the initial stages of detention, when the victim is denied contact with family or a lawyer. By law, relatives of the detained must be informed of their whereabouts within 12 hours of arrest, but such formalities are rarely followed.⁵⁰ Individuals may disappear for weeks or even months with no information provided to their families or lawyers.

In a 2011 commentary, Zafar Abdullayev, an outspoken journalist, said that a large number of Tajikistan's police are "crooked, corrupt and even explicitly criminal [...] or simply uneducated and uncivilized." He also told of the "commonplace and systematic" abuse of ordinary citizens by police.⁵¹ Several persons died of injuries inflicted in police custody in 2011. In March, Safarali Sangov died in a Dushanbe

hospital due to massive bodily injuries likely inflicted in police custody. In June, Ismoil Bachajonov died in mysterious circumstances in a pre-trial facility. And in October, Bahromiddin Shodiyev died of massive wounds that many believe were the result of beatings in a police station. The police blamed Shodiyev's injuries on a supposed suicide attempt, as well as pre-existing "multiple diseases of internal organs." Publicity about this case, including from Tajikistan's normally silent human rights ombudsman, led the authorities to conduct an investigation resulting in the dismissal of several officers, only one of whom was charged.⁵²

Aside from a nine-month period in 2004, Tajikistan has consistently denied access to prisons to independent bodies including the International Committee of the Red Cross (ICRC), though international criticism did cause negotiations with the ICRC to resume in August 2011.⁵³ The government has also refused to ratify the Optional Protocol to the Convention against Torture (OPCAT), which would allow for a joint UN- and government-approved mechanism of prison inspections. Corruption is the main inhibitor to granting access to prisons. The state penitentiary system is nominally under the control of the Justice Ministry and headed by a relative of President Rahmon, Lieutenant General Izzatullo Sharipov, described by the U.S. Embassy cables as "a notorious former warlord rumored to be both corrupt and cruel"⁵⁴ and "involved in narcotics trafficking."⁵⁵ There is suspicion that the 19 main prisons of Tajikistan are collectively managed as a lucrative pyramidal fiefdom under his command. There have been 14 large-scale prisoner amnesties since Tajikistan's independence, with the latest taking place in 2011 to commemorate the 20th anniversary of Tajikistan's independence. The government declared its intention to release 4,000 detainees and reduce the sentences of 11,000 others.⁵⁶ The actual number of prisoners released or commuted was unknown at year's end. According to Fattoh Saidov, head of the State Financial Control and Anticorruption Agency (formed in 2007), nearly all prisoners amnestied under a similar presidential decree in 2010 had to pay bribes to be released.⁵⁷

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.00	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25

Similar to other Central Asian states, Tajikistan suffers from rampant cronyism, patronage, and corruption. According to a 2010 survey funded by the United Nations and carried out by the Strategic Research Center under the President of Tajikistan, the public believes that the traffic police, health care sector, educational institutions, and (ironically) the State Anticorruption Agency are the country's most corrupt institutions.⁵⁸

During the first three months of 2011, the State Anticorruption Agency reported 125 criminal acts of corruption involving universities, hospitals, and the police, 50 percent more compared to the same period in 2010. One case involved a Dushanbe police investigator paying the mother of an innocent man US\$20,000

for him to take the blame for a drug-related crime.⁵⁹ Illegal fees to educational institutions are also common. Students seeking admission to prestigious universities are required to pay thousands of dollars in bribes; later, they are able to purchase passing grades, as well.⁶⁰ The government occasionally brings charges against individuals engaged in financial corruption, such as breaking the criminal code's Article 319 ("Receiving bribe by extortion").⁶¹ However, corruption remains a symptom of other ills. According to the above-mentioned 2011 survey, the top three problems identified by the population were inflation, unemployment, and poverty.⁶²

Illicit drugs, trafficked from Afghanistan (the source of 90 percent of the world's heroin), have become so problematic that Tajikistan has been referred to as a "narco-state." Tajikistan's proximity to Afghanistan, a mountainous terrain, a porous border not easily policed, poverty, and organized criminal entities enjoying "systematic collusion" with the ruling elite⁶³ allow for a drug trade that may be equivalent to as much as a third of Tajikistan's GDP. It is claimed that many of the luxury homes that have mushroomed in Dushanbe are financed through drugs.⁶⁴

The five government agencies engaged in the lucrative enterprise of countering drug-trafficking are Tajikistan's Drug Control Agency, the MIA, the GKNB, border guards, and the customs service⁶⁵—all known for their ruthlessness or corruption. International assistance by donors such as the OSCE and the United States on counternarcotics programs has had a limited effect and may even have been counterproductive by failing to take into account the "close relationship between the state and organized crime."⁶⁶ An International Crisis Group (ICG) report claimed that the drug trade in Tajikistan is conducted by "gangs headed or protected by high-ranking government officials."⁶⁷ Still, a small minority of competent and conscientious agents are also found among state agency ranks.

During 2011, Tajikistan exported an estimated 275,000 tons of aluminum⁶⁸ and 105,000 tons of cotton fiber for earnings exceeding US\$1 billion, equivalent to three-quarters of the country's exports.⁶⁹ Tajikistan's annual budget receives roughly US\$60 million from aluminum exports. The Tajik Aluminum Company (Talco), which consumes 40 percent of Tajikistan's electricity and is blamed for the massive blackouts in outlying regions, is thought to be controlled by President Rahmon and a number of influential citizens, including the president's brother-in-law, Hasan Asadullozoda, the richest man in Tajikistan. Talco's production is sold through two highly opaque entities, Talco Management and CDH, registered in the British Virgin Islands. The ICG report described the siphoning of aluminum profits as part of a "kleptocracy centred on the presidential family."⁷⁰

In recent years, local businesses have spoken openly against harassment, repeated inspections, and extortion by government agencies. In October 2011, President Rahmon ordered a three-year extension to a moratorium on tax inspections as means of increasing manufacturing and attracting domestic and foreign investment. He had issued a similar decree in 2008 due to complaints.⁷¹

According to Transparency International's *2011 Corruption Perceptions Index*, Tajikistan improved slightly in its score and ranking from the previous year.⁷² In the

World Bank's *Doing Business 2012* report, which measures 10 factors affecting the environment for small to medium-sized businesses, Tajikistan ranked 147 out of 183 states, a better ranking than Uzbekistan (at 166), but far worse than Kyrgyzstan (70) and Kazakhstan (47). Four indicators on which Tajikistan ranked better than average were enforcing contracts, protecting investors, resolving insolvency, and starting a business; four indicators on which it ranked particularly poorly were dealing with construction permits, obtaining electricity, credit availability, and cross-border trade.⁷³

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- ⁶⁹ “Tajikistan: Country Report,” EIU, September 2011.

⁷⁰ ICG, *Asia Report no. 205*.

⁷¹ Maks Maksudov, "Tajikistan Announces Moratorium on Business Inspections," *Central Asia Online*, 20 October 2011, http://centralasiaonline.com/en_GB/articles/caii/features/main/2011/10/20/feature-01.

⁷² In its *2011 Corruption Perceptions Index*, Transparency International assigned Tajikistan a score of 2.3 (on a scale of 0 to 10, with 10 representing the best) and a relatively low ranking of 152 out of 183 countries surveyed (<http://cpi.transparency.org/cpi2011/results/>).

⁷³ The World Bank, "Doing Business—Economy Profile: Tajikistan," <http://www.doingbusiness.org/data/exploreeconomies/tajikistan/>.

Turkmenistan

by Annette Bohr

Capital: Ashgabat
Population: 5 million
GDP/capita, PPP: US\$7,490

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civil Society	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Independent Media	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Governance*	6.75	7.00	n/a							
National Democratic Governance	n/a	n/a	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Local Democratic Governance	n/a	n/a	7.00	7.00	7.00	6.75	6.75	6.75	6.75	6.75
Judicial Framework and Independence	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Corruption	6.25	6.25	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Democracy Score	6.83	6.88	6.93	6.96	6.96	6.93	6.93	6.93	6.93	6.93

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

On 27 October 2011, Turkmenistan marked its twentieth anniversary as an independent state amid great pomp and fanfare. The festivities celebrated the country's economic and cultural achievements while glossing over the regime's failure to implement democratic change over the course of the last two decades. As recent popular uprisings in the Middle East and North Africa exposed the vulnerability of that region's entrenched, authoritarian regimes, little news of these momentous events reached Turkmenistan, which remains unreformed and isolated under the authoritarian rule of President Gurbanguly Berdimuhamedow.

In virtually all areas targeted for reform by Berdimuhamedow's regime, the government has given priority to appearance over substance. The acute shortage of qualified personnel and small size of Turkmenistan's intelligentsia relative to other, more industrialized, post-Soviet states also diminish potential for reform. Liberal-minded members of the Soviet-era educated classes who served in official positions were steadily rooted out under the leadership of Turkmenistan's first president, Saparmurat Niyazov, while the current generation is constrained by serious deficiencies in the educational system.

The December 2010 suspension of operations by MobileTeleSystems (MTS), Russia's largest mobile phone operator, left approximately half the population without mobile phone communications and access to the internet. Nevertheless, new media technologies are penetrating Turkmenistan, albeit on a very small scale. In July 2011, a small band of citizen journalists used smartphones and the internet to capture and circulate information on the explosion of an arms depot outside the capital, derailing government efforts to censor the story and highlighting the vulnerability of state-controlled media censorship to new communications technologies.

National Democratic Governance. The construction of a leadership cult surrounding President Berdimuhamedow continued in 2011, as the country's Council of Elders bestowed on the president the new honorific title of *Arkedag*, meaning "protector" or "protective mountain." Turkmenistan's leader was widely quoted on television; his activities were the primary focus of state media; and the majority of newly published works in 2011 were either attributed to him, or filled with praise for his accomplishments. As under the previous regime, only the executive branch exercises any real power in government. The state-sponsored Democratic Party of Turkmenistan (DPT) and the Galkynyş National Revival Movement are the only legally registered political parties in the country. Rather than working towards the establishment of a meritocracy, the regime still operates

on the Soviet-style central command system, whereby officials are expected to fulfill state-dictated quotas, regardless of feasibility. Internal security agencies and law enforcement continue to carefully monitor all citizens' activities. *Turkmenistan's rating for national democratic governance remains unchanged at 7.00.*

Electoral Process. Presidential elections scheduled for February 2012 will mark the first time in Turkmenistan's history that an incumbent president, who is already the object of his own personality cult, runs in a multicandidate election. President Berdimuhamedow is expected to win the vote by a large margin. A new, more restrictive election law was passed in June, effectively barring members of the opposition-in-exile from running for the presidency. A long-awaited law on political parties is expected to pass in January 2012—too late to field candidates from alternative parties for the February vote. *Turkmenistan's rating for electoral process remains unchanged at 7.00.*

Civil Society. Groups without government preapproval continue to be stymied in their attempts to register as nongovernmental organizations (NGOs); applications are routinely turned down or dragged out for years. Meanwhile, unregistered civil society activity is punishable by fines, short-term detention, and confiscation of property. The environment for officially sanctioned NGOs improved somewhat in 2011 and legal rights associations offering advice on employment, housing, and other issues grew in number, presumably facilitated by a new Law on Associations of Advocates, which redefines bar associations as elements of civil society, rather than government. For the first time, a group of registered NGOs joined forces to submit a draft Law on State Social Order that would provide a mechanism for state institutions to enter into contractual relations with public associations. *Turkmenistan's rating for civil society remains unchanged at 7.00.*

Independent Media. Turkmenistan's media organizations uphold the ideological line of the state, which maintains firm control over all forms of state-run mass media through the retention of a single information agency. In 2011, following the suspension of the operations of Russia's MTS, huge lines formed at the offices of Turkmenistan's sole remaining telecommunications provider, Altyn Asyr, requiring officials to call in Interior Ministry troops to maintain order. A new presidential order to remove private satellite dishes was issued in August; if enforced, this will deprive Turkmenistan's population of its main source of alternative information. The popular chat forum Teswirler.com was shut down, ostensibly owing to pressure by the government to monitor comments, especially those of a political nature. In July, the explosion of an arms depot in the city of Abadan exposed the vulnerability of state-controlled media censorship to new communications technologies as a small group of web users with access via mobile phones managed to report on the event to the outside world. *Turkmenistan's rating for independent media remains unchanged at 7.00.*

Local Democratic Governance. State power in Turkmenistan's five regions (*welayatlar*), districts (*etraplar*), and cities is vested in the largely decorative people's councils (*halk maslahatlary*). Village councils (*gengeşlar*), whose members are directly elected for five-year terms, follow the instructions of the local governors (*hakims*), directly appointed by the president at all levels. Tribal identities remain strong in Turkmenistan and continue to play an important role in Turkmen society and informal local politics. In September, the country's State Migration Service barred some 870 non-state sponsored students enrolled at universities in Tajikistan from leaving Turkmenistan to resume their studies. In August, Turkmen-Turkish schools in the cities of Turkmenbashi, Nebitdag, and Turkmenabat were closed, ostensibly owing to concerns about the influence of the Turkish Islamic movement Nurchilar, which had supported the schools since their inception. In March, the Global Fund to Fight AIDS, Tuberculosis, and Malaria announced that it will give US\$20 million to combat tuberculosis through 2015. *Turkmenistan's rating for local democratic governance remains unchanged at 6.75.*

Judicial Framework and Independence. The Office of the Prosecutor General, whose primary function is repression rather than oversight, dominates a legal system in which judges and lawyers play a marginal role. In May, Turkmenistan presented its first-ever report to the United Nations Committee Against Torture (UNCAT), which UN rapporteurs subsequently described as devoid of basic information, empirical data, and a basic definition of torture. After years of rebuffed requests, in July the International Committee for the Red Cross was granted permission to visit a prison in Turkmenistan for the first time. Turkmenistan's imprisonment rate is reported to be among the highest in the world, resulting in serious overcrowding and the spread of disease. Authorities have used unofficial measures to prevent free travel, including "blacklists" and arbitrary confiscation of passports. *Turkmenistan's rating for judicial framework and independence remains unchanged at 7.00.*

Corruption. Turkmenistan's president presides over a system that enables him to control and use at his own discretion revenues from hydrocarbons sales, which form the country's primary source of income. There is still a notable lack of transparency with regard to true economic figures, with no national budget published in full. The country's patronage networks have given rise to a political culture of bribery, nepotism, and embezzlement. In 2011, President Berdimuhamedow continued to use public funds to pay for the construction of ostentatious architectural works, the budgets for which lacked transparency and appeared inflated. Turkmen authorities selectively clamp down on corruption, despite retaining corruption as a fundamental part of the informal political system. *Turkmenistan's rating for corruption remains unchanged at 6.75.*

Outlook for 2012. While a second political party is slated for creation, its membership is virtually guaranteed to be hand-picked by the government for the purpose of creating a veneer of multiparty politics. Investment in the country's

infrastructure—including the construction of expensive vanity projects—will be maintained, while strict political controls and a lack of qualified specialists will continue to impede the implementation of reforms. New communications technologies are expected to make it increasingly difficult for authorities to suppress information on events taking place inside the country.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

The creation of a leadership cult surrounding President Gurbanguly Berdimuhamedow continued in 2011, increasingly resembling that of Turkmenistan's first president, Saparmurat Niyazov, who ruled Soviet and then independent Turkmenistan from 1990 until his death in 2006. Throughout the year, President Berdimuhamedow was widely quoted on television, his activities were the primary focus of state media, and his ever-expanding collected works were intensively promoted. Apart from school textbooks, the majority of new works published in 2011 either exalted Turkmenistan's leader or were said to be authored by him, including works on topics as diverse as *Ahal-Teke* horses and the use of medicinal plants.

Like his predecessor, President Berdimuhamedow holds the posts of president of the republic, chairman of the Council of Ministers (prime minister), chairman of the Council of Elders, head of the Council for Religious Affairs (*Gengeş*), supreme commander-in-chief of the National Armed Forces, chairman of the Higher Council of Science and Technology, and chairman of both the Democratic Party of Turkmenistan (DPT) and the National Revival Movement of Turkmenistan (*Galkynys*) as well as a number of honorific titles and degrees. Just as then president Niyazov was dubbed *Turkmenbashi* ("head of the Turkmen"), President Berdimuhamedow is increasingly referred to by a new, honorific title of *Arkedag*, meaning "protector" or "protective mountain." On the occasion of the twentieth anniversary of Turkmenistan's independence, the president was publicly implored to accept the country's highest civilian honor of "Hero of Turkmenistan," amid cries of "Long live Arkedag!" and "The Turkmen people are a happy people!" By law, the recipient of the title receives a medal, a US\$25,000 prize, and a fifty percent increase in salary.

Throughout Turkmenistan's history as an independent state, only the executive branch has exercised any real power, despite the formal existence of executive, legislative, and judicial branches. The parliament (*Mejlis*) operates as a presidential appendage, and presidential decree is the usual mode of legislation. Although the constitution allows parliamentarians to elect a speaker and form committees, President Berdimuhamedow usurped this prerogative at the first session of Turkmenistan's new Mejlis in January 2009 by selecting a presidential stalwart, Akjy Nurberdieva, to serve as parliamentary speaker, "recommending" the five committees to be formed, and even nominating specific members of parliament to head them.

The president appoints the members of government and the Central Election Commission as well as high-ranking judges. The revised 2008 constitution also grants him the power to directly appoint the country's governors at all levels, reversing a decision made by the late president Niyazov just one year before his death to allow for local gubernatorial elections. The 2008 constitution retains a number of changes adopted in the immediate aftermath of President Niyazov's demise, granting greater authority to the State Security Council, a body that includes leading defense and security officials. For example, Article 58 empowers the State Security Council, rather than the parliament, to select a deputy prime minister to serve as acting president in the event that the president is no longer able to perform his duties.

Rather than working towards the establishment of a meritocracy, the regime still operates on the Soviet-style central command system, whereby officials are expected to fulfill state-dictated quotas, regardless of feasibility. If targets are not met, civil servants are reprimanded or sacked. In November 2011, the head of the Hydro-meteorology Committee in the Cabinet of Ministers was "strongly reprimanded" for "failing to ensure the accuracy of weather forecast information."¹ The fate of the minister of national security, Charymurad Amanow, who was replaced at the beginning of April by Minister of Defense Yaylym Berdyew, illustrated the regime's chaotic and unpredictable approach towards high-ranking civil servants, who are kept in a perpetual state of fear and uncertainty. Amanow, who had been appointed security chief when President Berdimuhamedow came to power in 2007, was promoted to major-general in 2008, reprimanded in 2009, and awarded a state decoration in 2010 before being fired in 2011 for "insufficiencies" following an investigation by the prosecutor general.

Citizens' activities are carefully monitored by internal security and law enforcement agencies and by the president's private militia, whose members receive comparatively high salaries and privileged accommodation. The Ministry of National Security (MNS) has the responsibilities held by the Committee for State Security during the Soviet period—namely, ensuring the regime remains in power by tightly controlling society and discouraging dissent. The Ministry of Internal Affairs directs the criminal police, who work closely with the MNS on matters of national security. Both ministries abuse the rights of individuals and enforce the government's policy of repressing any political opposition.

Unrelenting harassment by the authorities has driven the relatively small opposition underground or into exile, primarily in Russia and a few Western European countries. The opposition-in-exile remains weak and prone to internal division, although some independent human rights activists from Turkmenistan operating abroad publish regular reports on the country's domestic and foreign politics.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

In August 2011 authorities announced that Turkmenistan's next presidential elections would be held in February 2012. President Berdimuhamedow is expected to win the vote by a wide margin. The Organization for Security and Cooperation in Europe (OSCE) announced that it will not send observers to the election in February, arguing that even a limited mission would not "add value at this point in time."²

The 2012 election will mark the first time in Turkmenistan's history that an incumbent president—already the object of his own personality cult and nominated by the country's only legal political party—will run in a multicandidate election for the presidency (President Niyazov had a lifelong tenure in the post and Berdimuhamedow was interim president at the time of the 2007 presidential election). In the second half of 2011, the authorities solved the problem of finding candidates to run against the exalted Arkedag by hand-selecting more than a dozen candidates through orchestrated nominations by citizens' initiative groups comprised of public sector employees.³ The 14 presidential candidates come from all regions of the country and represent a variety of branches of industry and professions, thereby diluting the influence of any single opponent while giving the contest the necessary appearance of multicandidacy.

In a surprise move directly following the explosion of a munitions warehouse in the city of Abadan, President Berdimuhamedow announced in July that representatives of the opposition-in-exile were welcome to come to Turkmenistan to take part in the 2012 presidential elections, and gave his guarantee that equal conditions and opportunities would be created for their participation. This unlikely invitation, which was never repeated or elaborated upon, came just one month after the passage of a new, stricter law indirectly barring members of the opposition-in-exile from running for the presidency. The law, passed in June 2011, stipulates that candidates must have lived in Turkmenistan and worked in the public sector for the last 15 years, whereas previous legislation stipulated just 10 years of recent public sector experience and residency; candidates must also be between 40 and 70 years of age, have no prior convictions, a good command of the Turkmen language, and at least 50,000 signatures in support of their nomination. As if to underscore that President Berdimuhamedow's invitation to the opposition had been a bluff or possibly a diversionary tactic in the aftermath of the Abadan tragedy, Turkmenistan's Foreign Ministry concurrently engaged in a protest against the participation of the opposition in the OSCE's annual human rights review meetings.⁴

All political parties are required by law to register with the Ministry of Justice (renamed the Ministry of Fairness in September 2003), thereby allowing the government to deny official status to groups critical of its policies. Other than the government-sponsored DPT and the Galkynyş National Revival Movement,⁵ no parties or movements are legally registered in the country. While the revised 2008

constitution allows other political parties to exist in theory, the document is not self-executing and requires enabling legislation defining the legal foundations for the formation of such parties. Consequently, even the DPT was formed without a legal basis, although it is legally registered. Article 31 of the constitution proscribes the formation of parties with a religious or nationalist orientation. However, since the government has prevented all parties other than the DPT from registering and functioning, this ban is largely irrelevant.

President Berdimuhamedow announced during a February 2010 cabinet meeting that he would welcome the creation of a second political party, offering the suggestion of an agrarian-based farmers' party. He repeated the call again in May at a meeting of the Council of Elders, but neither legislation on political parties nor a second political party materialized during the year. In an address to parliament in January 2011, the president once again called on deputies to expedite work on a law on political parties, claiming that "the right to form political parties is one of the major political rights of ... citizens."⁶ No visible progress was made on the legislation in 2011, though it was expected that parliament would pass the long-awaited law in early 2012—just too late to field candidates from alternative parties for the February presidential elections. Analysts expect that government leadership will take strategic advantage of the new law to create the illusion of democratic development through the formation of state-sponsored "pocket parties," like those in neighbouring Uzbekistan.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

The state of civil society has changed very little under the leadership of President Berdimuhamedow. Amendments to the 2003 Law on Public Associations were still in progress at the end of 2011. The law requires all nongovernmental organizations (NGOs) to register with the Ministry of Fairness, which also approves their internal governance structures. All foreign assistance must be registered with the Ministry of Fairness and coordinated with both the Ministry of Economics and Development and the Ministry of Foreign Affairs.

Although civil society was never robust in Turkmenistan, steady repression by government authorities since 2002 has forced the country's few, active, independent NGOs to dissolve, re-designate themselves as commercial enterprises, or merge with progovernment public associations. While in 2000 there were approximately 200 to 300 registered and unregistered NGOs in Turkmenistan, by 2010 that number had dwindled to 99, the vast majority of which either supported the government or received direct government support.⁷ Sports and government-organized NGOs reportedly account for more than three-quarters of registered public associations. In December 2010, the government registered an NGO called the Society of Guitarists—the first independent public association to be registered since 2008.⁸

Groups without official sanction wishing to register as NGOs continue to be stymied as their applications are either turned down or dragged out for years. Since the prospects for securing official registration are considered so remote, many groups have chosen to forego the bureaucratic process and operate covertly, despite the severe penalties for unregistered activity. Unregistered NGO activity is punishable by a fine, short-term detention, and confiscation of property.

The environment for officially sanctioned NGOs saw certain improvements in 2010–11. Legal rights associations offering advice on employment, housing, and other issues grew in number,⁹ presumably aided by the new Law on Associations of Advocates that defines bar associations as elements of civil society, rather than government. Additionally, for the first time a coalition of NGOs joined forces to submit the draft Law on State Social Order to parliament in order to provide a mechanism for state institutions to enter into contractual relations with public associations.¹⁰ Still, interaction between government and NGOs remains weak, and even registered NGOs must obtain permission from the Ministry of Foreign Affairs in order to have a government official present at a meeting.

The activities of religious organizations remain tightly controlled by the state. In an attempt to prevent the emergence of Islam as a locus of oppositional activity, the state has continued its perestroika-era practice of coopting and infiltrating the official religious establishment. Religious matters are administered by the Council on Religious Affairs (CRA) set up by President Niyazov in 1994, whose members are appointed by the government and report to the president. The CRA controls the hiring, promotion, and firing of Sunni Muslim and Russian Orthodox clergy, who are required to report regularly to the CRA.

Like political parties and public associations, religious congregations are required to register with the Ministry of Fairness to gain legal status. In a report to the United Nations in January 2010, Turkmenistan's government stated that only 123 religious communities had state registration, including 100 Muslim communities (Sunni and Shi'a), 13 Russian Orthodox ones, and 10 communities of other faiths, such as Protestants, the Baha'i, and the Hare Krishna.¹¹ Many minority religious groups remain unregistered.

Registered and unregistered groups alike continue to experience police raids or check-up visits, fines, and other forms of harassment. The religious freedom watchdog Forum 18 has reported that registration can actually lead to even greater state control and does not facilitate finding a legal venue for worship services, a major problem for many religious groups.¹² Meeting in private homes or unapproved areas is prohibited, and the construction of places of worship is strictly regulated by the state.

Conscientious objectors to military conscription are regularly given suspended jail sentences, and several have been jailed. Two more conscientious objectors—Jehovah's Witnesses Mahmud Hudaybergenov and Ashirgeldy Taganov—were sentenced to hard labor for refusing military service in 2011. Taganov was amnestied in August, but Hudaybergenov remained imprisoned at year's end, along

with eight other prisoners of conscience, among them seven Jehovah's Witnesses and one Protestant pastor.¹³

As in previous years, Turkmenistani authorities permitted just one planeload of its citizens (188 persons) to perform a pilgrimage to Mecca—a minute percentage of the quota reportedly allocated to Turkmenistan by the Saudi government. Muslims are not allowed to travel abroad for religious education, and the Magtymguly Turkmen State University remains the only university-level institution permitted by the government to train a small number of men as imams.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

Turkmenistan's media organizations uphold the ideological line of the state, which maintains its control over all forms of state-run mass media through the State Information Agency of Turkmenistan (TDH). The output of TDH continues to be overwhelmingly concerned with praising the president and tracking his daily movements. In addition to 25 newspapers and 15 journals, the seven state television channels (including two new channels, Sport and Aşgabat, established in 2011) and four state radio stations function as mouthpieces for government propaganda. At the opening of a new, state-of-the-art television tower in the south of Aşgabat in October 2011, President Berdimuhamedow urged Turkmen Broadcasting Center personnel to create productions that “glorify the outstanding achievements our Motherland has gained during the years of independence.”

In a partial lift of the 2005 ban imposed by President Niyazov on the importation and circulation of all foreign print media, in 2008 President Berdimuhamedow allowed certain official departments, research institutes, and the Russian-language Pushkin School in Aşgabat to subscribe to specific scientific journals in order to give them access to international research. In June 2011, President Berdimuhamedow authorized the Ministry of Communications to resume subscriptions to periodicals issued by the Russian agencies *Rospechat* and *Informnauka*, reportedly allocating 5 million rubles to the endeavor.¹⁴ However, ordinary citizens are still unable to subscribe to any foreign periodicals at their home addresses and foreign print matter remains generally inaccessible.¹⁵

Turkmenistan regularly denies visas to foreign correspondents; the few correspondents who manage to gain permission to enter the country are accompanied by “minders” from the security services who severely restrict their movements and choice of interview partners. According to the Russian newspaper *Argumenty i Fakty* (Arguments and Facts), foreign journalists in Turkmenistan who meet with unauthorized persons are subject to fines and/or a 14-day jail sentence and expulsion from the country.¹⁶ The Paris-based media watchdog Reporters without Borders named Berdimuhamedov among its Predators of Press Freedom

in 2011, a list of political leaders hostile to civil liberties and direct organizers of violent campaigns against journalists.¹⁷

Aside from the U.S.-funded *Radio Free Europe/Radio Liberty's* Turkmen service and the German Deutsche Welle's Russian service, satellite television provides the only source of alternative information in Turkmenistan. A presidential order to remove private satellite dishes was issued in August 2011, and is likely to be enforced with greater vigor once Turkmenistan launches its own satellite (planned for 2014) and creates a cable network, thereby enabling the authorities to control the selection of both domestic and foreign channels available to the country's viewers.

Arguably, the expansion of mobile telephone services has been the greatest improvement to personal freedom under the Berdimuhamedow regime. However, this progress experienced a severe setback at the end of 2010, when Turkmenistan's Ministry of Communications abruptly suspended the operations of Russia's largest mobile phone operator, Mobile TeleSystems (MTS), instantly cutting off nearly half of the population's mobile phone access and drastically reducing internet usage. In August 2010, MTS had two million subscribers in Turkmenistan, covering more than 85 percent of the country's territory and operating in 14 cities.¹⁸ MTS's main competitor, Altyn Asyr, a subsidiary of Turkmen Telekom, was reported to have only 400,000 subscribers as of November 2010.¹⁹ While the ostensible reason for the suspension was that MTS's five-year contract to operate in Turkmenistan had expired, the move was widely viewed as an attempt on the part of Turkmenistan's government to halt MTS's rapid takeover of Turkmenistan's market. Authorities had also allegedly been dissatisfied with their ownership stake in MTS as well as with their dwindling ability to monitor the internet access via mobile services provided by MTS.

Following the suspension of MTS's operations, huge lines formed at the offices of Altyn Asyr, requiring officials to call in Interior Ministry troops to maintain order. In April 2011, the president announced that Huawei Technologies (based in the People's Republic of China) and the Finnish-German company Nokia Siemens Networks would act jointly with Turkmen Telekom to improve the national mobile phone system and increase capacity.²⁰ However, at the end of 2011, the majority of former MTS subscribers still remained without any regular replacement service.

Internet service in Turkmenistan remains slow and unreliable; dial-up access rates are expensive for the average citizen. Websites critical of official government policy and many independent news sites are blocked by the authorities. As of June 2010, Turkmenistan had one of the world's lowest internet penetration rates at 1.6 percent with an estimated 80,400 users.²¹ Although no updated statistics are available from the International Telecommunications Union, penetration rates presumably fell in 2011 owing to the departure of MTS. Facebook, YouTube, Twitter, LiveJournal and the popular social networking site Odnoklassniki.ru are often blocked or very slow to open. In 2011, the popular chat forum Teswirler.com closed owing to pressure by the government to monitor comments, especially those of a political nature.²²

The explosion of an arms depot near the town of Abadan on 7 July 2011 showcased a typical state media response to unfavourable news. Authorities initially maintained a total news blackout until midnight on 8 July, when the state news agency noted that “pyrotechnical matter intended for fireworks” had ignited, causing no casualties or particular destruction. However, citizen journalists used smartphones to upload photographs and videos of the wreckage to the internet, capturing blazing buildings, clouds of smoke, large-scale evacuations, and many wounded and dead. Other eyewitnesses managed to send messages about the incident to friends abroad, who then posted reports on social networking sites.²³ Possibly as a result of the unofficial flow of information via new media, three days after the initial blasts officials finally acknowledged that munitions had exploded and casualties had occurred.

At the same time, security officials reportedly began tracking down those responsible for leaking information about the incident. A correspondent for Radio Free Europe/Radio Liberty was sentenced to a five-year jail term in October, most likely in connection with his outspoken coverage of the explosions at Abadan. He was subsequently amnestied after four United States senators sent letters of complaint to Turkmenistan’s ambassador in Washington protesting his imprisonment. The website of the Austria-based Turkmen Initiative for Human Rights (TIHR), which published a series of stories on the explosions featuring witness accounts and videos, was hacked on 18 July and information about website users was made publicly accessible.²⁴

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	7.00	7.00	7.00	6.75	6.75	6.75	6.75	6.75

State power in Turkmenistan’s five regions (*welayatlar*), its districts (*etraplar*), and cities is vested in the largely decorative people’s councils (*halk maslahatlary*). In the villages, the 1992 constitution provided for the replacement of local soviets by legislative councils (*gengeşlar*), whose members are directly elected for five-year terms. The more than 600 *gengeşlar* are administered by *arçınlar*, who are elected from among their respective memberships. The *gengeşlar* were formally granted greater powers in 2008, but in reality they follow the instructions of the local governors (*hakims*). The country’s *hakims* are directly appointed by the president at all levels.

Tribal identities continue to play an important role in Turkmen society and informal local politics. Tribalism manifests primarily in social practices, such as the maintenance of preferential networks, endogamy, and the persistence of dialects. Virtually all Turkmen have at least a minimal knowledge of their own tribal affiliation, which is still a relatively reliable indicator of birthplace. A disproportionate number of influential positions in central government tend to go to members of Niyazov and Berdimuhamedow’s own tribe, the Ahalteke, although this is in large part owing to the fact that the capital of Aşgabat is located in the Ahal region, where Ahaltekes predominate.

Around the year 2000, the Niyazov government began systematically dismantling key areas of the public sector in all regions of the country, most notably education, healthcare, and social security. Since coming to power in 2007, President Berdimuhamedow has made a number of changes to the country's decaying educational system, including restoring the tenth year of compulsory education and extending the period of higher education from two to five years. In practice, however, many of the educational reforms lack substance: the tenth year's curriculum is reported to be the same as that of the ninth year; textbooks for most years and subjects are outdated and in short supply; and there is a severe shortage of qualified personnel to teach the newly introduced areas of study. In September 2011, 100,000 children starting school were supplied with laptops—a gift from China's Lenovo company—that included an electronic library with information selectively uploaded by Turkmenistani state educators. It was not clear whether the laptops were internet-enabled.²⁵ Participation in state-sponsored events, such as greetings for high-ranking visitors and cultural festivals, continue to be compulsory for teachers and students, reducing instruction time by up to 80 days a year. Primary school students are still required to take a separate course on the *Ruhnama*, the quasi-spiritual guidebook for the Turkmen nation, penned by former president Niyazov. State universities and institutes have been allowed to remove the *Ruhnama* from their curricula, but the book remains part of all entrance exams for higher educational institutions. Turkmen-Turkish schools in the cities of Turkmenbashi, Nebitdag, and Turkmenabat were closed in August 2011, ostensibly owing to concerns about the influence of the Turkish-Islamic movement, Nurchilar, which had supported the schools since their inception.²⁶

Universities and professional academies have widened their intake, although the demand for places still far exceeds supply. Unofficial reports indicate that the long-standing practice of paying large bribes to procure a place in universities, institutes, and even some secondary schools has not abated, with bribe prices to enter the most prestigious institutions rising to thousands of dollars. The government sponsors some students each year to study abroad on official programs, although a far greater number arrange to study abroad privately,²⁷ particularly in the Central Asian states of Kyrgyzstan and Tajikistan, where tuition fees are relatively low. In early September, Turkmenistan's State Migration Service barred some 870 Turkmenistani students enrolled at universities in Tajikistan from returning to resume their studies. In October, some students in their final year of study were finally granted permission to cross the Turkmenistan-Uzbekistan border in order to return to Tajikistan.

In contrast to the previous government, President Berdimuhamedow's regime has invested heavily in the country's healthcare infrastructure, constructing a number of sanatoria and diagnostic and specialist centers in regional capitals. However, most of these facilities, many of which contain state-of-the-art equipment, are neither accessible to the vast majority of the population, nor staffed with qualified medical personnel. Statistical data are notoriously unreliable, medical education is substandard, hospital staff are discouraged from reporting malpractice, and

infant mortality rates are among the highest in the world. The existence of certain communicable diseases, such as HIV and multi-drug resistant forms of tuberculosis, is neither acknowledged nor addressed.²⁸ In March 2011, the Global Fund Against AIDS, Tuberculosis, and Malaria announced that it will give US\$20 million to combat tuberculosis through 2015.²⁹

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

The Office of the Prosecutor General dominates a legal system in which judges and lawyers play a marginal role. The prosecutor general is a political appointee whose primary function is repression rather than oversight. As in the former Soviet Union, convictions are generally based on confessions that are sometimes extracted by force, including the use of torture and psychotropic substances. Additionally, the prosecutor general is unofficially charged with the task of collecting compromising materials on other officials in the event the leadership chooses to dismiss or demote them.

Unchanged since the Soviet era, the court system in Turkmenistan consists of a Supreme Court, 6 regional courts (including 1 for the city of Ashgabat), and, at the lowest level, 61 district and city courts. In addition, the Supreme Economic Court hears all commercial disputes and cases involving conflicts between state enterprises and ministries. There is no Constitutional Court. The president appoints all judges for five-year terms without legislative review.

According to a report on Turkmenistan's penitentiary facilities released in February 2010 by the TIHR, the country's imprisonment rate is among the highest in the world—534 per 100,000 inhabitants, compared to 348 in Kazakhstan and 80–90 in European countries—which has led to serious overcrowding and the spread of disease.³⁰ Under an annual amnesty mandated by a 1999 law and presidential decree, the government releases thousands of prison inmates each year on certain state holidays, primarily to relieve overcrowding. Although individuals convicted of serious crimes are theoretically ineligible for amnesty, those who can pay bribes—excluding political prisoners—are generally freed. Of the thousands of prisoners amnestied by President Berdimuhamedow since 2007, less than two dozen were considered political prisoners by international human rights groups.

After years of rebuffed requests, in July 2011 the International Committee for the Red Cross was granted permission to visit a prison in Turkmenistan for the first time. Details of the visit were not made available to the public, however, apparently in keeping with the usual principles of confidentiality. In May, Turkmenistan presented its first-ever report to the United Nations Committee Against Torture (UNCAT), which UN rapporteurs subsequently described as devoid of basic information, empirical data, and a basic definition of torture.³¹ One notorious

aspect of Turkmenistan's prison system mentioned by the rapporteurs is that a number of persons have disappeared into it without a trace. These include former foreign minister Boris Shikhmuradov, who was sentenced to life imprisonment in 2002 as a "traitor to the Motherland," two members of the Turkmenistan Helsinki Foundation, and the former chairman of parliament, who was designated by the constitution to succeed Niyazov as interim president.

President Berdimuhamedow's government has enacted some reforms easing internal travel restrictions, including a reduction in the number of roadside document checks and inspections between cities. Significantly, the president also signed a decree abolishing the special permit needed to travel to the country's sensitive border regions. At the same time, the authorities have maintained a number of unofficial measures to prevent free travel, such as drawing up an extensive "blacklist" of citizens prohibited from leaving the country and the arbitrary confiscation of passports.

The new constitution adopted in 2008 formally enshrined Turkmenistan's non-recognition of dual citizenship (Article 7). This circumstance—in conjunction with the issuing of new, biometric passports in the summer of 2008—reportedly exerted further pressure on residents of Turkmenistan holding both Turkmenistani and Russian passports under a 1993 agreement. According to reports received by human rights organizations, an unofficial policy has gone into effect requiring holders of both Russian and Turkmenistani passports to give up their Russian citizenship in order to receive the new, biometric passports, which will become mandatory in 2013 for travel outside the country.³² In practice, this means that some Russian passport-holders will likely feel compelled to leave Turkmenistan permanently in order to avoid relinquishing their Russian citizenship before their old-style Turkmenistani passports expire.

As in most post-Soviet states, with the advent of independence Turkmenistan accorded a *de facto* higher status to its titular population, ethnic Turkmen, and legitimized the adoption of policies and practices that promoted their specific interests. Most jobs in the public sector were effectively closed to non-Turkmen, and senior state officials needed to demonstrate ethnic purity by tracing their Turkmen ancestry. President Berdimuhamedow's leadership has continued his predecessor's nation-building program through its efforts to make the country's society and culture even more homogeneous, and the state has maintained its policy of promoting only those media and performing arts productions that feature "national" culture. A *de facto* ban exists on all ethnic cultural centers and non-Turkmen media sources (with the exception of two print publications in the Russian language).

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.25	6.25	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75

Turkmenistan's president presides over a system that enables him to control and use at his own discretion the revenues from hydrocarbons sales, which form the country's

primary source of income.³³ As is the case with some other resource-rich countries, the leadership of Turkmenistan is able to sustain its rule through the receipt of these export revenues, which it uses to finance pervasive security services and vanity construction projects as well as to secure the support of patronage networks.

Turkmenistan does not publish its national budget in full, contributing to a widespread lack of transparency in economic figures. Those figures that are published are often compiled from local economic reports that have been inflated to show growth. No information has been released regarding export revenues held by former president Niyazov in foreign banks, and it remains unclear what share of export revenues are currently being diverted by the Berdimuhamedow leadership to off-budget accounts.³⁴ While authorities have stated that foreign exchange revenues are being transferred to the new Stabilization Fund, there is no public documentation to show that the fund exists.

Political elites in the country have traditionally built up local power bases by allocating key posts and opportunities to their loyalists. These informal networks, which have survived the demise of the Soviet system, are frequently referred to as “clans,” although they are based on patron-client relationships, often with links to extended families, rather than on actual blood ties. A limited number of patronage networks commanded by Berdimuhamedow control the country’s economy, which is divided into spheres of influence dominated by a close circle of the president’s appointees. The existence of patronage networks as the basis of power has inevitably given rise to a political culture of bribery, nepotism, and embezzlement. Bribe-taking is particularly prevalent among customs, licensing, and social service agencies. According to Transparency International’s Corruption Perceptions Index for 2011, Turkmenistan ranked as one of the most corrupt countries in the world.³⁵

Large amounts of government revenue are spent on ostentatious construction projects, carried out primarily by Turkish and French firms. Recent examples include an Olympic village in Aşgabat planned at a cost of US\$1.9 billion, and the transformation of the Caspian sea town of Turkmenbashi into a free economic zone and world-class resort—complete with an artificial river, yacht club, and an oceanographic center—at an estimated cost of US\$5 billion. U.S. diplomatic cables obtained by the whistleblower website WikiLeaks identified construction as the most corrupt industry in Turkmenistan, with contractors inflating costs by up to 30 percent in order to cover bribe payments. Three new buildings were unveiled in April 2011: the Ministry of Foreign Affairs, which features a giant globe; the Ministry of Communications—built in the shape of a telephone; and the Ministry of Education, which is designed to resemble a book. In December, the authorities marked the sixteenth anniversary of the country’s declaration of neutrality at the United Nations in 1995 by officially unveiling a Neutrality Monument in the southern part of the capital city. The 95-meter monument contains a Museum of Neutrality and is topped by the 12-meter, gold-covered sculpture of President Niyazov that used to crown the Arc of Neutrality in central Aşgabat.

Efforts to clamp down on corruption are erratic, selective, and unpredictable. In May 2011, twenty-one officials and staff from the lucrative cotton industry

received prison sentences after being found guilty of embezzling funds and defrauding customers with regard to the quality of cotton.³⁶ In July, President Berdimuhamedow ordered a crackdown on corruption in Turkmenistan's banking system, citing "grave deficiencies," as a result of which ten senior central bank officials were convicted of bribery and sentenced to lengthy jail terms.³⁷

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Ukraine

by Oleksandr Sushko and Olena Prystayko

Capital: Kyiv
Population: 45.9 million
GNI/capita (PPP), PPP: US\$6,620

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	4.00	4.25	3.50	3.25	3.00	3.00	3.50	3.50	3.50	3.75
Civil Society	3.50	3.75	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Independent Media Governance*	5.50	5.50	4.75	3.75	3.75	3.50	3.50	3.50	3.75	4.00
National Democratic Governance	n/a	n/a	5.00	4.50	4.75	4.75	5.00	5.00	5.50	5.75
Local Democratic Governance	n/a	n/a	5.25	5.25	5.25	5.25	5.25	5.25	5.50	5.50
Judicial Framework and Independence	4.50	4.75	4.25	4.25	4.50	4.75	5.00	5.00	5.50	6.00
Corruption	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	6.00
Democracy Score	4.71	4.88	4.50	4.21	4.25	4.25	4.39	4.39	4.61	4.82

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Ukraine's democratic institutions and processes continued to deteriorate in 2011, moving the country toward authoritarian rule. Growing concentration of power in the hands of the president was accompanied by the politically motivated and selective use of the judiciary to jail key leaders of the opposition.

Since gaining independence from the Soviet Union in 1991, Ukraine has held five presidential (1991, 1994, 1999, 2004, and 2010) and five parliamentary (1994, 1998, 2002, 2006, and 2007) elections. The latest presidential election in February 2010, which was recognized as free and fair, resulted in a victory for former prime minister Viktor Yanukovich. In October of that year, the Constitutional Court annulled 2004 amendments to the constitution that had created a mixed parliamentary-presidential system, effectively restoring the 1996 version of the document and reestablishing a strong presidency. As a result, the parliament is no longer authorized to appoint and dismiss cabinet ministers, though it retains the right to confirm the prime minister appointed by the president.

Misuse of the judiciary became the main indication of a deteriorating political landscape in 2011, preventing free and fair political competition. Criminal cases against the leaders of opposition—particularly former prime minister Yuliya Tymoshenko and former interior minister Yuriy Lutsenko—removed the most vocal opponents of the government from active politics. The opposition remained fragmented, and voters were left with no viable alternative to the ruling party.

The news media still presented a variety of political views, but many outlets, particularly television stations with national reach, became more sensitive to the authorities' wishes. Civil society organizations continued to operate in a relatively free environment, representing a wide spectrum of interests. Meanwhile, the Ukrainian economy grew moderately, but public finances faced severe challenges, forcing the government to search for loans, either from the International Monetary Fund (IMF) or from other sources.

National Democratic Governance. President Yanukovich's efforts to consolidate power and amass personal wealth for himself and his family continued in 2011, undermining the legitimacy of his regime at home and abroad. Despite the president's avowed commitment to democratic principles, he continued to attack the system of checks and balances within government, diminishing the power of the parliament and political parties and the independence of the Cabinet of Ministers. A politically motivated criminal case against Tymoshenko resulted in a sentence of seven years' imprisonment for the "misuse of power," damaging Yanukovich's

relations with established democracies and preventing Ukraine from signing a far-reaching Association Agreement with the European Union. The president's actions during the year suggested that he was building a purely personalistic model of governance. In light of this increasingly authoritarian trajectory, *Ukraine's rating for national democratic governance declines from 5.50 to 5.75.*

Electoral Process. Every national election conducted in Ukraine has been preceded by the passage of new electoral legislation. This trend continued in 2011, as government leaders declared their intention to change the electoral law again ahead of parliamentary elections scheduled for October 2012. The relevant bill was drafted by a parliamentary working group with limited participation by civil society and independent organizations. Among other provisions, it would reintroduce a mixed proportional/majoritarian voting system, raise the threshold for party representation from 3 to 5 percent of the vote, and bar parties from running together in electoral coalitions. In response to international criticism of the opaque drafting process, the government invited input from the Council of Europe's Venice Commission and the Organization for Security and Cooperation in Europe (OSCE), but it ultimately submitted a draft that did not match the version assessed by the Venice Commission. Following civil society protests, a working group including both progovernment and opposition lawmakers developed a compromise draft that still largely reflected the government's political goals. The bill was adopted on 17 November. Due to the politicized and nontransparent drafting of the new electoral law, *Ukraine's rating for electoral process declines from 3.50 to 3.75.*

Civil Society. Civil society continues to play an important role in Ukraine, and its leading representatives appeared at the forefront of numerous public events during 2011. The country's growing authoritarianism has not yet resulted in the direct targeting of nongovernmental organizations (NGOs) as such, though several civic activists spent up to four months in jail for allegedly damaging public property during political rallies in late 2010. In most cases the government continued to engage in dialogue with civil society in the established formats; hundreds of civic councils were formed at different levels of government in accordance with new regulations, but often NGOs reported only an "imitation" of public participation in such bodies. Progress was achieved with regard to the legislation for civil society organizations: a draft law that had been stuck in the parliament for several years was advanced in an initial reading. Its final approval would open more space for nonprofit activity, liberalizing the registration of new NGOs and removing some administrative barriers. A variety of new civic initiatives emerged during the year on topics ranging from small business interests to Ukraine's European integration. Internet-based platforms played a growing role in civil society networking. *Ukraine's rating for civil society remains at 2.75.*

Independent Media. Ukraine has a diverse and competitive media market, and media freedoms are guaranteed by relevant legislation. However, since 2010, coverage

of politically sensitive topics has taken on a more progovernment bias at most of the television stations with national reach. Self-censorship is a visible phenomenon on nationwide channels, and many channels noticeably “depoliticized” their news broadcasting in 2011. Some signs of direct government pressure on media were evident at the regional level, with three independent television stations in Kharkiv shutting down in August and September. Media watchdogs warned of physical attacks against journalists, and digital broadcasting frequencies were distributed in 2011 in a way that favored media owners with government connections. A planned system for the “protection of public morals” may lead to further deterioration of media freedoms. *Ukraine’s rating for independent media declines from 3.75 to 4.00.*

Local Democratic Governance. While the Yanukovich government claims to support placing greater powers in the hands of local authorities, it has effectively abandoned the previous administration’s attempts to reform local government. Instead, the year 2011 was characterized by consolidation of local power hierarchies to the advantage of the Yanukovich administration, with politically motivated appointments occurring at all levels. Throughout the year, the responsibilities of the democratically elected mayor of Kyiv were performed by a presidential appointee, Oleksandr Popov, who replaced Mayor Leonid Chernovetskyi as head of the city administration in November 2010. An administrative reform introduced in 2011 resulted in major cuts to central and local government staff. The need to show political loyalty to the central leadership further hampered the activity of local authorities, alienating them from residents of their regions. Due to these factors and the absence of reform efforts in 2011, *Ukraine’s rating for local democratic governance remains at 5.50.*

Judicial Framework and Independence. In 2011, the Yanukovich administration presided over the use of the law enforcement system to persecute political opponents, the elimination of what remained of the judicial system’s independence, and the ever growing intrusion of the Security Service of Ukraine (SBU) into civic life. The prosecution of Tymoshenko illustrated the first of these processes, and the ouster of Supreme Court chairman Vasyl Onopenko was indicative of the second. Meanwhile, the SBU benefited from broadened powers that were approved by the parliament. All of these changes left citizens even more vulnerable to violations of their rights. *Ukraine’s rating for judicial framework and independence declines from 5.50 to 6.00.*

Corruption. On 15 March, the parliament adopted a new anticorruption law, replacing three pieces of legislation that had been drafted in 2009 with the assistance of the Council of Europe’s Group of States against Corruption (GRECO) and cancelled by the legislature in late 2010. The new law omits many key provisions of the 2009 legislation, including mandatory declaration of expenditures by state servants and obligatory declaration of the property, income, and expenses of their relatives. In addition, an internationally endorsed 2010 law regulating

state procurement, a major source of embezzlement in Ukraine, was replaced in July 2011 with a new and heavily criticized version. As a result of these setbacks, *Ukraine's corruption rating declines from 5.75 to 6.00.*

Outlook for 2012. Negative trends from 2010 and 2011 are likely to continue in 2012. “Administrative resources” are expected to play a crucial role in parliamentary elections scheduled for October 2012, pushing Ukraine further back from its democratic achievements. The law on elections adopted in 2011 will give the ruling Party of Regions a chance to win a majority in the next parliament despite a level of public support that does not exceed 20–25 percent. The exclusion of opposition leaders like Tymoshenko and Lutsenko will also raise questions as to whether the voting is free and fair. President Yanukovich will continue to centralize and personalize power, while trying to avoid responsibility for failed social and economic policies. By the end of the year, the cabinet is likely to be fired by the president in response to growing social turbulence. Both the parliamentary elections, with the introduction of single-mandate districts, and the continuation of administrative changes will probably have a negative effect on the independence of local government. The coming year may feature additional manipulation of the judiciary by the executive branch. In the absence of effective anticorruption legislation, the fight against graft is unlikely to make any headway in 2012.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.00	4.50	4.75	4.75	5.00	5.00	5.50	5.75

President Viktor Yanukovich's ongoing attempts to consolidate an authoritarian regime in Ukraine achieved some success in 2011. The status of the Verkhovna Rada (parliament) substantially decreased, the cabinet lost its independent role in the system of national governance, and the opposition remained fragmented. At the same time, the government's lack of legitimacy and support in Ukraine's pluralistic society imposed certain restrictions on official actions.

Yanukovich, despite his declared commitment to democratic principles, continued to concentrate power around himself and his family, destroying institutional checks and balances, diminishing the relevance of formal party structures, and even subordinating the powerful business interests that had helped bring him to office. The president's older son, Oleksandr Yanukovich, gained prominence during the year, though he remained unwilling to launch a public political career. Instead, individuals who were perceived as his agents were appointed as head of the National Bank of Ukraine, interior minister, and head of the State Taxation Administration.¹

A criminal case against former prime minister Yuliya Tymoshenko, which was widely seen as politically motivated, ended with a seven-year prison sentence for "misuse of power." The trial and verdict, which damaged Yanukovich's relations with the United States and the European Union (EU), created a powerful precedent, indicating that electoral defeat would henceforth entail the additional risk of criminal punishment by one's political rivals. In its 20 years of independence, Ukraine has experienced several peaceful transfers of power, but the new circumstances threatened to interrupt that pattern by dramatically raising the stakes of political contests.

Members of the Tymoshenko government including former interior minister Yuriy Lutsenko and former acting defense minister Valeriy Ivashchenko remained in jail without a sentence in 2011, while former economy minister Bohdan Danylyshyn obtained political asylum in the Czech Republic. Some members of Tymoshenko's faction in the parliament, such as Yevhen Suslov, reported strong pressure aimed at forcing them to change political affiliations in favor of the ruling Party.² One of the few remaining major sponsors of Tymoshenko's Fatherland party, the billionaire Kostyantyn Zhevago, suffered a raid by the Security Service of Ukraine (SBU) on his business in June. Reports later in the year indicated that he intended to move to Britain.³

Selective use of the judiciary and other undemocratic practices have already delayed the initialing and signing of a comprehensive deal with the EU, the

EU-Ukraine Association Agreement, which was designed to assist Ukraine in drawing closer to European standards, including those concerning democracy, the rule of law, and human rights. As long as the Ukrainian leadership continues to ignore the numerous European warnings regarding the deterioration of the country's democracy, the prospects for the agreement's signing will remain uncertain.

Having pursued policies that are unsustainable, unaccountable, and clearly not based on merit, the ruling elite has lost the public support it gained through the presidential election of 2010. In August 2011, only 26 percent of people polled by TNS-Ukraine expressed confidence in Yanukovich, down from 41 percent in August 2010.⁴ In December 2011, the Razumkov Center reported that only 13.3 percent of respondents in a nationwide poll said they would vote for Yanukovich in another presidential election; 16.3 percent said they would vote for Tymoshenko, and 10.7 percent said they would elect Arseniy Yatsenyuk, who served as economy minister (2005–06), foreign minister (2007), and chairman of the Verkhovna Rada (2007–08) under President Viktor Yushchenko.⁵ Nevertheless, there are several opposition leaders with their own party projects and ambitions, and none of them is able to compete with the ruling group on his or her own.

The ruling Party of Regions is a “party of power,” drawing its strength from administrative resources rather than a unifying ideology or grassroots support. Though it is not the first of its kind in Ukraine, the Party of Regions has proven to be the first really successful one in terms of obtaining and controlling power in almost the entire country. Prime Minister Mykola Azarov is the formal leader of the party, but real authority is concentrated in the hands of President Yanukovich.

While in previous years the Party of Regions was willing to form alliances with smaller parties, like parliament speaker Volodymyr Lytvyn's People's Party or Deputy Prime Minister Serhiy Tigipko's Strong Ukraine, by 2011 it was insisting that all of its junior partners be dissolved and absorbed into its ranks.

Further reforms of the constitution have stagnated. In February, Yanukovich formed an expert group tasked with establishing a Constitutional Assembly, headed by the first president of Ukraine, Leonid Kravchuk. However, the expert group had undertaken no visible activities and achieved nothing by year's end. In March the Council of Europe's Venice Commission issued an opinion that warned against the idea of a presidentially-appointed Constitutional Assembly, calling for wider civic representation in the constitutional process.⁶

During 2011 the government tried to pursue administrative reform in accordance with a presidential decree adopted on 9 December 2009. The number of ministries, controlling agencies, and other central public administration bodies was reduced, and reorganization was undertaken in a variety of institutions. However, the overall positive impact of such reforms is limited by a lack of sustainable capacity-building efforts.

Democratic oversight of military, security, and law enforcement agencies remains rather superficial. The relevant institutions became less open to outside scrutiny and cooperation in 2011 as compared with recent years. The most worrying trend was the growing misuse of special services, primarily the SBU, as a means of domestic political and business pressure on perceived government opponents.

The government has failed to carry out economic reforms meant to improve Ukraine's business climate and boost much needed foreign investment, according to the World Bank's October 2011 Doing Business report. The report's rankings on the ease of doing business in 183 countries placed Ukraine at 152, between Liberia and Bolivia. This comes despite continuous promises of change from Yanukovych. In the previous year's report, Ukraine had been ranked at 149. It deteriorated in the categories for registering property, getting credit, and protecting investors. In addition, the ability of businesses to freely trade across borders declined—a reference to the nation's cumbersome and opaque customs procedures.⁷

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.00	4.25	3.50	3.25	3.00	3.00	3.50	3.50	3.50	3.75

The next parliamentary elections are scheduled for 28 October 2012, and the next presidential election for early 2015. Despite the fact that the last parliamentary elections in 2007 were recognized as free and fair, President Yanukovych and the Party of Regions declared their intention to change the electoral law again ahead of the 2012 contest, in keeping with a disruptive practice whereby the country has adopted new electoral rules before each national vote. The existing system of proportional representation with a 3 percent vote threshold appeared to present a threat to the ruling group, as the public approval rating of the Party of Regions dropped to just 13.9 percent in December 2011.⁸

A new law on parliamentary elections was therefore drafted by a working group under the leadership of Justice Minister Oleksandr Lavrynovych, with limited input from civil society, the opposition, and independent organizations. It largely reflected the ruling party's desire to reintroduce a mixed proportional/majoritarian voting system, raise the threshold for representation from 3 to 5 percent of the vote, and ban the formation of electoral blocs by multiple parties. At the same time, conditions for candidates' registration, the rules of campaigning, and observation procedures were drafted in rather liberal and inclusive manner.

The opposition failed to develop a unified position on the main provisions of the electoral law. Some lawmakers argued for a proportional system with "open" candidate lists, allowing voters to select not only a party but also individuals from the party list, but most of the opposition was inclined to retain the existing proportional system with "closed" party lists.

Foreign nongovernmental organizations (NGOs) that were initially involved in the working group, such as the National Democratic Institute (NDI) and the International Republican Institute (IRI), withdrew on 17 March, warning that the law was being drafted in a "non-inclusive, non-transparent and non-accountable" manner.⁹ In June, the Parliamentary Assembly of the Council of Europe (PACE) expressed similar concerns regarding the drafting process.

At the government's request, the Venice Commission on 13 October issued its opinion on the draft, indicating that it included some improvements over the existing law, but stressing its flaws. For example, the commission noted positively that the draft law provided for unrestricted access of mass media to all election-related public events, established mandatory training for district electoral commission (DEC) officials, limited the circumstances under which election commissioners could be removed, and allowed candidates to run as independents.¹⁰

However, the crucial decisions on the mixed voting system, the threshold percentage, and the ban on electoral blocs were made unilaterally, and according to the Venice Commission opinion, they would not facilitate the access of different political forces to the parliament. Some technical shortcomings were also identified, including a lack of clear criteria and deadlines for defining boundaries of electoral districts; lack of clarity on the possibility of challenging election results; and lack of full disclosure, before and after elections, of information on campaign contributions and expenditures.¹¹

In an opinion issued in September, the International Foundation for Electoral Systems (IFES) pointedly questioned the wisdom of changing the electoral law at the present time "given the lack of consensus in the country; the significant impact of the proposed changes on the political landscape; and relatively short timeline for implementing these changes." It added, "While the newly proposed system may be a legitimate one, there is no major flaw in the current system that would require an immediate change without further discussion."¹²

Three days before the Venice Commission opinion was released, members of the parliamentary majority offered another draft law that was similar to the one assessed by the commission, but was seen by the opposition and NGOs as substantially worse on some issues.¹³

In November, the parliament created a commission, with members of both the majority and the opposition, to prepare a compromise approach. Opposition member Ruslan Knyazevych of the Our Ukraine–People's Self-Defense faction served as the panel's chairman. The resulting draft mostly reflected the government's goals, but it was finally adopted by the parliament on 17 November. Of the 366 lawmakers who voted for the measure, about 100 were opposition representatives. Other opposition members criticized their colleagues for endorsing a bill that was generally in line with the ruling party's vision.¹⁴ The course and outcome of the year's debate added to doubts about whether the 2012 elections would adhere to democratic standards.¹⁵

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.75	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75

There was no significant new state pressure on Ukraine's relatively robust civil society sector in 2011, though NGOs lacked the capacity to effectively resist the year's

antidemocratic trend. The sector's most important achievement was the adoption in January of a law on access to public information,¹⁶ which removed administrative barriers and established proper procedures for obtaining public documents. The legislation represented a positive example of cooperation among the government, the opposition, and civil society organizations. In May President Yanukovich signed two decrees governing implementation of the law, which numerous NGOs have pledged to monitor.

According to official statistics, the number of registered NGOs reached 70,000 in 2011, but a January 2011 report by the Justice Ministry found that about 65 percent of those were not active.¹⁷ The Counterpart Creative Center has offered an even more pessimistic estimate, arguing that only four to five thousand NGOs can be considered active, with experience in implementing projects. Most functioning NGOs are concentrated in the cities of Kyiv and Lviv, followed by Zaporizhya, Dnipropetrovsk, and Odessa.¹⁸

Specific civic initiatives during the year sought to combat negative elements of a new tax code that affected small businesses, and defend social benefits—for instance reimbursements for Chernobyl veterans—from attempts to diminish or cancel them. Despite their rather narrow social agendas, these civic mobilizations carry the potential to expand into broader movements. The government consequently looks on them with suspicion, and has in some cases attempted to suppress them. For example, several protesters spent up to four months in detention after being accused of damaging public property during November 2010 rallies against tax code in Kyiv. Another high-profile incident centered on the death of Chernobyl veteran Mykola Konoplyov during the 27 November 2011 demolition by police of a tent camp erected by protesters in Donetsk. Civil society observers viewed these cases as attempts by the authorities to intimidate potential participants in any future antigovernment protests. In another negative development, the Justice Ministry's State Registration Service in September refused to register the radical women's movement Femen, arguing that it could "disrupt social order."

In most cases the government continued to engage in dialogue with civil society in the established formats. Hundreds of civic councils were established at different levels of government in accordance with a new regulation (No. 996) adopted by the cabinet in late 2010. The councils consisted of more than 9,000 people; among those attached to central government agencies, 39 percent of the members represented NGOs, 32 percent trade unions and business associations, and 7 percent charity organizations.¹⁹

The efficiency of new councils was not obvious, and some played a largely decorative role. NGOs have reported an "imitation" of public participation, in which the government simply declares its will to engage with civil society, but does so mostly in a selective way. A variety of scandals emerged during the civic councils' formation in the Interior Ministry, the Foreign Ministry, the Kyiv city administration, the Land Resources Agency, and other bodies.²⁰ For example, the civic council at the Foreign Ministry was taken over by a group of religious activists, which effectively paralyzed its activity until a new leadership was elected

in September. The Interior Ministry limited the number of NGOs participating in its council by not registering many applicants. Some civic activists, for their part, attempted to join as many councils as possible, regardless of their professional profiles. Also during the year, NGOs launched a partnership network to monitor the civic councils' activities.²¹

The development of a proper legal framework for civil society organizations remains a challenge. According to experts writing for the Organization for Security and Cooperation in Europe (OSCE), the following legal shortcomings restrict NGO activity in Ukraine: a prohibition on the establishment of organizations by legal entities, as opposed to physical persons; a rule requiring organizations to have at least 40 founders and branches in most of the country's *oblasts* (regions) in order to function nationwide; limits on the right of an organization to represent its members in court; a ban on the use of an organization's name by physical and legal persons who do not belong to the organization, and for aims not related to that of the organization; a long and complex registration process; the closed and classified nature of the State Register of NGOs and Charities; and restrictions on direct commercial activity by NGOs, even for cost recovery.²²

There was some progress during 2011 on NGO legislation. A draft law on civil society organizations (No. 7262-1) that had been stuck in the parliament for several years was advanced in a first reading. If finally adopted, the law would provide more space for nonprofit activity, liberalizing the registration of new NGOs, removing some artificial administrative barriers, and addressing most of the negative issues listed above. As of the end of the year it was not clear whether the ruling majority was prepared to pass the bill. To lobby for the legislation, Ukrainian NGOs established a joint website and continued collective efforts to prevent any further delay or inappropriate amendments prior to the second reading.

Charitable activities have steadily grown in recent years, and the largest charity organizations have cooperated to support draft legislation that would decrease taxation of recipients of charitable donations.

A variety of new public campaigns emerged late in 2011 to advance causes like Ukraine's European integration (We Are Europeans) and a fair election process (*Chesno*, or Honestly).²³ We Are Europeans originated on the social-networking website Facebook but went on to organize actual demonstrations, illustrating the growing role internet platforms have played in civil society development. Meanwhile, the New Citizen partnership remained a conduit for joint NGO activity in favor of government transparency and accountability.

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.50	4.75	3.75	3.75	3.50	3.50	3.50	3.50	4.00

The constitution and legal framework generally provide for media freedom, but respect for these fairly progressive laws has diminished in recent years. The country's

politicized state media remain unreformed and continue to serve the interests of senior politicians and the state bureaucracy. While the private media sector is competitive and largely pluralistic at the national level, it has faced increasing political pressure.

Most of the nationwide television channels now prefer to avoid providing airtime to critics of the government on an equal basis. The share of biased political coverage increased in 2011, though some channels chose instead to “depoliticize” their news broadcasting, focusing more on nonpolitical news and commentary. Self-censorship is a visible phenomenon on the national channels. There are some informal taboos, such as scrutiny of the presidential family’s business activities, or of the president’s huge private residence, “Mezhyhirya,” which was privatized and constructed in nontransparent manner. According to the media watchdog Telekritika, among the most biased television channels are state-owned First National and privately owned ICTV and Inter, whereas Novy Kanal and STB, both privately owned, provide the least biased political coverage of all the channels monitored.²⁴ Inter, the country’s leading television network, is owned by Valeriy Khoroshkovskyyi, the head of the SBU, illustrating Ukraine’s lack of policies or regulations barring such conflicts of interest.

There are growing indications that presidential advisers are influencing the manner in which certain policy issues are presented on Inter and First National, as well as the participants who are allowed on the stations’ live political talk shows. Media analysts have described an erosion in the quality of these shows and the wider use of manipulative methods by their directors and presenters.²⁵

There were some signs of direct pressure on media outlets at the regional level in 2011. In August and September, three independent television broadcasters in Kharkiv—ATN, Fora, and A/TVK—were removed from the air, ostensibly due to questionable disputes with other businesses and a state hygiene department. According to the Kharkiv Human Rights Protection Group, these stations “were among the few local media outlets which provided alternative and critical assessment of the Kharkiv authorities’ activities.”²⁶ Journalists and civic activists protested against the closures, accusing local authorities of using administrative pressure. Kharkiv mayor Gennadiy Kernes, a member of the Party of Regions, rejected those allegations, insisting that the underlying business problems were being handled by the courts.²⁷ Fora resumed broadcasting in November, but under new management and with content that was less likely to displease local authorities.

Media monitors continue to warn against a practice whereby many media employees are paid large parts of their salary under the table, leaving them vulnerable to arbitrary reductions for commercial reasons or as punishment for politically sensitive reporting.²⁸

In some cases, journalists have faced physical violence. In Mykolaiv on 16 October, reporter Oleksandr Vlashchenko of the newspaper *Nashe Misto* (Our City) survived a shot to the head with an air gun. His suspected attackers were later arrested, and the authorities characterized the crime as a robbery, though colleagues and press freedom advocates had suggested a possible connection to his reporting

on corruption and organized crime. Also on 16 October, Odessa journalist Vera Gruzova was assaulted by a blogger with whom she had clashed on the internet.

The 2010 disappearance of Vasyl Klymentyev, a journalist from Kharkiv, remained unsolved in 2011. Meanwhile, the politically fraught case surrounding the 2000 murder of journalist Heorhiy Gongadze continued to make its way through the courts during the year. The trial of the main suspect, a former Interior Ministry official, began in July, but was closed to the public. He reportedly implicated former president Leonid Kuchma and current parliament speaker Volodymyr Lytvyn in his testimony, but charges against Kuchma, who had long been suspected of ordering the killing, were dropped in December on the grounds that crucial audio recordings were obtained illegally. An appeal was pending at year's end.

Regulatory mechanisms are subject to political influence. For example, a distribution of digital broadcasting frequencies in 2011 appeared to favor media owners with connections to the government.

On 14 October, a draft law on the "protection of public morals" passed a first reading in the parliament. It would establish a regulatory body with the power to close any print, broadcast, or online media outlet for violations such as the promotion of "war, terrorism, other manifestations of criminal activity," "Ukrainophobia," "humiliation or offense to the nation or personality on national grounds," and "disrespect for national and religious shrines." Ukrainian media, the journalists' union, and international press freedom NGOs opposed the bill, saying it contained serious flaws and vaguely worded provisions.²⁹

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	5.25	5.25	5.25	5.25	5.25	5.25	5.50	5.50

Ukraine has four tiers of subnational administrative divisions: the Autonomous Republic of Crimea and oblasts (including two cities with oblast status, Kyiv and Sevastopol); *raions* and cities with raion status; cities; and villages and townships. Each *raion* is divided into a number of village councils. Ukraine has 24 oblasts (plus Crimea), 490 raions, 118 city raions, 459 cities, 886 urban settlements, 1,321 townships, and 28,480 rural populated localities.

Unlike in previous years, there were no nationwide election campaigns on the local level in 2011, nor any concrete attempts to reform the local governance system. Instead, the year featured a consolidation of power by the ruling party.

The key problems hindering the development of local self-government include the following: absence of strict delimitation of powers of different self-governing entities; vagueness of the criteria and procedures for establishing various territorial units; extreme fragmentation of lower-level administrative units; absence of an adequate financial basis for local government budgets; unfair and inefficient accumulation of funds by the central government; and poor staffing of local self-government bodies.

In addition to these well-known problems, the problem of politicized appointment of local executives reappeared in 2011. Oblast governors, who are appointed and dismissed by the president after submission of candidates by the cabinet, are expected to ensure the political loyalty of their regions. All lower posts in local government are similarly given to supporters of the ruling party, regardless of their professional qualities. On 2 November 2011, the president dismissed Lviv oblast governor Mykola Tymbalyuk.³⁰ No explanation was given, but it is widely believed that he was fired at least in part for losing political control of his region.³¹

Every new national government has attempted to reform the local self-government law since it was adopted in 1997. In 2010, the Azarov cabinet submitted a package of draft laws on the subject, but they were not passed in 2011. Yanukovych announced in June that Ukraine was “heading to a deep reform of local self-government. A concept and a practical plan of development and encouragement of local self-government are being prepared.”³² He reiterated his call in November,³³ but no further action followed.

The local governance system was instead affected by a so-called administrative reform,³⁴ which included plans to reduce the size of the bureaucracy by a third at the central level, and by half at the local level.³⁵ By the end of the year, central government staffing had been reduced by 17 percent, but a final decision on the local reductions had not yet been taken.³⁶

The violation of the electoral will of Kyiv citizens continued in 2011. The president had removed the elected mayor, Leonid Chernovetskyi, as head of the city administration in November 2010, and appointed Oleksandr Popov, a member of the Party of Regions, to perform his duties. Chernovetskyi retained the title of mayor, but the city was actually governed by an unelected official, contradicting the constitutional principle of elected local self-government.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.75	4.25	4.25	4.50	4.75	5.00	5.00	5.50	6.00

The year 2011 featured the use of the law enforcement system for the persecution of the political opposition, the elimination of the judiciary’s remaining independence, and an ever-growing role for the SBU in civic life. These processes began under former president Viktor Yushchenko, but Yanukovych went further, actually putting the judicial system into the service of the executive branch.

On 24 May 2011, the prosecutor general’s office charged former prime minister Tymoshenko with abuse of power or official standing that involved grave consequences, under Article 365 of the criminal code. The charge pertained to her approval of an agreement on Russian gas delivery to Ukraine in January 2009. According to the prosecution, her actions inflicted grave damage to the national interest, including financial losses of about US\$180 million. On 11 October, she

was sentenced to seven years in prison, plus a three-year ban from political office and reimbursement of the financial damages. Tymoshenko's appeal of the verdict was rejected on 23 December, and the final sentence was officially pronounced on 29 December. The next day, Tymoshenko was transferred to a penal colony in Kharkiv oblast.

Several features of the trial raised doubts about its lawfulness. The defense argued that the prosecution failed to produce sufficient information to prove malicious intent and personal benefit behind Tymoshenko's actions, which was required for conviction, and did not prove her actual abuse of power.³⁷ Defense lawyers also claimed that the verdict was prepared not by the court, but by the presidential administration, and was made possible by an outdated criminal code that had not been amended since Soviet times. Leaders of the EU assessed the Tymoshenko trial as a case of "selective justice."³⁸ The defense repeatedly stated its intention to seek justice in international bodies after exhausting all appeals at the national level.

Efforts to complete the subjugation of the judiciary in 2011 focused on the Supreme Court of Ukraine. A 2010 judicial reform had already removed many of the Supreme Court's powers, but in 2011 the authorities sought the dismissal of the court's chairman, Vasyl Onopenko, who was close to Tymoshenko and had opposed the current government's actions. He faced pressure during the year, including criminal cases against his family members and a failed no-confidence vote by his colleagues, and ultimately decided not to seek a new term after his chairmanship expired on 29 September. He consequently lost his seat on the High Council of Justice on 18 October. Two days later, the parliament adopted legislation that restored powers of the Supreme Court that had been taken away in 2010, during the peak of the government's conflict with Onopenko. His successor, Petro Pylypchuk, was considered an appointee of the presidential administration.³⁹

The SBU increased its influence in domestic politics and civic life in a number of ways in 2011, including by taking an active role in the Tymoshenko case. It initiated several criminal investigations against her, parallel to the gas-related charges at the center of her trial. Separately, in December the parliament authorized the SBU to create a department of information security, and broadened its powers to investigate actions that fall under the criminal category of "mass riots."

International and independent Ukrainian experts have concurred in their negative assessments of the quality of the judiciary and law enforcement in Ukraine. For example, Transparency International, in its 2011 National Integrity System Assessment for Ukraine, stated that the "independence of the judiciary is not sufficiently guaranteed in Ukraine neither in law nor in practice," and that "law enforcement agencies in Ukraine are ineffective and weak institutions in law and practice."⁴⁰ The chairman of the board of the Ukrainian Helsinki Human Rights Union has pointed out that over 70 percent of court rulings in civil cases in the country are not executed.⁴¹

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	6.00

International surveys suggest that the corruption rate in Ukraine remains high. Ukraine was ranked 152 out of 183 countries surveyed in Transparency International's 2011 Corruption Perceptions Index.⁴² According to other analyses, citizens' perception of the spread of corruption in 2011 remained almost the same as two years earlier. While the practice of corruption has not broadened, it increased in its intensity, primarily due to the growth in the number of government bodies where citizens are confronted with open extortion by bureaucrats.⁴³ As before, Ukrainians attribute the problem to abuse of power by officials, the lack of proper government controls, the absence of the political will to reduce corruption, and confusing legislation. The authors of Transparency International's 2011 National Integrity System Assessment of Ukraine suggested that corruption is "a systematic problem existing across the board and at all levels of public administration."⁴⁴ Ukrainian citizens generally agree with the conclusions of international agencies. A national poll conducted in August 2011 found that over 70 percent of Ukrainians believed corruption had grown worse during the period of independence.⁴⁵ According to another poll conducted in March and April, more than 80 percent of Ukrainians felt that the level of corruption in Ukraine had not decreased over the previous two years.⁴⁶

In December 2010, the parliament cancelled three 2009 anticorruption laws that had been drafted with assistance from the Council of Europe's Group of States against Corruption (GRECO). To replace them, the parliament enacted a new law, submitted by the president, on 15 March 2011, without incorporating amendments proposed by the opposition.⁴⁷ The legislation took effect on 1 July. It was criticized both at home and abroad, partly because it failed to include obligatory declarations of expenditures by public officials or obligatory declarations of property, incomes, and expenses by their relatives.

The largest embezzlements in the country are associated with state procurement contracts.⁴⁸ A law on procurement endorsed by international and European institutions was adopted in August 2010, but on 17 May 2011, the parliament amended it despite strong objections from the opposition and NGOs. The World Bank and European Commission appealed to the president and cabinet to veto the new measure. Ukrainian NGOs especially criticized a provision stipulating that purchases by state enterprises would be regulated not by the law, but by cabinet decrees. The amendments also allowed procurements without tenders if the contract is going to a state enterprise or a public-private partnership with a state share of more than 50 percent, effectively exempting the lion's share of state procurements.⁴⁹ Although the president vetoed the legislation in June, a new version passed by the parliament in early July, with amendments proposed by the president, retained most of the criticized provisions and also excluded procurements by the Agrarian Fund from the law's restrictions. Yanukovich signed the measure on 28 July. By the

end of the year, the Accounts Chamber of Ukraine declared that state procurement had withdrawn into the shadows.⁵⁰ Experts said the new situation amounted to a “return to the jungle.”⁵¹

The Government Commissioner and the Bureau for Anticorruption Policy, two institutions that previously coordinated the development and implementation of anticorruption legislation, and whose creation was associated with Ukraine’s fulfillment of its obligations to the Council of Europe, were abandoned. On 1 September 2011, Yanukovich repeated his attempt to create a National Anticorruption Committee as a consultative-advisory body under the president. He had already created such a committee in February 2010. Experts argued that the new panel would not be able to make up for the absence of the previous bodies, as it was largely seen as a superficial device to support the president’s initiatives.⁵²

At a 24 May meeting, GRECO noted Ukraine’s failure to establish legislative support for the fight against corruption and its nonconformity with European anticorruption standards in 13 domains.⁵³ Ukraine became the first participant in the European Anticorruption Initiative for which experts downgraded the degree of fulfillment of three GRECO recommendations.

The number of “raids,” or legally dubious takeovers, of foreign companies in Ukraine increased during 2011. Moreover, according to some reports, the biggest foreign investors could not legitimately accrue and document a value-added tax refund without paying a bribe in the amount of 20 to 50 percent of the accrued sum.⁵⁴ According to representatives of European businesses in Ukraine, “all-embracing” corruption and the personal interests of officials are the main reasons for the drop in the attractiveness of the Ukrainian economy for investors.⁵⁵

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Uzbekistan

by Bruce Pannier

Capital: Tashkent
Population: 28.2 million
GNI/capita, PPP: US\$3,110

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00	7.00	7.00
Civil Society	6.50	6.50	6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Independent Media	6.75	6.75	6.75	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Governance*	6.25	6.25	n/a							
National Democratic Governance	n/a	n/a	6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Local Democratic Governance	n/a	n/a	6.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Judicial Framework and Independence	6.50	6.50	6.25	6.75	6.75	6.75	7.00	7.00	7.00	7.00
Corruption	6.00	6.00	6.00	6.50	6.50	6.50	6.50	6.75	6.75	6.75
Democracy Score	6.46	6.46	6.43	6.82	6.82	6.86	6.89	6.93	6.93	6.93

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Since 1991, President Islam Karimov has exercised authority over all aspects of Uzbekistan's governance and much of its public life. The executive branch of government dominates the legislative and judiciary bodies, whose sole purpose is to carry out the will of the president. International criticism of the regime's rights abuses has been muted in recent years, owing to Tashkent's role in supporting Western nations' efforts in Afghanistan. In public statements, former critics now balance condemnation with appreciation, which has effectively relieved pressure on the regime to improve its rights record.

Backed by a formidable Interior Ministry and security forces, Karimov has eliminated nearly all civil society groups that do not embrace state policies. The closure of Human Rights Watch's Tashkent office in June 2011 marked the departure of the last international rights organization from Uzbekistan. Likewise, there are nearly no independent print or broadcast media inside the country. The Uzbek government increased its efforts to control the flow of information online, blocking dozens of new websites in 2011. As the Arab Spring unfolded, Uzbek authorities also moved to restrict mobile phone use and requested internet operators to broadly follow user activities on social network sites.

Long-held suspicions about the systemic nature of corruption in Uzbekistan were supported by the whistleblower website WikiLeaks release of U.S. diplomatic cables in late 2010 and early 2011, which indicated deal-brokering between Uzbek officials and organized crime figures.

National Democratic Governance. In 2011, the Karimov regime neither eased the tight restrictions that have been in place for years, nor introduced any meaningful democratic reforms, despite pledges for change. President Karimov's regime continued its intolerance of opposition and offered no new meaningful opportunities for citizens to participate in the political process. *Therefore, Uzbekistan's rating for national democratic governance remains at 7.00.*

Electoral Process. The electorate in Uzbekistan continued to have little say in choosing government representatives. The only changes made to the constitution were procedural, concerning the selection process for prime ministers and the president's replacement should he become unfit to carry out his duties. Presidential term limits were reduced back to five years, but there is no indication that this change will affect the status quo in electoral process. *Uzbekistan's rating in this category remains at 7.00.*

Civil Society. As in previous years, only a few rights groups were permitted to carry out limited activities in Uzbekistan. Most civil society organizations and religious

groups (other than state-approved Islamic or Russian Orthodox groups) are either denied registration or face harassment, ranging from administrative fines to more serious criminal charges and even physical attacks against members. Meanwhile, Uzbek authorities sponsor counter groups and organizations that promote the government's ideas and values. *Uzbekistan's rating for civil society remains at 7.00.*

Independent Media. Uzbek authorities nearly eradicated independent media in Uzbekistan years ago. A small number of independent Uzbek journalists remain, but those who report on sensitive issues without official approval face significant harassment. The example of Elena Bondar, who was detained and threatened with jail time for merely attending an Organization for Security and Cooperation in Europe–sponsored training seminar in 2011, was a reminder that the government still demands full control over media in Uzbekistan. *Therefore, Uzbekistan's rating for independent media remains at 7.00.*

Local Democratic Governance. Officials at the regional, municipal, and other local levels are chosen by the central government, without input from Uzbek citizens. The loyalty of these officials is to the state and their task is to maintain order. In October, local town council leaders helped stop a “Mass Complaint” protest in Karshi, demonstrating once again that local government serves its own interests over the rights of its constituents. *Uzbekistan's rating for local democratic governance remains at 6.75.*

Judicial Framework and Independence. The judiciary of Uzbekistan is entirely subordinate to the executive branch, existing solely to legitimize the decisions of the central government. Reports of arbitrary detentions, beatings, and torture in holding facilities and jails continued in 2011. Courts routinely ignore claims from visibly abused defendants that they were coerced into making confessions. Groups or individuals targeted by the authorities have virtually no opportunity to prove their innocence in Uzbekistan's courts. The judiciary has been instrumental in shutting down the offices of foreign-based organizations in Uzbekistan, the last of which—Human Rights Watch—closed in June 2011 with little deliberation in the Supreme Court and no official explanation. *Uzbekistan's rating for judicial framework and independence remains at 7.00.*

Corruption. Leaked diplomatic cables from the WikiLeaks website confirmed long-held suspicions of connections between the regime and key figures in organized crime. Toward the end of the year a number of local and ministry officials were dismissed for corruption, but no steps were taken to tighten or introduce legislation aimed at addressing the issue systematically. *Uzbekistan's rating for corruption remains at 6.75.*

Outlook for 2012. The government's human rights record will likely remain poor as Uzbekistan's geopolitical significance continues to play in Tashkent's

favor. Deteriorating relations between the United States–led North Atlantic Treaty Organization (NATO) coalition and the Pakistani government have made NATO forces operating in Afghanistan almost entirely dependent on supply lines running through Central Asia, the bulk of which pass through Uzbekistan, the last secure country before Afghanistan. Uzbek authorities are keenly aware of this dependence and have used it to mute Western criticism of Uzbekistan’s internal affairs. As a result, Uzbek opposition groups can expect little meaningful support from foreign governments invested in the war in Afghanistan.

Meanwhile, a regime change seems unlikely in the near future as President Karimov neither shows signs of relinquishing power when his term expires in 2014 nor is he taking steps to reverse 20 years of authoritarian rule. As long as Karimov remains healthy enough to lead Uzbekistan, there is no reason to expect that the country will move toward a democratic system

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00

During the country's first years of independence, President Islam Karimov—an economist by training—vowed Uzbekistan would undergo economic reform, followed by political reform. In the more than two decades of his rule, however, the president has demonstrated a commitment to neither.

Uzbekistan's constitution enshrines the freedom of speech, religion, assembly, and participation in politics. In practice, the constitution is routinely ignored when it conflicts with government policy. The executive branch of government dominates both the legislative and judicial branches. As a result, parliament does little more than serve as a rubber stamp to the president's will. Likewise, the court system functions as a mechanism for silencing the president's opponents. Citizens occasionally lodge complaints and appeals, but authorities usually regard these as provocation against the regime, and the court system typically acts to defend the interests of the state, rather than the citizen.

The country's Interior Ministry and National Security Service keep a watchful eye over the population and strike quickly to suppress potential enemies, a practice Uzbek authorities justify as necessary to maintain the country's stability. Although Uzbekistan has the largest standing army in Central Asia, Uzbek authorities devote more financial resources and attention to internal security forces, perceiving threats from within the country as a greater challenge to security than those from abroad.

Citizens' electoral rights are limited, with only two opportunities to cast ballots: in elections for the president and the lower house of parliament. In these elections, only the four officially registered, pro-presidential parties—which even President Karimov regards as practically indistinguishable from one another—can nominate candidates, leaving voters with virtually no genuine choice in either case. While the government boasts respect for citizens' rights to participate in the political process, ordinary citizens are not able to register a political party or even a social organization without explicit government approval, effectively eliminating alternative political views. Independent candidates are not permitted to run in elections, and under a law passed in late 2008, no civil society group can nominate candidates. A lack of political alternatives has generated apathy on the part of voters, although official figures regularly claim that voter turnout is more than 90 percent.

President Karimov is the central figure of the government and the general public has little knowledge about the deputies representing them in parliament. The question of who will succeed the 73-year-old president remains up in the air. Under changes that came into effect in April 2011, the prime minister no longer

takes over if Karimov were to suddenly become unable to carry out his duties as president. Next in line is the chairman of the senate, Ilgizar Sobirov, who is virtually unknown to the public and, therefore, an extremely unlikely successor.

President Karimov has touted Uzbekistan's economic success, especially during the recent global economic crisis, in order to boost the regime's image domestically and abroad. After an economic assessment mission to Uzbekistan in November 2011, the International Monetary Fund (IMF) concluded that the country had weathered the financial crisis well due to robust growth beginning in the mid-2000s. Over the last five years, Uzbekistan's gross domestic product (GDP) has grown an average of 8.5 percent annually, which is higher than the average growth for Central Asia.¹ The Uzbek government published these and other similar statistics in state-run media in an effort to showcase Uzbekistan's economic prosperity in comparison to many other countries in the world and discredit dissatisfaction with the regime.

The government replaces civic education with moral instruction, resembling propaganda, which glorifies the image of the regime and dictates what it believes is the right behavior for its citizens. Uzbek authorities perceive Western democratic as well as conservative Islamic values as deeply threatening, and state media warn about the danger of their influence on Uzbek culture.

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00	7.00	7.00

Popular elections in Uzbekistan are only held for the office of the president and the lower house of parliament (*Oliy Majlis*). The next, lower house elections, are scheduled for 2014. The law permits only the four registered, regime-loyal political parties—the Adolat Social Democratic Party, Milli Tiklanish (National Revival) Party, Democratic Party of Uzbekistan, and Liberal Democratic Party—to nominate candidates in elections. President Karimov does not face another election until 2014, having won an unconstitutional third term in 2007. A law passed in December 2011 shortened the presidential term to five years, reversing the result of a 2002 national referendum that had extended it to seven years. However, since the regime made no steps to move toward a more democratic system, there is no indication that this change will affect the status quo in electoral process.

In 2011, parliament adopted changes, initiated by President Karimov, giving the political party with the most seats in the lower house of parliament the right to nominate a prime minister, who must then be approved by the president. If two parties have the same number of seats, they jointly nominate a candidate. Since April 2011, the prime minister is no longer the president's automatic successor, therefore the significance of his role has somewhat diminished.

Elections in Uzbekistan are carefully orchestrated events that offer little in the way of genuine electoral choice. Since independence in late 1991, no elections have been judged free and fair by the Organization for Security and Cooperation

in Europe (OSCE). The OSCE's final report on Uzbekistan's last parliamentary election in 2009 noted that the organization "has never deployed a full-fledged election observation mission to Uzbekistan due to a lack of minimum conditions for democratic elections."²

In the absence of any genuine alternative party or movement, voters are left to choose from among the four registered political parties, which consistently support the president's policies and hesitate to act without clear approval from Karimov. None of the country's political parties claim more than 500,000 members.³ In the late 1990s, the People's Democratic Party (PDP) claimed to have more, but its membership declined after the 2000 presidential elections, when the PDP candidate announced he himself was voting for Karimov.

Currently, there are no genuine opposition parties registered in Uzbekistan. While opposition parties, including the Birlik movement and Erk Democratic Party, have applied for registration in the past, requests are routinely denied or simply ignored. Opposition political activity is discouraged, and those engaging in it suffer harassment. Most of Birlik and Erk leadership were forced to flee Uzbekistan in the mid-1990s due to attacks and repressive measures brought on by the regime. A failed initiative by opposition groups to register an independent candidate during the last presidential campaign in 2007 led to a change in election laws in late 2008, clarifying that only registered parties can put forward candidates in elections. During the 2009 parliamentary elections, the opposition made no attempt to register candidates.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.50	6.50	6.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00

Backed by a formidable Interior Ministry and security forces, Karimov has eliminated nearly all civil society groups that do not embrace state policies. Criticism of local officials, judges, and law enforcement representatives is rarely permitted and abuse of office accusations against top officials are not tolerated. Only a few small independent rights organizations—Ezgulik (Virtue), the Human Rights Society of Uzbekistan (HRSU), the Expert Working Group (composed of members of Ezgulik and the HRSU), the Initiative Group of Independent Rights Defenders of Uzbekistan, and the Rapid Reaction Group—have been allowed to operate, but government pressure confines their activities to monitoring the plight of the individual citizen rather than confronting broader rights issues.

There are also groups that at first glance appear independent but were either created or are sponsored by Uzbek authorities. The most visible of these is the Ecological Movement of Uzbekistan. Created in August 2008, the movement is an organization in which "both citizens and nongovernmental noncommercial organizations can be the participants."⁴ The movement is "called to unite the citizens of the country supporting ideas and wishing to participate actively in protection of

the environment and health of the person," and it is also automatically given 15 seats in the lower house of parliament. Another state-sponsored social organization is the Kamolot Public Movement of Youth of Uzbekistan, an Uzbek version of the Soviet Komsomol that has been around for about a decade.

The handful of genuinely independent civil society groups in Uzbekistan regularly face criminal prosecution for exposing sensitive information. In March, Ezgulik faced a defamation suit for a September 2007 report on the suicide of 31-year-old folk singer Dilnura Kadyrjanova, who police said hanged herself in her apartment.⁵ Ezgulik published claims from Kadyrjanova's mother that the singer had been involved in an illicit affair with a senior police officer, who was also the brother of the interior minister. In the report, Kadyrjanova's mother asserted the officer's jealous wife and son had actually killed her.

Individual activists also face harassment for pursuing activities that criticize regime policies. Veteran rights activist Elena Uralyeva was detained twice in 2011: once in August in Namangan for showing support for three local journalists she claimed had been unjustly charged with extortion,⁶ and again in October near Tashkent for attempting to expose child labor violations by filming an empty elementary school whose students were out picking cotton.⁷ In the past, Uzbek authorities have forcibly committed Uralyeva to psychiatric hospitals for engaging in antigovernment activities.⁸

In July, well-known human rights defender Tatyana Dovlatova was fined 10 million sums (US\$4,000) for making a statement on the Russian television channel Rossiya 1 about the plight of the elderly living on very small pensions in Uzbekistan.⁹ In August, police searched her home and detained her son on suspicion of selling heroin.¹⁰ Dovlatova claimed the charges of selling narcotics were fabricated and were retaliation for her rights work. Her request to represent her son in court was denied.¹¹ In October, Dovlatova was fined for hooliganism and a court ordered her apartment and its belongings appraised (in order, Dovlatova believed, that they could be sold if she could not pay her fine). On 23 December, Dovlatova's son was convicted of narcotics possession and sentenced to nine years in jail.¹²

International pressure caused the regime to release a few activists in 2011. President Karimov's nephew, Jamshid Karimov, was ordered to undergo six months of psychiatric treatment in September 2006 presumably for his human rights activism and independent journalism, but remained in treatment until he was finally freed in November 2011. Bakhtiyor Hamrayev, a member of the Human Rights Society of Uzbekistan, believes that Jamshid was released as a result of Secretary of State Hillary Clinton's visit to Tashkent in October.¹³ The head of the Samarkand region branch of the HRSU, Norboy Holjigitov, was arrested in October 2005 in connection with the crackdown on human rights activists that followed the Andijan massacre in May 2005 and sentenced to 10 years' imprisonment. Holjigitov was released in October 2011 after numerous international appeals citing his deteriorating health condition.¹⁴

The Uzbek government is greatly concerned by the activities of religious groups. Islam is allowed and encouraged for the majority-Muslim population,

but only at state-approved mosques led by regime-backed clerics. In an effort to suppress religious extremism, the government has introduced restrictions on mosque attendance by minors. Uzbek courts mete out their harshest punishments to those convicted of membership in banned Islamic groups and these inmates serve their sentences in the worst of Uzbekistan's prisons. *Mahallas*, or neighborhood councils, are tasked by central authorities with watching the activities of mosques and monitoring suspicious activity.

Although the constitution guarantees freedom of religion, the government only tolerates attendance at state-registered mosques and Russian Orthodox churches. Most frequently Uzbek authorities target Islamic sects, which it considers suspicious, such as the Nurchilar, which originated in Turkey, or Hizb ut-Tahrir, which originated among Palestinian refugees in the early 1950s. The country's security forces have tenaciously hunted members of "suspicious" groups even if there is no credible evidence that members committed acts of violence. Rights organizations claim that in the pursuit of Islamic extremists, many innocent Muslims have been falsely arrested and imprisoned.¹⁵

Russian Orthodox Christianity is accepted due its long presence in Central Asia and the still sizeable Slavic population living in Uzbekistan. Other Christian groups, however—the majority of which received official registration in the 1990s—face regular obstacles and harassment. In February, the Bible Society of Uzbekistan, an interdenominational Christian organization, was fined for failing to inform the state's Religious Affairs Committee in advance about a shipment of bibles from Russia. The committee ordered the organization to pay for returning the approximately 15,000 books to Russia.¹⁶ Authorities often deny Christian groups permission to use structures other than official Russian Orthodox churches as houses of worship, and have been known to break up and fine simple social gatherings, which it believes are illegal religious services. In February, three members of the Full Gospel Pentecostal Church were detained for 15 days and ten church members were fined for holding an illegal religious meeting, which the group claimed was actually a birthday party.¹⁷

The office of the human rights ombudsman lacks independence from the executive branch, failing to act as an advocate for human rights groups. Uzbekistan's ombudsman Sayora Rashidova, told parliament in February 2011 that she had handled 10,619 citizen appeals in 2010, providing no explanation of the nature of these appeals or their outcomes. In reality, there have been no substantiated reports of Rashidova intervening on behalf of citizens or speaking out against abusive state policies since parliament elected her in 1995. Rashidova issued no statement against the forced closure of Human Rights Watch (HRW) in Tashkent in June 2011, despite entreaties by her Kyrgyzstani counterpart to oppose the move.¹⁸ HRW was the last international rights organization left in Uzbekistan.

Uzbekistan's opposition-in-exile continues efforts to rally the population against government oppression, but distance and limited access to the Uzbek public have mitigated its success in encouraging demonstrations in Uzbekistan. In May 2011, representatives of the opposition Erk party, the Andijan–Justice

and Revival organization, and the Tayanch organization jointly established the People's Movement of Uzbekistan (PMU) in Germany. The new movement is led by veteran opposition figure and 1991 presidential candidate, Muhammad Solih, who is arguably the best-known Uzbek opposition figure. The PMU's calls for President Karimov's ouster by "organizing actions of disobedience [and] merging together ever more protests in [its] ranks."¹⁹ However, no protests were reportedly organized by the PMU in 2011. Bahodir Choriyev, the U.S.-based leader-in-exile of another opposition group, Birdamlik, attempted to organize "Mass Complaint" demonstrations in Uzbekistan in October in which citizens were invited to submit written complaints about abuses committed by officials, but local authorities prevented the protest.²⁰

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.75	6.75	6.75	7.00	7.00	7.00	7.00	7.00	7.00	7.00

Independent media have been largely eradicated in Uzbekistan, a country of 28 million people. A dwindling number of independent journalists—mostly reporting for foreign media outlets—remain in Tashkent and a small number of independent online forums still have Uzbekistan-based staff. Journalists are systematically harassed and frequently imprisoned on charges ranging from defamation to extortion, forgery, and smuggling. Foreign journalists are routinely denied entry, and unflattering portrayals of Uzbek society can be a criminal offense.

Abdumalik Boboyev, a freelance correspondent for the U.S. government-funded Voice of America news service, was denied an exit visa in early 2011, following a December 2010 conviction for libel and insult.²¹ This prevented Boboyev from starting a year-long program on 1 April as he intended, but he was eventually granted the exit visa in June. In late August, Tashkent airport customs authorities also briefly detained freelance independent journalist Elena Bondar for failing to declare a few USB drives, CDs, and videocassettes upon her arrival from Kyrgyzstan, where she attended an OSCE-sponsored training course. On 5 September the airport customs department warned Bondar that although there was no illegal content, she "should not count on [them] being so lenient next time."²² Authorities presumably intended to use the incident to intimidate other journalists from engaging in independent reporting or attending OSCE-sponsored training seminars.²³

Uzbek authorities placed new restrictions on journalists' contacts with foreign embassies in 2011. The National Association of Electronic Mass Media Information of Uzbekistan (NAEMMIU) ruled in March that chief editors of radio stations must report any proposals from foreign embassies regarding joint projects or trips, or invitations to press conferences to the chairman of NAEMMIU, Abdukhalikov Firdaus, and await his personal response before accepting.²⁴

Authorities also made moves to further restrict the broadcast of foreign media over cable and satellite television. In February, Uzbekistan suspended broadcasting of Russia's TNT and DTV television channels, based on claims from the director of Uzbekistan's cable television that these stations did not have contracts to rebroadcast in Uzbekistan. Some online media speculated that TNT and DTV had been shut down because some of the content of Russian programming was deemed "immoral" by Uzbek authorities.²⁵ After the restriction of popular Russian programming, sales of satellite dishes reportedly skyrocketed in Tashkent.²⁶ While most people undoubtedly invested in satellite television for entertainment programming, it also granted access to coverage of the Arab Spring, which did not appear in Uzbek media.²⁷ The possibility of unrestricted access to foreign media alarmed the Uzbek government, leading the regime to establish a special committee of experts on information and mass communication in August to monitor new media, satellite systems, and foreign TV stations.²⁸ The committee is made up of government apparatchiks and represents a new arm in the government's constantly adapting surveillance system.

The growth of the internet has presented a challenge for Uzbekistan's authorities and their efforts to control the flow of information. The National Security Service actively engages in internet censorship through the blocking of websites it considers undesirable. Since 2005, several news sites, including Fergananeews.com, as well as other sites covering domestic issues have become inaccessible during certain periods.²⁹ In March 2011, Timur Yusupov, chief editor of the online version of the Russian daily *Russkiy Reporter*, claimed that the newspaper's website was blocked in Uzbekistan.³⁰ Yusupov attributed this to articles *Russkiy Reporter* posted about U.S. diplomatic cables on the WikiLeaks website, which pointed to reputed Uzbek crime boss Salim Abduvaliev's ability to "sell" government positions. In August, just before celebrations began to commemorate the 20th anniversary of Uzbekistan's independence, Uzbek authorities blocked dozens of websites known for critical reporting, including the International Women's Rights Project, Deutsche Welle, Radio Free Europe/Radio Liberty, the BBC and Russia's *Nezavisimaya Gazeta* as well as Uznews.net, Uzmtronom.com, Eurasianet.org, and Asia-plus.tj. While no official reason was given for blocking these sites, authorities probably intended to preempt the spreading of government criticism before anniversary celebrations. Ironically, access to these sites was blocked just prior to the internet festival in Tashkent aimed at promoting internet use in Uzbekistan and the national .uz domain suffix.³¹

As the Arab Spring unfolded in early 2011, Uzbek authorities grew wary of the role of SMS and mobile technologies in organizing protests and moved to restrict mobile phone use. In March, the Uzbek Agency for Communication and Information (UzACI) informed all Uzbek cell phone providers that, if requested by the government, they must switch off their systems immediately. The authorities also requested that internet operators broadly follow activities on social network sites.³² In August, Uzbekistan launched the social networking website Muloqot.

uz, an Uzbek version of Facebook. Muluqot.uz, like Cuba's RedSocial Facebook look-alike,³³ will allow the government to extend its surveillance over the flow of information into the social media sphere and limit the influence of global social networking sites.³⁴

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	6.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75

Local officials in provinces, districts, towns, and villages are appointed by the state and chosen based on their loyalty and ability to fulfill demands from the central government in Tashkent. Provincial governors are usually rotated every few years, apparently in order to prevent any single official from remaining in the same position for long enough to gain significant power. Further down the chain of command, officials usually stay longer at their posts, especially in towns and villages.

As the central government has ultimate say in who receives what position and for how long, local officials prioritize Tashkent's demands. This is especially noticeable at cotton harvest time, when local officials reportedly force residents, including children, to work in cotton fields to ensure that government-set production targets are met. Child labor in Uzbekistan's cotton fields is a widely publicized issue, but in 2011 there were reports that doctors, teachers, and even imams were also "urged" by local officials to perform their "patriotic duty" by picking cotton.³⁵ Pressure is high to fulfill the central government's cotton quotas, leading local officials to impose unreasonable demands on their constituents as well as punishments if those demands are unmet. In Yangiyul district (Tashkent province), prosecutor Ziyodullo Yuldashev allegedly demanded that the deputy chief of the local mahalla, Zukhritdin Zakirov, provide 100 people every day to harvest cotton. Zakirov told the Alliance of Rights Defenders of Uzbekistan that when he could only find half that number, Yuldashev came to the village and beat him.³⁶

Mahallas govern towns and cities, the lowest levels of local governance. Mahalla leaders are expected to be aware of everything that goes on in the neighborhood and ensure that state rules are being observed. By reporting suspicious activities to higher authorities, they prevent manifestations of antigovernment sentiment in their neighborhoods. Mahalla leaders helped stop the "Mass Complaint" protest in Karshi on 12–14 October organized by the opposition Birdamlik movement, which called on citizens to carry complaints about local officials to their superiors. According to Birdamlik leader Bahodir Choriyev, protesters in Karshi were surrounded by a ring of police and representatives of the mahallas, who intended to intimidate participants from submitting complaints against local authorities and deny access to the site of the demonstration.³⁷

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.50	6.50	6.25	6.75	6.75	6.75	7.00	7.00	7.00	7.00

Uzbekistan's judiciary functions as a tool of the executive branch, serving the president's interests. Courts imprison or fine the regime's perceived enemies—the greater the perceived threat, the harsher the sentence. Defendants have appeared in court after suffering obvious physical abuse in detention, but the courts provide no redress when the abuse is reported. Likewise, there are cases where witnesses for the state have recanted testimony, undermining the prosecution's case against defendants, yet the courts have ignored the changed evidence.

Since 2005, Uzbekistan's court system has been instrumental in shutting down the offices of foreign-based organizations in Uzbekistan, the last of which—Human Rights Watch—closed in June 2011. The closure was a culmination of years of legal harassment and registration challenges. HRW was finally expelled as the result of Justice Ministry requests in March and June, which the Supreme Court ultimately confirmed after only a few minutes of deliberation. The Uzbek government issued no information about the alleged grounds for the closure and there was no opportunity for appeal.³⁸

Judges are all appointed and, like local officials, owe their positions to the central government, which compromises their independence. The presumption of innocence and right to an attorney are guaranteed by Uzbekistan's constitution, but are routinely overlooked in detention facilities and courtrooms. While the right to appeal exists, in practice, lower court rulings are rarely overturned by higher courts and at best, the appeals process provides an opportunity to reduce one's sentence.

In the aftermath of the May 2005 violence in Andijan—where government troops opened fire on peaceful protesters, killing at least 187—many people were arrested, detained, and tortured. The French-based Association for Human Rights in Central Asia published a report in 2011 detailing the experience of a witness who was brought in for questioning, but was subsequently detained and tortured for three months after the violence. During his interrogation, he did not have an attorney present and after every answer, he reported being “hit with a rubber truncheon in the crotch or stomach. This went on for a very long time.”³⁹

Due process is frequently ignored in police investigations. In October, Salohiddin Tilavov of Samarkand was attacked on the street by a knife-wielding robber. Tilavov and a friend managed to chase the man away, but when he was later found dead, Tilavov automatically became the police's prime suspect. Tilavov was detained and severely beaten by ten policemen, hoping to force out a murder confession. In the meantime, another suspect was apprehended and Tilavov was released.⁴⁰

The judicial system is also used to persecute members of illegal Islamist groups. On 28 May, a court in the eastern city of Namangan sentenced seven men to jail terms ranging from 5 to 10 years after finding them guilty of membership in the

banned Islam Jihadchilar group. Surat Ikramov, head of the Initiative Group of Independent Human Rights Defenders of Uzbekistan, reported that only two of the six defendants had their lawyers present because the trial was announced at the last minute; the group also claimed the suspects were beaten in prison.⁴¹

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
6.00	6.00	6.00	6.50	6.50	6.50	6.50	6.75	6.75	6.75

Anecdotal evidence of corruption in Uzbekistan's large bureaucracy is abundant, implicating high-ranking officials and small business owners alike. Citizens have grown accustomed to paying bribes to lower-level officials for basic government services such as obtaining necessary identification documents or business permits, as well as settling traffic violations, enrolling children in good schools, and buying them good grades.

Corruption cases involving mid to lower-ranking officials (usually caught accepting bribes) come to light every year in Uzbekistan. In 2011, the head of Tashkent's Yunus-Abad district, Kobul Farmonov, and the prosecutor of the Adkarya district near Samarkand were both investigated for accepting bribes in February and May respectively. Farmonov was sacked and reportedly hanged himself in a remand center cell at the end of February, although the Human Rights Alliance of Uzbekistan believes he may have been killed to keep him from revealing the names of cohorts who were high-ranking officials.⁴² In March the former head of the Interior Ministry's investigative department in Jizzakh province was handed a prison sentence for accepting a bribe. In June, a correspondent for *Inson va Qonun* (Man and the Law), the Justice Ministry's newspaper, was also charged with involvement in a bribery scheme.

Although corruption is also widespread among higher ranks, senior level officials are rarely investigated for corruption while still in office. Largescale corruption among top government officials and their associates typically comes under investigation only after falling from power, as in the 2008 case of former parliament speaker Erkin Khalilov.⁴³

The diplomatic cables posted by the whistleblower WikiLeaks website in January confirmed long-held suspicions of connections between the regime and key figures in organized crime. In one cable, U.S. Ambassador to Uzbekistan John Purnell, who left his post in 2007, claims "tenders and government positions can be fairly easily secured by paying the right amount of money to the appropriate individual."⁴⁴ The cable names one of those individuals Salim Abduvaliyev, the current president of Uzbekistan's wrestling association, as one of the "bosses of the criminal world" in Uzbekistan. The cables reveal that Abduvaliyev paid the ministers of finance, interior, justice, and foreign affairs for the right to sell a range of government positions, including *hokims* (regional governors) and police chiefs.⁴⁵ Other cables allege Abduvaliyev was a middleman between foreign investors and

the Uzbek government, submitting applications to Karimov's daughter, Gulnora Karimova, for approval, and accepting a fee for selecting the winners of Uzbek government tenders.⁴⁶

In May 2011, the U.S. Department of Justice found the Tenaris company, maker of steel pipes and equipment for the oil industry, guilty of bribing officials of OJSC Uztashqineftgaz, an Uzbek state-controlled oil and gas production company, for the receipt of tenders in 2006 and 2007.⁴⁷ Despite the U.S. government's ruling against Tenaris, the Uzbek government reportedly took no action against officials at Uztashqineftgaz, who were implicated in the corrupt deal.

Like many Central Asian leaders, President Karimov has engaged in unrestrained nepotism, bestowing significant patronage on his daughters, Gulnara and Lola Karimova. Both represent the Uzbek government abroad: Gulnara is Uzbekistan's ambassador to Spain and representative to the UN in Geneva, and Lola is Uzbekistan's United Nations Educational, Scientific, and Cultural Organization's representative in Paris. The Swiss magazine *Bilan* listed the sisters together as, the third richest women in Switzerland, noting a combined fortune estimated at US\$1 billion.⁴⁸ While the origins of their wealth remains murky, the 2010 government takeover of Zeromax, Uzbekistan's largest private conglomerate, is said to have significantly contributed to the personal enrichment of the Karimov family.⁴⁹

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several houses—one reportedly so large it had a lake and a private hunting ground—as well as a number of foreign cars. Within days of his dismissal in January 2008, Khalilov's three-story house in Tashkent was demolished, and an estate outside Tashkent was seized along with several expensive automobiles.

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