

STATE FUNDING IN NORTH MACEDONIA:

MAKING THE SYSTEM FAIRER,
STRONGER, AND MORE
TRANSPARENT



POLICY DOCUMENT

1. BACKGROUND

This product is prepared within the Project "Money, Media, and Elections in North Macedonia" funded by the UK Government with the support of the British Embassy Skopje. The content of this publication does not necessarily reflect the position or the opinions of the UK Government

Skopje, 2025

1. BACKGROUND

Money is essential to the smooth running of any democratic system. It allows campaigners to: a) publicize their goals, b) be visible such that voters can make an informed choice, c) outline a vision of what a good society will look like and d) conduct research to put these ideals into action. Generally speaking, this money can either be provided through private sources (via large or small donations) or – as is common in most European democracies – from the state purse.

North Macedonia has a system in which money is predominantly provided through state subsidies, similar to the European norm. However, this money can either be provided through direct subsidisation, or indirectly through the provision of free advertising space. The benefit of providing money primarily through the state purse is that it is presumed to limit the outsize influence of wealthy individuals and businesses on the political system. On the other hand, critics argue that if improperly disbursed it can be used to benefit larger more established parties, and freeze challenger parties (and marginalised groups) from participating in the political system.

What puts North Macedonia outside of the European norm, is its system of indirect state funding via media, including internet portals. As well as being a comparatively unique arrangement, internet portals play an increasing role in media campaigns. This system was introduced into the Electoral Code in 2019 and has since been used in all three types of elections with minimal changes or improvements, thereby establishing a practice of limited oversight, and potential vulnerabilities to manipulation and misuse.

In the last elections, 251 internet portals registered with the State Election Commission (SEC) to provide paid ads, and information sources offering such advertising.¹ Of these, 150 (60%) were reported to have indeed provided paid ads.² In total, portals absorbed an estimated 811,013 EUR in public funds, accounting for some 20% of total expenditure on paid political ads. These findings underscore the influential role played by parties and portals in shaping public perceptions of the electoral campaign and of the candidates.

¹ See the SEC [list](#) of media outlets that registered for paid ads during the 2024 parliamentary elections.

² [Money for portals in an election campaign - you don't know who writes, but you know who pays](#), Meta.mk, November 2024.

2. PURPOSE AND SCOPE



2. PURPOSE AND SCOPE

This policy document builds on the findings of an in-depth study on paid political advertising during the 2024 parliamentary elections.³ It aims to identify sustainable and realistic, long-term solutions to improve the system of political financing in the country. And, whilst we have focused on the use of indirect state funding through media – inclusive of broadcasters, print media and internet portals – we also address weaknesses in the system more generally. The in-depth study noted three primary problems with the system of campaign financing. These are:

- The **formula** for the disbursement of state funds is not proportional and benefits the larger and more established parties to an outsize degree.
- There is a problem with the **enforceability** of the rules, particularly a lack of oversight over specific elements of electoral activity (namely internet portals).
- The system is **transparent** in theory but not in practice, it is hard to access the data which would better allow for oversight by investigative journalists and interested citizens.

The below analysis expands on the logic surrounding these recommendations, and outlines solutions that will likely require legislative changes. It also makes wider suggestions for reform of the political finance system, as well as incorporating recommendations around gender targeted party funding and funding aimed at improving social inclusion. This is following on from two further policy briefs⁴ which have specifically addressed these issues.

³ See “In depth Analysis of Paid Political Advertising of Internet Portals during the 2025 Parliamentary Elections in North Macedonia” <https://drive.google.com/file/d/1OTlvph5W52OvkWyVifQ0DorqIPR1Mw1e/view>

⁴ Policy document “Bridging the Gender Gap” <https://drive.google.com/file/d/1--bkVXD1YFZtlxTSRfHHeXmO7OIJq7f/view>

Policy document “Towards Inclusive Internet Portals and Election Advertising” https://drive.google.com/file/d/1ZqtDJveVr5WkpSHXSwp7S9uFWx_sHu6o/view

4. ANALYSIS



3. ANALYSIS

3.1 REFORM OF POLITICAL FINANCING AND ONLINE MEDIA PORTALS

At the outset, it needs to be recalled that most of the legal framework regulating traditional media does not apply to internet portals, which currently do not fall under the definition of "media services". However, some laws and obligations do extend to the online domain, including the Electoral Code, which requires all media, including internet portals, to provide fair and balanced election coverage. Indeed, amendments to the Electoral Code in 2021, legislated that the funds paid for parliamentary elections must not exceed two Euros in Macedonian Denar (MKD) per registered voter.

The distribution of these funds for the media campaign during elections is carried out in such a way that up to 45% of them can be used by the two largest ruling parties in parliament, 45% of them can be used by the two largest parties in opposition, up to 7% can be used by the parties that did not win enough MPs to form a parliamentary group, and up to 3% of the funds can be used by the political parties that are not represented in parliament.

In their election observation mission in 2024 the Organisation for Democratic Institutions and Human Rights (ODIHR) stated that the disbursement of state funds favours the four main parliamentary parties and makes it exceedingly difficult for minor parties and independent candidates to campaign on an equal footing, this presents a systematic impediment to the allowing them to voice their policy programs and ideas to the electorate. This is reminiscent of concerns posited by academics that state funding embeds pre-existing inequities into the system, most notably captured in the 'cartel party thesis'. This is the notion that state funding is a manifestation of larger parties colluding – in any manner of ways – to freeze out new party entry into the political system, as the status quo benefits them directly. The concern is that even if this is not the case, a public perception that the system is designed to benefit these parties can be damaging to wider confidence in democracy and electoral integrity. It is therefore essential that state funds – both in terms of direct and indirect state subsidies – do not benefit these larger parties to an outsized degree.

As a part of our larger project monitoring internet portals, we found⁵ certain bias in election coverage. Some online media/internet portals appeared to favour specific political parties and coalitions in their reporting of elections, depending on the volume of paid political advertising. As such, when not properly overseen, the internet portals have the power to shape the political narrative through the proliferation of biased content, which can lead to unequal policy outcomes. This, in fact, amounts to a 'double disadvantage' for the small parties. Not only do they receive a smaller allocation of time/money from the state, but also the electoral code does not allow for the use of any other sources of funding. They are, therefore, unable to make up for any bias in the system through soliciting other donations.

In the majority of EU countries, state support is based on the number of votes received (e.g. Austria, Greece and Latvia), or on seats parties gain in the parliament (e.g. Sweden, Czechia). Others centre their allocation around both seats and votes (e.g. Estonia, France and Slovakia). This is different to North Macedonia, where there is the simple percentage formula based on party standing. Moreover, as we will come to below, there is no institution assigned to develop a specific allocation criteria in the first instance, or oversee how these funds are spent according to the formula.

Recommendation 1: To review the allocation criteria for the receipt of (both direct and indirect) state support such that it is tied to votes and seats gained at prior elections, in line with the EU norm.

⁵ See "In depth Analysis of Paid Political Advertising of Internet Portals during the 2025 Parliamentary Elections in North Macedonia"
<https://drive.google.com/file/d/1OTlvph5W52OvkWyVifQ0DorqIPR1Mw1e/view>

Recommendation 2: To ensure the timely allocation of funds, and the transparency of the methodology for the allocation of funds, and assign a body in the regulatory ecosystem to be in charge of the disbursement and monitoring of activity

One solution with regards to the online portals, is to follow the practice of Ireland which has rules for the involvement of both private and state broadcasters (and their activity during elections). Irish legislation states that there is nothing that prevents a broadcaster from transmitting party political broadcasts, but that they can only do so on the condition that an unfair preference is not given to a political party. Therefore, another possible reform would include that any reproduction of party material on online platforms must be balanced following Irish best practice.

Recommendation 3: To prevent established political parties from becoming overly dominant, official broadcasts (both offline and online) should be balanced along the lines of the Irish model.

Aside from an allocation criteria that benefits the established parties, during our research it also became clear that the rules – particularly as they relate to the monitoring of online portals – are not enforced. This is because the Electoral Code does not give any of the bodies that might usually have the purview to do this kind of regulatory activity the power to conduct this kind of oversight of internet portals. These bodies, namely, are the SEC, the State Audit Office (SAO), the State Commission for Prevention of Corruption (SCPC), the Agency for Audio and Audiovisual Media Services (AVMS).

We know from decades of research into the conditions under which corruption becomes prevalent that it is more likely to occur when actors are not sufficiently disincentivised from engaging in corrupt behaviour. This, most famously, is captured in the formula:

$$C = M + D - A \text{ (Corruption = Monopoly + Discretion - Accountability)}$$

The problem with the current (lack of) oversight is that there is a complete lack of accountability over those actors with both monopoly power (political parties) and discretion (the purveyors of the online platforms themselves). This means that it is highly likely that state funds will be misused, at a significant cost to the taxpayer. Indeed, during the interview research that was conducted for the preparation of this policy document, we heard numerous stories of so-called *political entrepreneurs*. These are organisations or individuals who use the lax regulations surrounding the provision of online portals for personal enrichment (with little intention of using the portals for political advertising). The need, therefore, to have some form of regulation over these areas is particularly stark.

Recommendation 4: Assign a body (likely AVMS) to monitor the activity of online portals and ensure adherence to the rules.

If we move beyond merely the internet portals, we also see that the regulatory ecosystem in North Macedonia is convoluted, with inconsistencies over who oversees different areas of electoral activity. There are also instances in which regulation is shared, which creates further complexity. Therefore, each oversight body (AVMS, SEC, SCPC, SAO) should have clear and defined roles, with no shared oversight responsibility.

Recommendation 5: There should be no shared oversight responsibility and each organisation in the regulatory ecosystem should have a defined role in overseeing elements of elections/political finance.

Given areas of institutional expertise a reorganisation the institutions and the role they should play in the oversight/management of elections could be considered as follows.

AVMS

- To be in charge of regulating online portals and be allocated necessary resources and expertise to conduct such monitoring and oversight.

- The Government has committed to a digitisation agenda, to better support this AVMS should be given powers to put this into force to aid and enhance electoral oversight. This should include, but not be limited to, the closer monitoring of online campaign activity, and to experiment with embedding AI tools to achieve this.

SCPC

- To be in charge of overseeing the reporting of annual accounts of political parties and campaign finance records.⁶
- To host an online database in line with Open Government Partnership (OGP) norms, this could be based on examples of best practice in terms of high-level itemisation such as those of Canada, the USA, or the UK.⁷
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- To experiment with standardised and more detailed financial reports – presented within a legally set deadline – which cover donations and spending of political parties. Special reports should be made for the reporting of election spending information which will allow digitisation processes to be conducted more easily.

SEC

- The SEC currently holds responsibility for the reimbursement of the expenses incurred by the media for their media campaigns (as per contracts signed with political parties) in North Macedonia.
- Interviews conducted during research for this policy brief and reflections during the international conference highlighted a series of challenges the SEC faces processing and paying the invoices from the media, and proposed such responsibilities to be taken over by another institution, such as Ministry of Finance.
- The SEC should hold responsibilities for electoral administration and conducting the *process* and *administration* of elections as opposed to the analysis of their effects.

SAO

- The SAO is the independent and supreme audit institution of the Republic of North Macedonia.
- In fulfilling this function, the SAO should effectively conduct an audit of the transparency requirements fulfilled by the above three institutions.
- In doing so, the SAO should ultimately arbitrate, and confirm, the accuracy of the returns and spending reported by and to AVMS, SCPC, and the SEC.

The consolidation and harmonisation of the regulatory ecosystem is one of the more ambitious of the reforms presented in this policy paper. The different bodies in charge of different elements of the process could work better if they had a proper legislative steer.

Recommendation 6: To commit to the consolidation and harmonisation of regulatory responsibility between AVMS, the SCPC, the SEC, and the SAO.

One thing that we know with relative certainty, as it relates to effective electoral oversight, is that these bodies need to perform three functions:

- Education: they must be empowered to educate the general public, and the constituency they are regulating, about the rules and processes they have purview over.
- Investigation: they must be empowered to uncover wrongdoing when they suspect it is occurring.

⁶ A best practice template of how financial accounts are reported – based on the UK example – can be found at Electoral Commission, '[Guidance on submitting your statements of accounts | Electoral Commission](#)'.

⁷ See Sam Power, 'Keeping Up With Political Finance in the Digital Age in Albania: Prospects for Greater Regulation and Transparency', pp. 27-40.

- Sanctioning: they must be empowered to sanction non-compliance or illegal activity when it is uncovered.

To fulfil these three functions, they need to be assured they are independent from government interference, but also – and crucially – supported with adequate resourcing via the government.⁸ Therefore, underpinning the above recommendations, particularly Recommendation 6, is a call to adequately empower and support these bodies to fulfil their (new) functions through extra resourcing.

Recommendation 7: To commit to the integrity of the electoral process by investing adequate resourcing in the regulatory ecosystem.

A final problem is concerning the transparency of political financing in North Macedonia. If we return to our formula $C = M + D - A$, we can usefully think of *accountability* as synonymous with *transparency*. Transparency is good because it promotes accountability. The increased visibility makes it less likely that politicians will act in a corrupt manner, and will lead them to be more careful when engaging with actors with malign intentions. When provided correctly, it can also give citizens more knowledge of the workings of the system, and therefore a greater confidence in democracy itself.

Research conducted by Metamorphosis Foundation shows⁹ that the transparency of the system in North Macedonia could be enhanced. It is very hard for researchers to gather accurate information, and almost impossible for the general public to do the same. We therefore recommend creating a usable and searchable online database and providing information about elections (and election spending) in a timely manner, which would foster increased transparency. This should be hosted by the SCPC, and follow international best practice norms, such as those established by Canada, the USA or the UK.

Recommendation 8: Recommit to embedding transparency in the North Macedonian political system and make election spending returns available on a searchable database in a usable and timely manner.

3.2 GENDER-TARGETED PUBLIC FINANCING OF POLITICAL PARTIES

As a part of this project, we also conducted research on gender targeted political financing to enhance social inclusion. This section of the report outlines the findings of colleagues leading this particular arm of the research¹⁰.

A growing body of international best practice sources underscores the link between public funding provisions for political parties and commitments to gender equality.¹¹ They encourage integrating gender equality efforts into public financing as a way to enhance women's participation and representation in political and public life. The underlying principle is to condition public funding on recipients' commitment to publicly significant goals, such as promoting human rights, democratic values, and gender equality.

⁸ See Nic Cheeseman and Jorgen Elklit, '[Understanding and Assessing Electoral Commission Independence](#)'.

⁹ "Monitoring of Online news and Portals Coverage of 2024 Parliamentary Elections in North Macedonia" <https://metamorphosis.org.mk/wp-content/uploads/2024/10/monitoring-of-online-news-portals-coverage-of-2024-parliamentary-elections-north-macedonia-1-1-2.pdf>

¹⁰ For more details see "Bridging the gender gap" available on https://drive.google.com/file/d/1--_bkVXD1YFZtlxTSRfHHeXmO7OIJq7f/view

¹¹ [Gender-Targeted Public Funding for Political Parties](#), A Comparative Analysis, Magnus Ohman, 2018; ODIHR and Venice Commission [Guidelines on Political Party Regulation](#), para. 224, 2020.

Forms of Gender-Targeted Requirements Pertaining to Media

While less common, gender-targeted financing rules can also be designed to influence how parties use public funds to support the representation of women, including in media (*gender-targeted spending*). These requirements could take different forms:

1. **General requirement for gender-equal media representation:** For instance, in Portugal and Mexico, political parties are required to use the free or paid media time they are allocated—as part of their publicly funded campaign resources—in a way that promotes gender equality, ensuring balanced visibility for male and female candidates. While this requirement lacks specific benchmarks or measurable targets, it serves as a normative standard by tying public funding to an expectation of gender-balanced media promotion. This approach reinforces that public resources should be used to foster equitable representation, prompting parties to consider gender balance as part of their media strategy. By establishing this principle, it also lays groundwork for potentially more specific requirements in the future.
2. **Reserved portion of parties' public funding and/or airtime for female candidates:** Latin American countries lead in implementing measures that guarantee women candidates' visibility in media (and in prime time). For example, Brazil's Superior Electoral Court mandates a minimum of 30% of both financial resources and free electoral advertising time to female candidates ([Resolution No. 23.609/2019](#)). Mexico's [National Electoral Institute Guidelines](#) require at least 40% of campaign financing for female candidates. Venezuela is currently discussing similar measures to ensure equitable media coverage for women. The emphasis of this set of measures is more focused on an electoral period and the visibility and inclusion of women candidates during campaigns.
3. **Incentives through additional airtime, public funds, or discounted advertising rates:** In some countries, political parties are incentivized to promote women's visibility in media through additional funding, airtime, or discounted advertising rates. For instance, in Italy and East Timor, parties receive rewards—either in the form of extra funding or airtime—based on their efforts to increase the media presence of women candidates and to meet gender representation benchmarks.¹² Additionally, an approach debated and tested in countries like Nepal suggests that media outlets could offer discounted advertising rates to women candidates, making it more affordable for parties and candidates to highlight women in paid political advertising. These incentives aim to ensure not only that a greater number of women are fielded as candidates but that they also receive equitable and prominent media coverage during campaigns.
4. **Earmarked public funding for gender equality:** This approach, seen in many countries, requires that a portion of public funding be allocated to gender equality initiatives.¹³ Funds may support activities such as raising awareness of gender issues, training women politicians, providing targeted campaign support, and increasing their media visibility. Funding structures may vary, including:
 - a) A dedicated shared fund at the state level for eligible parties,
 - b) Earmarked percentages within each party's funding allocation, or
 - c) Portions of allotments to parties for the establishment and running of their training and research centers or of their women's wings.

Such earmarked funding may range from more symbolic 2-5% (Austria, Belgium, Germany, Mexico, Italy, Serbia) to ambitious 25% (Slovenia) of party funding. The aim

¹² [Gender Equality in Political Party Funding](#), Julie Ballington, December 2003.

¹³ Used in Costa Rica, Finland, Hungary, Lithuania, Moldova, Poland, Portugal, Spain, and others. For instance, in Colombia, [Law 1475 of 2011](#) mandates parties to allocate at least 15% of public funds to activities aimed at the effective inclusion of women, youth, and ethnic minorities, including communication strategies and publications that enhance women's visibility in politics.

of this group of measures is to encourage parties' greater and more systematic integration of gender equality and inclusion considerations into a variety of activities and internal processes, and to thus effect sustained changes, also between elections.

Recommendation 9: In the long-term, implement some form of gender targeted requirements for how parties use their public funding – either by mandating that a specific percentage be dedicated to promoting women candidates, requiring that a portion of funds be dedicated to the promotion of women candidates, or by the provision of incentives for doing so.

3.3 SOCIAL INCLUSION IN POLITICAL FINANCING

A second part of this project involved investigating the ways in which the current system could be adapted to enhance social inclusion in other areas¹⁴. This section of the report outlines the findings of colleagues leading this particular arm of the research.

North Macedonia faces critical challenges in ensuring fairness, transparency, and inclusivity in political advertising and media representation. The 2024 parliamentary elections revealed significant gaps in the regulatory frameworks governing political communication, raising concerns about the integrity of electoral processes and the inclusiveness of public discourse. While digital platforms and internet portals have become dominant channels for political advertising, the narratives promoted by political actors themselves often fall short in addressing the principles of social inclusion and equitable representation.

Political actors play a central role in shaping narratives and public perceptions. Unfortunately, these narratives often exclude or marginalize underrepresented groups, including women, persons with disabilities, and ethnic minorities. Campaign messaging is frequently tailored to consolidate party visibility rather than address broader societal concerns and needs. Vulnerable groups, when mentioned, are typically portrayed through paternalistic or tokenistic frames, with little substantive engagement in addressing their rights, needs, and aspirations. Such practices reinforce systemic inequities and limit the diversity of voices in political discourse.

By analysing the challenges in both the regulatory environment and the narratives promoted during elections, we offer actionable recommendations to reform existing frameworks. Addressing these issues is essential to create a transparent, equitable, and inclusive media and political landscape, ensuring that all citizens, regardless of their backgrounds, have an equal voice in shaping the country's democratic processes.

Recommendation 10: Amend the electoral code to explicitly prohibit hate speech in paid political advertising.

Recommendation 11: Introduce provisions in the Law on Financing of Political Parties to ensure equitable allocation of funds for inclusive campaigns.

¹⁴ For more details see "Towards Inclusive Internet Portals and Elections Advertising" available on https://drive.google.com/file/d/1ZqtDJveVr5WkpSHXSwp7S9uFWx_sHu6o/view

CONCLUSIONS AND RECOMMENDATIONS



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Political financing is the fuel of party politics. Without it, democracy would be unthinkable. However, it also has the power to distort many of the ideals necessary for democracy to prosper such as equal participation and deliberation. Indeed, the existence of money in all political systems (whilst inevitable) is one of the primary causes in the creation, and persistence, of networks of undue influence. This policy paper has presented three specific areas in which the political finance system in North Macedonia requires legislative reform. And, based on the work of colleagues in the gender and social inclusion teams on this research project, we also include sections on gender targeted public funding and social inclusion.

The four areas that this policy document address, therefore, are:

1. The formula for the disbursement of state funds
2. A lack of coherent oversight
3. A lack of transparency
4. A renewed focus on gender and social inclusion targeted public funding

The recommendations provided in this brief are designed to address these four areas, and in doing so improve citizen confidence in the working of the electoral system. We have deliberately suggested reforms that, whilst they require legislative intervention, remain at the less ambitious end of a reform agenda. That said, if implemented, they will largely bring North Macedonia in line with EU norms and practices and could serve as a springboard for more ambitious reforms if political will allows.

Recommendation 1: To review the allocation criteria for the receipt of (both direct and indirect) state support such that it is tied to votes and seats gained at prior elections, in line with the EU norm.

Recommendation 2: To ensure the timely allocation of funds, and the transparency of the methodology for the allocation of funds, assign a body in the regulatory ecosystem to be in charge of the disbursement and monitoring of activity.

Recommendation 3: To prevent established political parties from becoming overly dominant, official broadcasts (both offline and online) should be balanced along the lines of the Irish model.

Recommendation 4: Assign a body (likely AVMS) to monitor the activity of online portals and ensure adherence to the rules.

Recommendation 5: There should be no shared oversight responsibility and each organisation in the regulatory ecosystem should have a defined role in overseeing elements of elections/political finance.

Recommendation 6: To commit to the consolidation and harmonisation of regulatory responsibility between AVMS, the SCPC, the SEC, and the SAO.

Recommendation 7: To commit to the integrity of the electoral process by investing adequate resourcing in the regulatory ecosystem.

Recommendation 8: Recommit to embedding transparency in the North Macedonian political system and make election spending returns available on a searchable database in a usable and timely manner.

Recommendation 9: In the long-term, implement some form of gender targeted requirements for how parties use their public funding – either by mandating that a specific percentage be dedicated to promoting women candidates, requiring that a

portion of funds be dedicated to the promotion of women candidates, or by the provision of incentives for doing so.

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