

CORRUPTION AND QUALITY OF PUBLIC
SERVICES IN NORTH MACEDONIA:
ASSESSING HEALTHCARE AND THE CIVIL
REGISTRY THROUGH PUBLIC OPINION
RESEARCH

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INTRODUCTION

In North Macedonia, petty corruption is a particular risk in public service delivery because public servants can seek kickbacks from citizens in the form of money, gifts, or favors in return for services rendered.

This study, which used two methods – interviews and mystery shopping – conducted between June and September 2022, assesses institutional drivers of corruption in government service delivery. The latter is a method of analyzing service delivery where participants are trained observers noting the substance and quality of service delivery against stipulated procedures and norms for later evaluation. These methods provided information about the risk of corruption by identifying which practices within the service delivery process are susceptible to corruption. They also helped identify places where exposure to corruption was realized, including observable cases of public servants attempting to involve respondents or researchers in corruption. Together, these two approaches explored the quality of service delivery and provided proof of generally opaque corruption practices.

The interviews were conducted in the healthcare sector by surveying patients in two hospitals: City General Hospital 8th September in Skopje, the second largest hospital in the country, and Tetovo Clinical Center, where previous research showed that citizens have experienced corruption. Mystery shopping research was conducted in multiple offices of the Civil Registry to assess the risks and exposure to corruption faced by citizens when trying to acquire certificates needed from public institutions. These sectors were selected based on a 2021 NDI general population survey, which indicated higher ground-level corruption experience at the individual level.

The research confirmed that risks and exposure to corruption persist in public healthcare and civil registry. Four and three percent of respective participants in the healthcare and civil service delivery studies experienced corruption pressure in public services. This result is significant because it shows that fraud and abuse are present, when the incidence of corruption should be zero. It also suggests that there are thousands of instances of corruption each year when citizens interact with these institutions. Moreover, it implies that interactions between citizens and these institutions result in thousands of instances of corruption annually. Corruption also disproportionately impacts ethnic Albanians, who are often requested to pay bribes in the healthcare sector representing approximately 55 percent of the average minimum monthly wage in North Macedonia. In civil registry service delivery, citizens experience barriers to service delivery and clerks frequently request payments to deliver basic services.

Key takeaways include the need to improve anti-corruption efforts through better control mechanisms within the institutions, political oversight and judicial mechanisms to assist victims of corruption; capacity-building investments; and, addressing resource limitations in public healthcare equipment and wages to ensure that citizens can receive healthcare at lower cost as well as to lower the incentive for healthcare workers to request payments in exchange for service delivery. Public service managers should conduct regular screenings to test existing integrity mechanisms, and then seek to improve them accordingly through novel resilience-building approaches. Political actors in the legislative and executive branches should have more regular and persistent oversight of these sectors to communicate that institutional managers will be held accountable. Finally, political leaders should increase investments to strengthen institutional resilience to corruption.

HEALTHCARE AND CORRUPTION: A PILOT STUDY

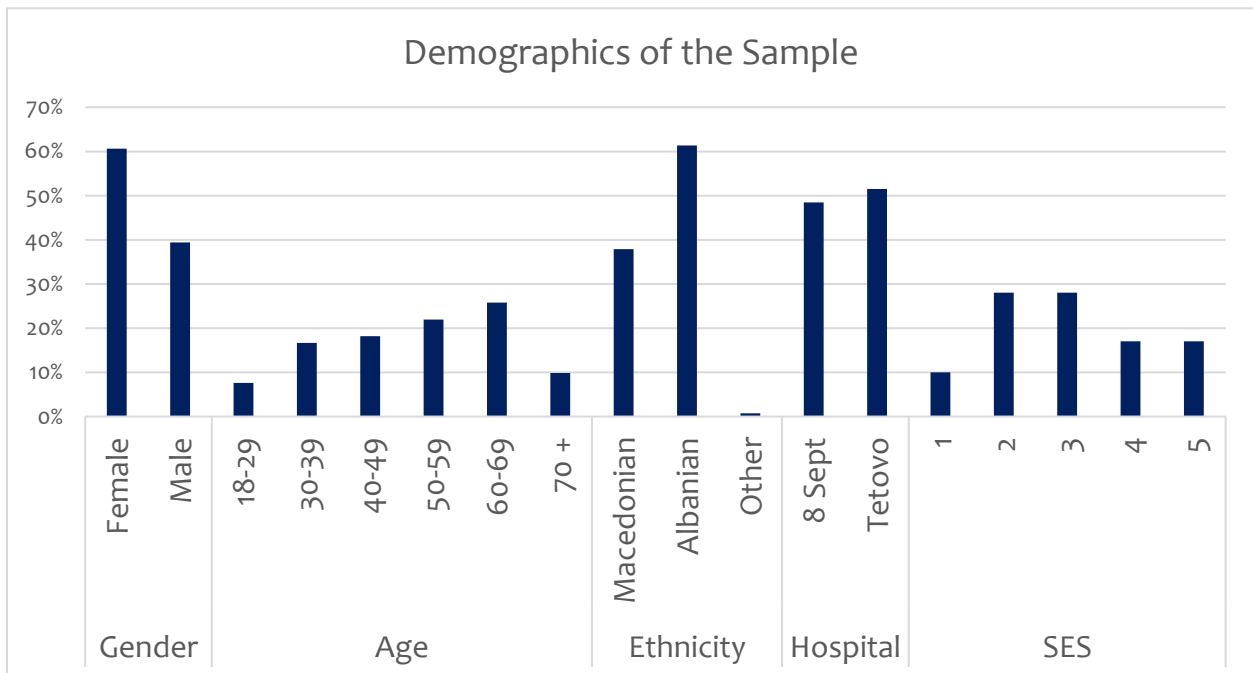
CONTEXT

An NDI survey conducted in August 2021 showed that the healthcare sector is the most prominent source of petty corruption in North Macedonia: two in every five respondents stated that doctors and healthcare workers are perceived as the most corrupt while one-third of respondents perceived healthcare as the most corrupt sector. Moreover, a September 2022 report by the World Health Organization (WHO) on North Macedonia showed that patients spend an additional 40% out-of-pocket on public healthcare on top of their standard bills, with a high likelihood of additional informal costs stemming from bribery.

This study adds three key findings to the previous literature. First, it observed public servants directly demanding cash, gifts, or favors to provide healthcare services. Second, the study noted the existence of barriers to healthcare delivery, which indirectly encourage citizens from pursuing informal means to access medical treatment more quickly. Third, the study noted a number of referrals to private medical facilities and cases where such referrals involved personal conflicts of interest.

METHODOLOGY

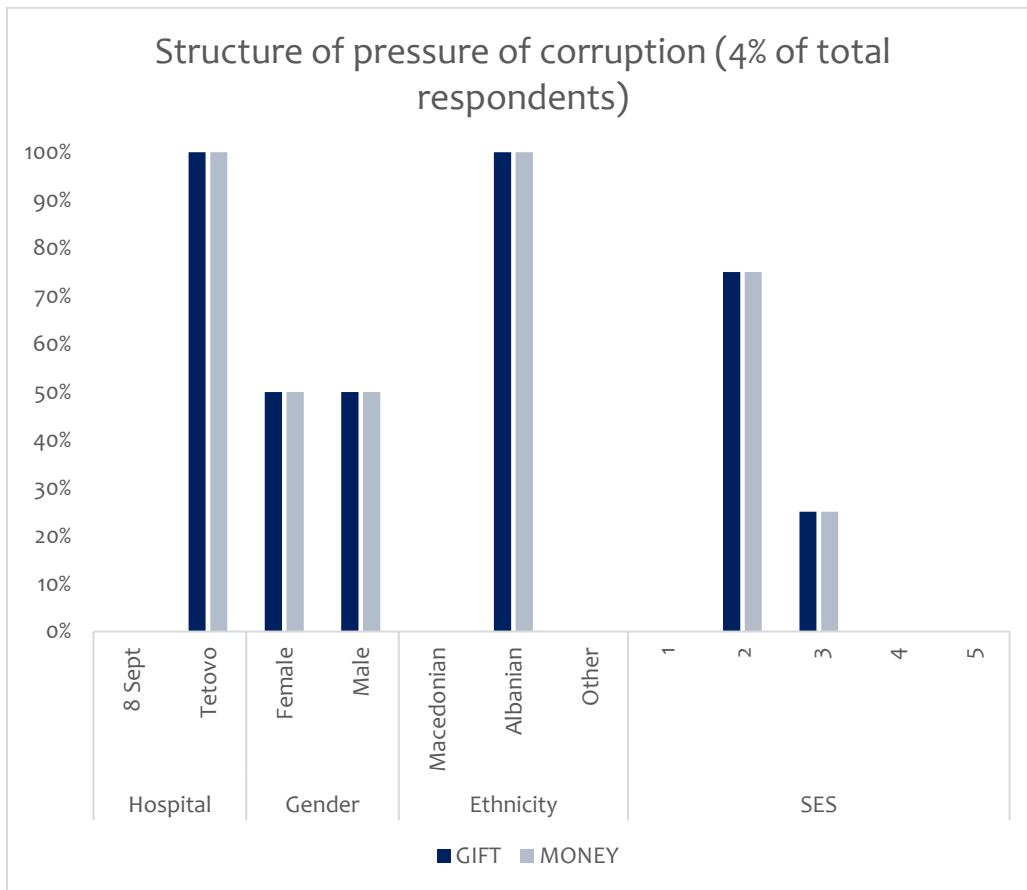
- Sample: 132 respondents
- Sampling frame: Patients at City General Hospital 8th September in Skopje and Tetovo Clinical Center.
- Face-to-face interviews (systematic sampling of every fifth person)
- Response rate: 74%
- Fielded between: June – September 2022
- Purpose: Gather data from patients immediately after their experience in healthcare
- This pilot study gathered indicative but not quantitative findings



CORRUPTION PRESSURE

Corruption pressure refers to situations where officials demand or “suggest” to clients — in this case, patients — an additional, unofficial cost for a service. In the two hospitals, four percent of respondents were asked for money, gifts, or favors in order to receive medical services. Normalizing this four percent figure to the number of tertiary care cases¹ in North Macedonia each year suggests that at least 6,749 cases of corruption pressure occur in healthcare services delivery per annum. The study also found that the bribe ranged between 20 to 200 euro, which brings the total nominal figure of bribes extracted in healthcare services each year to between 135,000 to 1,350,000 euro.

All recorded cases of corruption pressure (in four percent of total cases) occurred in the Tetovo hospital. While there were no recorded cases of corruption pressure in Skopje, this is likely due to the study’s smaller sample size. At the same time, other findings in this study showed the existence of corruption risks in the Skopje hospital. Cross-referencing the findings with the demographics of the respondents, those pressured were ethnic Albanians at the lower end of the socio-economic scale. At North Macedonia’s average minimum monthly wage of 360 euro, a 200 euro bribe is 55 percent of income, a significant burden to numerous groups of citizens.

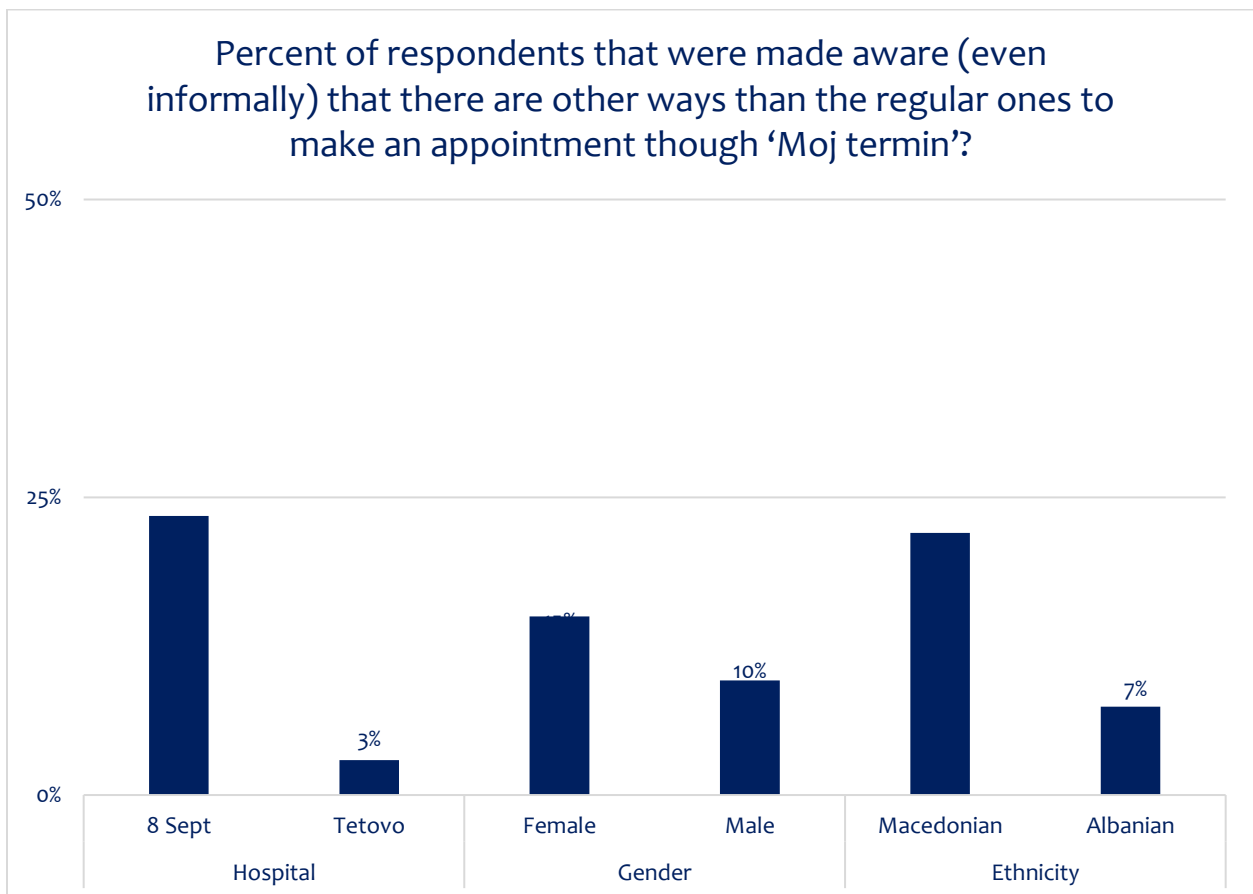


¹ Healthcare Fund Annual Report 2021

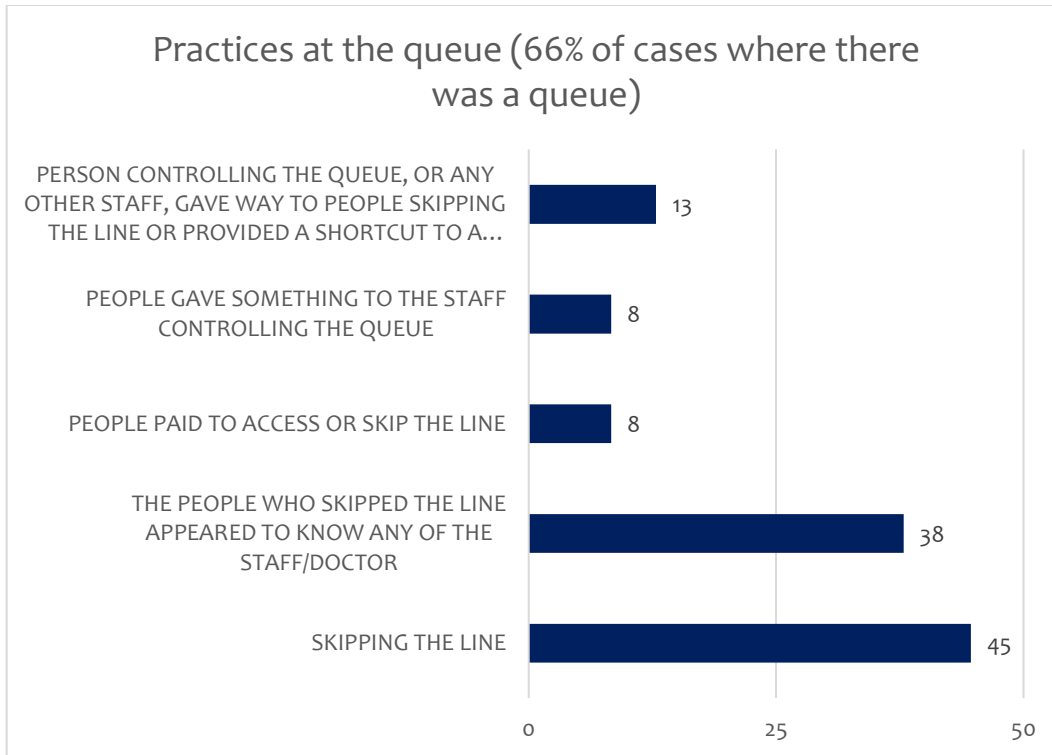
ACCESS TO HEALTHCARE SERVICES

Barriers to healthcare access can create risks of corruption because they incentivize patients to find the fastest, cheapest way around them. Such barriers typically are visible when trying to make appointments through “My Appointment” (“*Moj termin*”), in appointment wait times, and most harmfully, when healthcare workers deny services to further their own private interests. The data suggests the existence of non-negligible levels of barriers to healthcare access, which creates opportunities for medical staff to seek rents in the form of favors, gifts, or money.

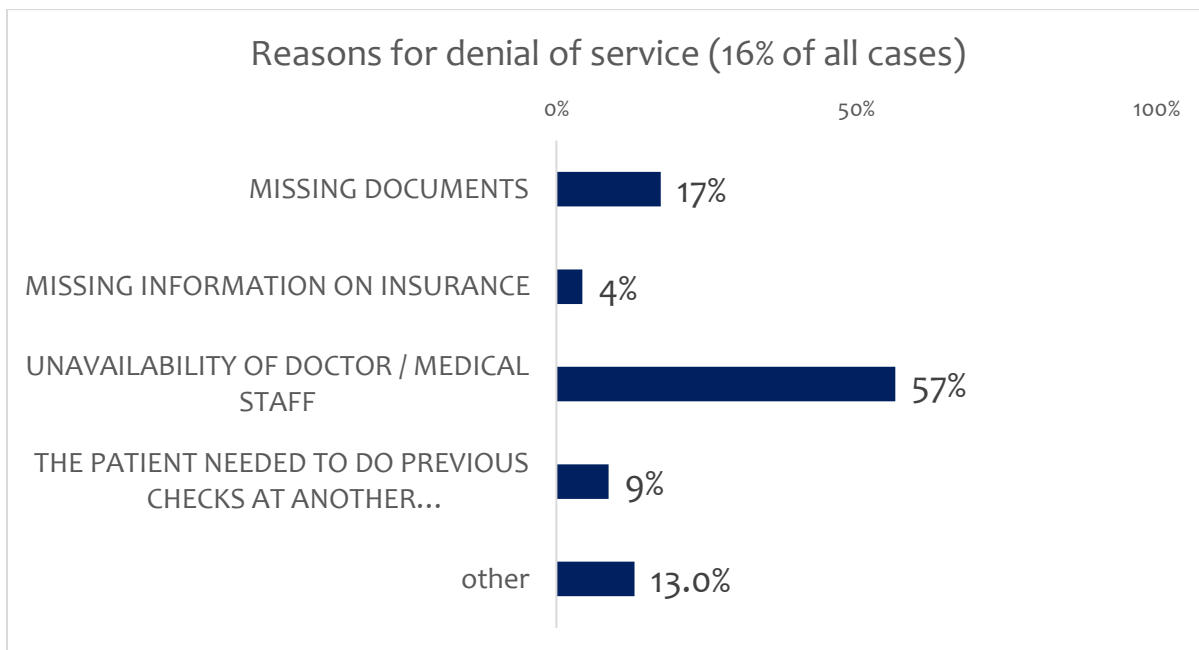
Moreover, the “*Moj termin*” healthcare information system used by patients to make medical appointments — celebrated as a solution to a disorganized system — shows clear deficiencies. One in 10 respondents was aware of ways to cheat the system to receive healthcare services more quickly, while one percent of respondents stated that they have paid bribes to obtain appointments more quickly.



Respondents also observed a variety of other ways to circumvent wait times, which signals high awareness among patients of informal possibilities to gain preferential healthcare access. In 55 percent of cases where patients avoided queues, there were practices of bribery, gifting, or some private connection to the staff with authority over scheduling appointments.



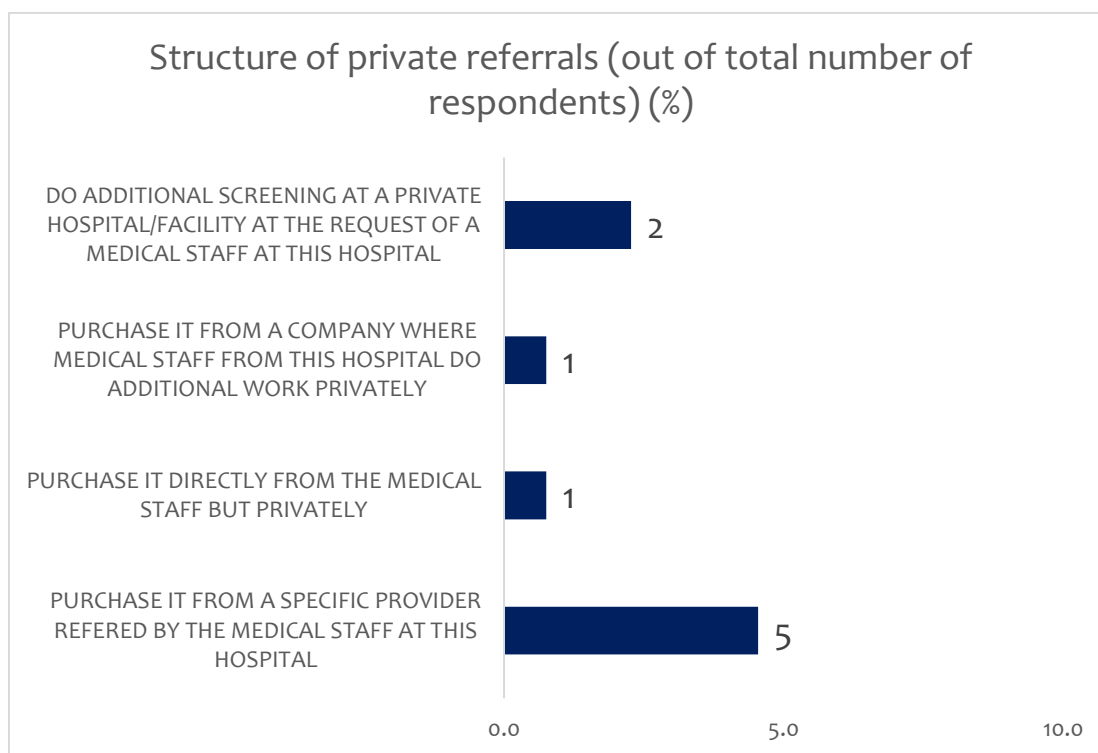
Sixteen percent of respondents were rejected healthcare services. More than half were due to staff availability, which should raise concerns over staffing protocols and procedures.



PRIVATE INTEREST BIAS

In addition to barriers to healthcare access, private interest bias creates significant opportunities for corruption. Private interest bias in healthcare means public providers refer patients to private clinics or facilities to which they have a conflict of interest. Where business and personal linkages exist between public and private medical staff, public medical staff can use their positions to make referrals to private providers at the expense of healthcare delivery to citizens.

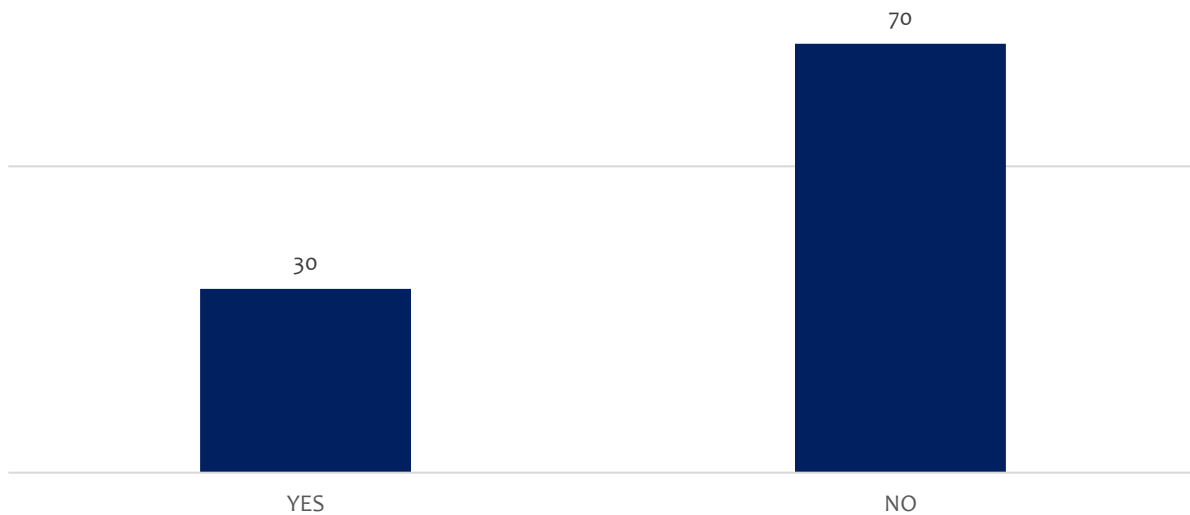
This study of the two hospitals indicated that the risk of private interest bias in referrals from public to private medical facilities persists. Thirty percent of respondents are aware of the direct or indirect involvement of medical staff in private healthcare service delivery, knowing of business or other links between medical staff and private facilities. Eight percent of respondents initially seen in public health facilities were subsequently required to purchase devices, testing, or pharmaceutical products privately. The study also observed private referrals in Tetovo, although this is likely happening throughout the country.



Cumulatively, around seven percent of patients have experienced private referrals or recommendations from public healthcare staff to make private medical services purchases. Normalized to the number of publicly subsidized treatments in private facilities² each year (3,646 cases), and given the average cost per visit of 1,500 Euro, private interest bias in North Macedonia's healthcare system costs at least 366,464 euro per annum and disproportionately targets citizens who may be lower on the economic scale.

² Based on Healthcare Fund 2021 Annual Report

Was the doctor or other medical staff involved in any way, directly or indirectly, in provision of the services at that private medical facility? (8% of respondents)



KEY FINDINGS AND RECOMMENDATIONS

Corruption risk factors persist. Patient experiences show artificial barriers to healthcare access including unexplained refusals to provide information or health services. Patients also experienced long, disorderly queues, all of which encourage informal ways of accessing health services.

Extraction of bribes falls most heavily on poorer citizens, imposing the burden on those least likely to be able to carry it. Respondents perceived conflicts of interest as undermining their access to adequate care for which they are paying in forced contributions from income. The study found numerous respondents with knowledge of staff referring them to private facilities in which such staff had personal interests.

The findings suggest three primary weaknesses:

- Lack of real oversight and internal control mechanisms, which permit cheating.
- Lack of public spending in healthcare, creates (1) opportunities for corruption because of resource scarcity and (2) demand for services which can only or most easily be provided privately.
- There are no currently redress mechanisms.

Addressing these problems should include:

- Addressing resource limitations by increasing investment in public healthcare, including in equipment procurement, professional staff, and wages to disincentivize public healthcare providers from abusing their positions for personal gain. This would help address burdensome costs to citizens, who pay for

health insurance and then an additional average 40 percent of the costs of services. This would also reduce demand for private services and associated risks of corruption and conflict of interest.

- Providing investments contingent on improving the patient experience at public hospitals. Managers of hospitals must improve internal control and focus on preventing conflict of interest and enforce equal access to healthcare.
- Investing in improved internal controls, oversight, and clearly visible mechanisms to report complaints about staff to protect patient rights. This should include the hiring of integrity officers.
- Developing inspectorates for red-flag systems of the private medical device purchases, which end up being used in public healthcare.

CIVIL REGISTRY AND CORRUPTION: A PILOT IN MYSTERY SHOPPING

The study identified two critical issues enabling corruption in civil registry service delivery. The first is the existence barriers for citizens to obtain services, which encourages citizens to seek informal ways of attaining certificates necessary to receive civil services. The second is persistent corruption pressure, where the study observed cases of clerks directly demanding or suggesting cash, gifts or favors in return for certificates.

METHODOLOGY

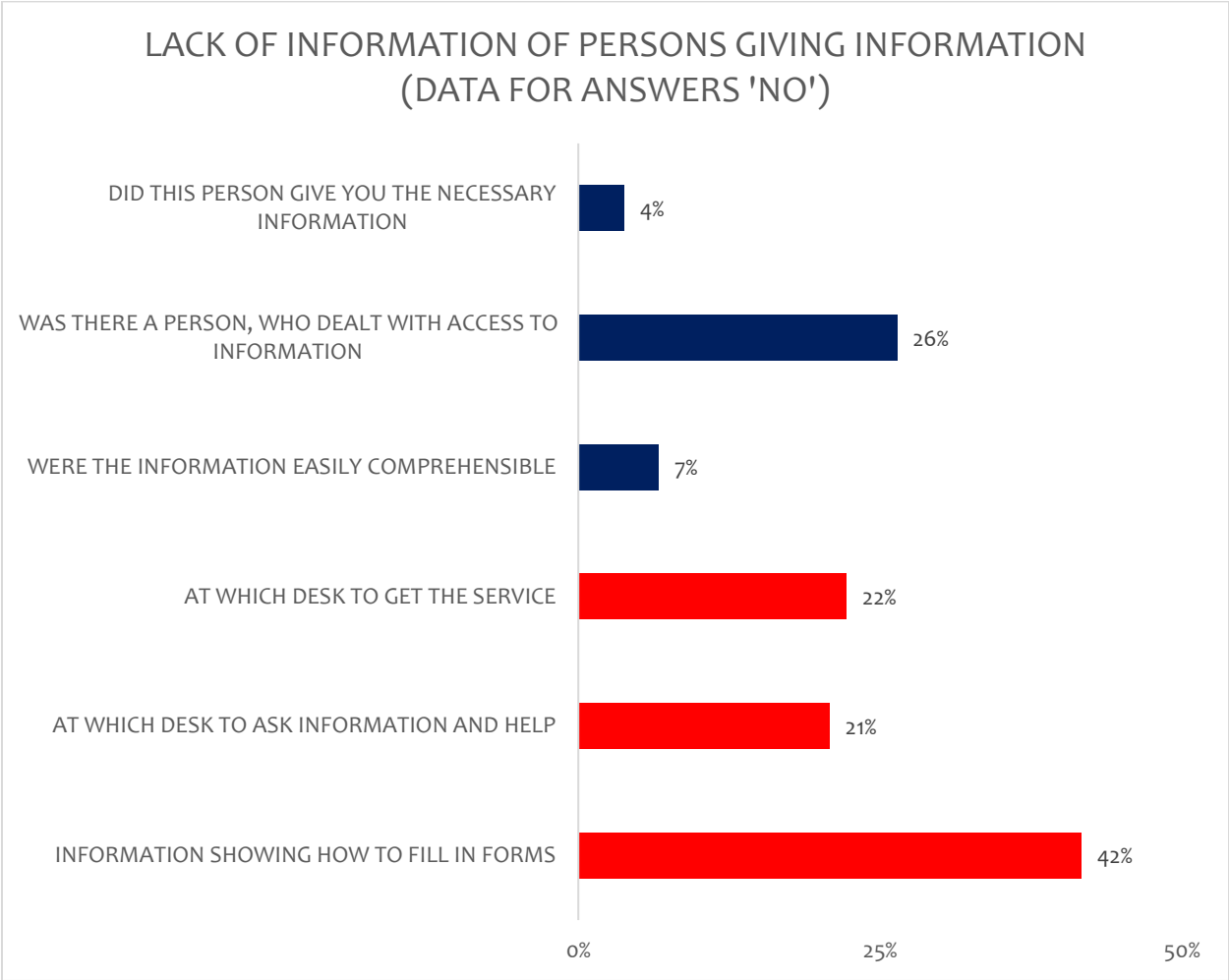
- Mystery shopping at the offices of the Civil Registry – one of the largest administrative service providers (not including healthcare and education) – where the participants are trained to act as citizens attempting to obtain public services for the purpose of evaluating service delivery in the future.
- 72 customers at the Skopje-Centar, Saraj, Chair, Gjorche Petrov, Gostivar, Tetovo, Kicevo, Kumanovo and Shtip offices
- Fielded between: July – August 2022
- 60% female, 40% male participants
- During Mystery Shopping activities, 50% of the participants acted confident and competent while 50% acted incompetent and confused
- 35% of certificate requests were initiated online

ACCESS TO SERVICES

Barriers to civil registry services create corruption risks. They establish obstacles to a particular delivery, which puts citizens in a position to find alternative, unofficial approaches to obtaining services — in this case, certificates needed to navigate public institutions and acquire services. Typically, they include the lack of easy access and clear information about a particular service, which puts clerks in a position to abuse their knowledge and power to extort some kind of rent. Another common barrier is the perception of disorder — the “disorderly queue phenomenon” — which signals to customers to find other, unofficial means to access services.

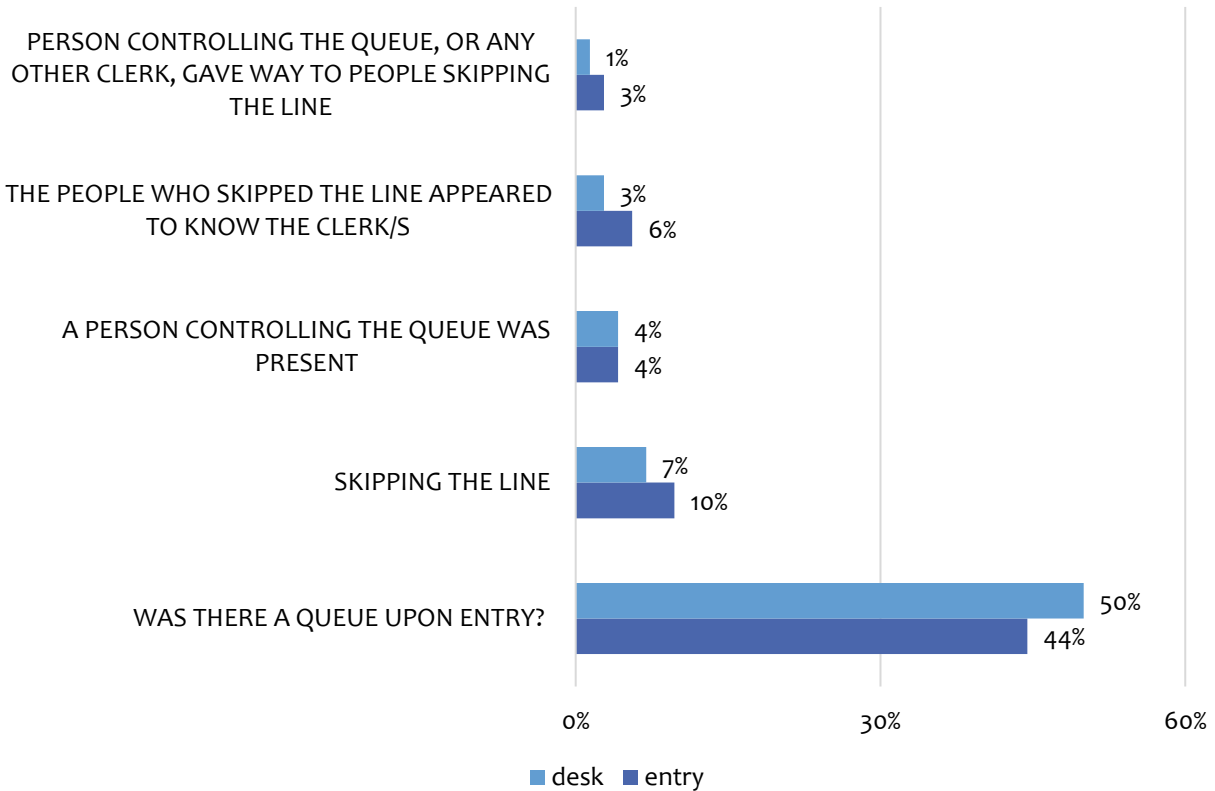
The Civil Registry is a public institution where citizens come to get certificates needed for other services. As such, barriers faced by citizens at these offices can be exploited to extract rents which can accumulate significantly,

given the volume of certificate requests. For many citizens, the lack of visible information at the Civil Registry can risk corruption because it creates a dependency on personnel to explain where and how to get a service. This increases citizen vulnerability to discretionary activity, and leaves room for subjective interpretation and abuse of rules.

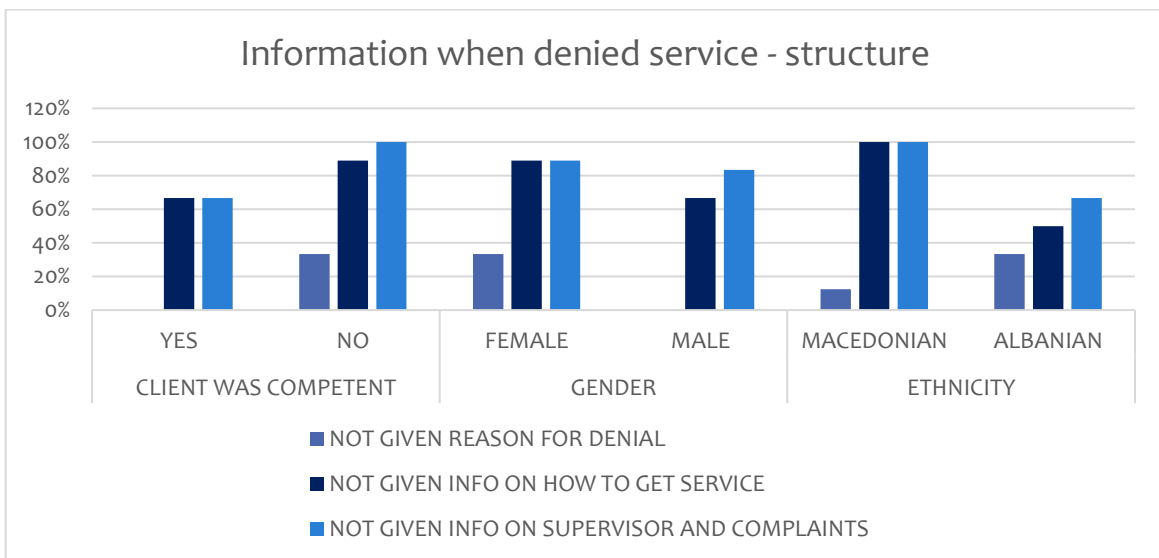


A queue, especially a long one, in front of a service desk can act as a barrier and signal to customers to try and find alternative, unofficial approaches. The survey results demonstrate that some customers understand there are informal mechanisms to obtain faster services. Mystery shoppers observed cases of line-skipping, which suggests to other customers there are other possibilities for accelerated service.

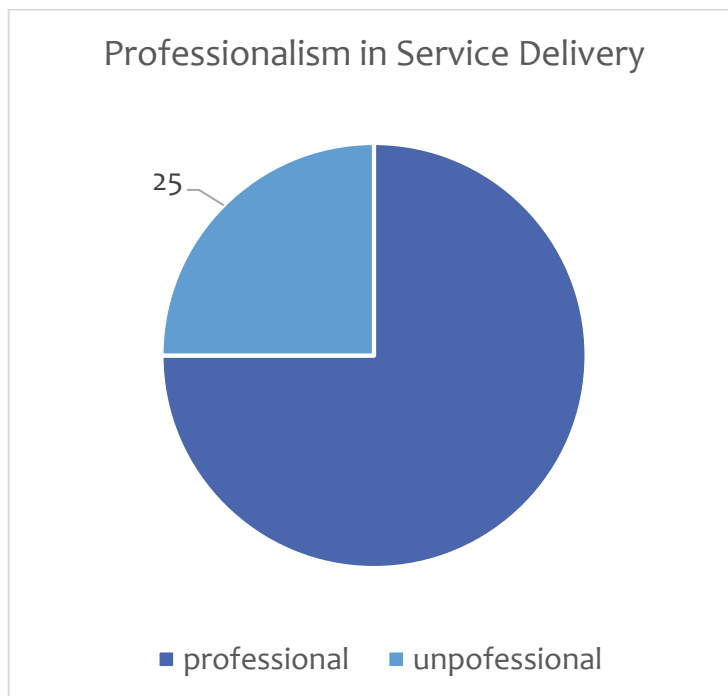
Practices at the queue (% for answer YES)



One in five customers were denied a service. Research revealed higher occurrences of lack of help and denials when customers were acting with less competence. What increases the risks of corruption is that in cases of denied service, not enough information is provided to help a customer, increasing the likelihood that the citizen will seek alternative ways to get the certificate.



One-quarter of customers experienced unprofessional behavior by Registry clerks. This included cases where communication was rude, clerks were unhelpful, or they were ignored by the clerks.



CORRUPTION PRESSURE

The mystery shopping exercise recorded clerks directly demanding something from customers in exchange for services in three percent of visits. While the suggested bribe was not high, a subtler practice to extract rents was observed: Civil Registry staff would offer their payment cards to customers who do not have them, “to ease their process and not go to the bank,” although the staff member would add an additional “fee” to the administrative cost. Although such cases occurred with customers who acted lost or incompetent in the town of Kichevo, it is likely this practice takes place elsewhere as well but is hard to detect because often customers are often unaware of actual administrative costs. Extrapolating these results to the wider national population, there are 16,500 bribe requests annually based on the 548,925 certificates issued in 2019.³

KEY FINDINGS AND RECOMMENDATIONS

- **Lack of access to information presents a potential risk of corruption in civil registry services delivery, as it can pose a barrier to a particular service.** Citizens can be misguided by clerks. Twenty-two percent of participants recorded difficulty ascertaining which desk to go to for the appropriate service; 21 percent did not receive clear information from the helpdesk; and 42 percent did not find information on how to complete various required forms.

³ Audit report published in 2019 states there were 548.925 issued certificates for 2019.

- **The code of Conduct is not fully respected.** In 25% of visits, respondents felt that officials behaved unprofessionally towards them.
- **Citizens were incentivized to pursue other means of acquiring public services.** Line skipping was observed in 7 percent of visits, a public display suggesting that following standard procedures is unlikely to deliver expected services, particularly in long queues.
- **Citizens were denied services, often with no explanation.** 21% of customers were refused any service. In 20% of those cases no reason was given for the refusal; 80% were not told how to access the service; and 82% received no information as to how to file a complaint.
- **The Civil Registry creates opportunities for corruption pressure.** Corruption pressure was evident in three percent of cases, i.e., clerks demanding rents to provide services, with 548,925 issued certificates in 2019 (according to the State Audit Office), which could mean 16,468 bribes requested in total.

To address these shortcomings, the Civil Registry should:

- Immediately strengthen transparency processes in access to information at the office level. This should include highly visible signage outlining Registry processes, fees, and frequently asked questions (FAQs), all written in simple, easy-to-understand, user-friendly language. A queue ticketing system should be implemented in all Registry offices.
- Enforce the existing Code of Conduct when civil servants neglect it, including unprofessional conduct toward the public. Managers should be held accountable for the failures of their subordinates.
- There must be a functional, transparent complaints mechanism to include complaints received and actions taken.
- Automate civil registry services. Though not immune to corruption, this could diminish risk and discretionary decision-making. Not only can the systems increase productivity, but they should also provide fewer opportunities for potential abuses.
- Include flagging of unusual actions in an automated system. The system design should entail an automatic audit trail feature for each significant step or group of steps in the delivery of civil registry services, which can be examined at any time.