

SECOND QUARTERLY REPORT ON AVMS AND AEC PERFORMANCE OCTOBER – DECEMBER 2018



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INTRODUCTION

Eurothink – Center for European Strategies, in cooperation with NGO Info-Centre, Transparency Macedonia and Helsinki Committee for Human Rights of the Republic of Macedonia, implements the project “Monitoring Efficiency, Effectiveness, Transparency and Accountability of Media Regulatory Authorities – PROformance Watch II”. Planned project activities were initiated in June 2018 and focus on monitoring relevant performance track records of two media regulatory authorities by 2020. Project implementation is supported by the British Embassy in the Republic of Macedonia.

In particular, the project team monitors efficiency, effectiveness, transparency and protection of public interest on the part of two regulatory authorities, those being: the Agency for Audio and Audiovisual Media Services (AVMS) and the Agency for Electronic Communications (AEC), on the basis of previously developed methodology, good practices and lessons learned under the project “PROformance Watch I (2016-2018)”. Relevant performance track records of these regulatory bodies will be duly analysed and presented in quarterly reports, thus providing information to the public about key aspects related to policy design and implementation falling within relevant areas of operation for both agencies.

The project “PROformance Watch I”,¹ supported by the British Embassy in the Republic of Macedonia, aimed to improve civil society capacity to engage in monitoring of regulatory authorities’ performance and, by means of strengthened checks-and-balances, to contribute towards improved performance by AVMS and AEC. In particular, the regulatory authorities have taken into account recommendations made with a view to improve transparency, accountability and performance of their respective mandates. Although goals defined under the project’s first phase have been attained, further efforts are needed to fully integrate the checks-and-balances system as mechanism for improved performance of these two public institutions. Hence, the project “PROformance Watch II” is designed to oversee achievements made in the previous phase, monitor relevant performance of these two institutions and present findings in user-friendly manner, while duly informing the public of any structural or other barriers related to operation of both regulatory bodies. Quarterly reports will be published with monitoring findings on relevant performance of these regulatory bodies, including recommendations aimed to contribute towards argument-based public debate and improved performance track records of both authorities.

This (second) quarterly report covers AVMS and AEC’s performance in the period October-December 2018 and applies the methodology developed under the project “PROformance Watch I”. Pursuant to “AVMS and AEC Performance Monitoring Matrix”, designed in consultation with the two regulatory bodies and published in January 2017,² this quarterly report monitors and takes into consideration specificities and operation of both regulatory authorities in terms of transparency and accountability, efficiency and independence, performance and protection of public interest.

In addition, for the purpose of providing concise and user-friendly presentation of monitoring findings related to operation of these regulatory bodies, and based on the methodology developed, monitoring reports are designed to facilitate readability and interpretation of findings in terms of key monitoring elements. Introduction of individual monitoring matrices in all four areas identified allows citizens, journalists, expert public and other interested parties direct insights into remarks, problems and performance of these regulatory authorities, as observed and reported by the project team. In particular, monitoring findings on AVMS and AEC’s performance are structured under separate monitoring matrices, as follows:

1. Transparency and Accountability;
2. Effectiveness and Independence;
3. Performance and Law Enforcement; and
4. Public Interest.

First, each matrix provides a general assessment of formal and factual aspects related to operation of both regulatory bodies in this quarter. Then, indicators defined per individual areas note the extent to which work performed by the regulators has made an essential impact on improved performance and enhanced independence of both agencies. The section with comments and recommendations provides references to compliance indicators, as well as existence of external factors of influence or risks. Use of charts does not only serve the purpose of presenting state-of-affairs observed, but also indicate potential risks related to operation of these regulatory authorities.

¹ The project’s first phase was implemented in the period September 2016 – March 2018 by the same project consortium. Starting from June 2018, and until March 2020, follow-up monitoring activities will be performed and related to performance track records of AVMS and AEC, with support from the British Embassy in the Republic of Macedonia

² See Eurothink’s website: <http://eurothink.mk/documents/sHG5SRQrpszZA2TfG>

AGENCY FOR AUDIO AND AUDIOVISUAL MEDIA SERVICES (AVMS)

1. TRANSPARENCY AND ACCOUNTABILITY

GENERAL ASSESSMENT

In the last, i.e. fourth quarter of 2018, AVMS demonstrated continuity in accountable and transparent operations. The Agency's official website is regularly updated with documents and other information related to its operations.

AVMS published its annual operation plan, financial plan and other plans for the year 2019. According to these documents and compared to 2018, salaries for staff members and reimbursements for members of AVMS Council will be increased by around ten percent.

Based on our recommendation in the previous report related to continuation of practices for regular publication of notifications on public procurement contracts signed, AVMS updated and published information related to contracts signed in 2018.

PROGRAMME TRANSPARENCY AND ACCOUNTABILITY

<p>Sessions of AVMS Council</p>	<p>In the last three months of 2018, AVMS Council held a total of nine (9) sessions. Relevant agendas, minutes and decisions were regularly and timely posted on its official website. Sessions of AVMS Council are public and live-streamed on AVMS's YouTube channel.</p>
<p>Public meetings</p>	<p>In this quarter, AVMS held its fourth and last public meeting for the year 2018.³ In addition to information on supervision conducted and warnings issued, AVMS also presented the European Union's revised Audiovisual Media Services Directive (AMSD), which entered into effect on 18th December 2018. In particular, the Directive anticipates changes in terms of audiovisual commercial communications, advertising limits, product placement and teleshopping. At the same time, it strengthens rules on compliance with the obligation on protection from violence and hate speech, as well as integrity and independence of editorial responsibility for programming and services. AMSD recommends citizens to be equipped for critical thinking. Although it is binding only for EU member states, in the capacity of candidate country for EU membership Macedonia should align its domestic legislation with this document.</p> <p>This public meeting was used to present data from the research on gender issues and the manner in men and women are depicted and presented in media contents for the year 2018. Furthermore, AVMS presented infographics with data from the public opinion survey conducted among audiences, presentation of LGBTI community for the year 2017 and frequency of children programmes.</p>

³ Fourth public meeting organized by AVMS, December 2018, available at: <https://goo.gl/W7m5PT>

<p>Public debates</p>	<p>In this quarter, the Agency organized two public debates. On 16th November, AVMS opened the public debate on its 2019 draft annual operation program (together with draft program of planned activities and draft financial plan of the Agency for Audio and Audiovisual Media Services), 2019 draft annual plan on performance of administrative supervision and 2019 draft annual plan on performance of programme supervision.⁴</p> <p>On 23rd November, AVMS opened the public debate on the need to amend the rulebook on the contents and template of the application for enlistment in the registry of operators carrying programme packages/services⁵ and the enlistment certificate for programme packages/-services. In that, the Agency called all interested parties and stakeholders to take part in this public debate. Individual proposals for this rulebook were submitted by Macedonian Telecom, Economic Interest Community of Cable Network Operators (MK NET), Association of Cable Operators (ACO), and Macedonian Media Association (MMA).</p> <p>All materials related to the public debates were duly uploaded on AVMS's official website.</p>
<p>2019 Annual Operation Plan</p>	<p>According to AVMS's 2019 Annual Operation Plan,⁶ priority activity in the first half of this year will be monitoring of media coverage and presentation during the regular presidential elections in the Republic of Macedonia.</p> <p>For the purpose of greater accessibility of media programmes for persons with sensory disabilities and greater media literacy, AVMS announced it will work on drafting policy documents on media literacy and on ensuring accessibility for persons with sensory disabilities. Moreover, the Agency will organize meetings with broadcasting entities on the need for adoption of self-regulatory act on this matter.</p> <p>AVMS plans to develop a study on determining effects of the new media on formation of public opinion and on the media market.</p> <p>In order to ensure greater transparency related to media ownership structure, AVMS plans to increase visibility of these data on its website and will develop the annual report on media ownership for 2018.</p> <p>AVMS published its 2019 annual plans on performance of programme supervision⁷ and administrative supervision.⁸</p>
<p>Complaints⁹</p>	<p>In this period, AVMS was addressed with 4 complaints from different entities, of which two complaints concern 1TV, one concerns TV 24Vesti and one concerns programme airing from another state</p> <p>The contents of these complaints, including responses thereto, communications and notifications issued by the Agency were duly posted on its official website.</p>

⁴ Public debate, AVMS, 16th November 2018, available at: <https://goo.gl/yM2qDz>

⁵ Public debate, AVMS, 23rd November 2018, available at: <https://goo.gl/PLRB5V>

⁶ AVMS's 2019 Annual Operation Plan, available at: <https://goo.gl/EKWyx1>

⁷ 2019 Annual Plan on Performance of Programme Supervision, AVMS, available at: <https://goo.gl/eJ4ZFn>

⁸ 2019 Annual Plan on Performance of Administrative Supervision, AVMS, available at: <https://goo.gl/Daw1Pt>

⁹ Complaints lodged to AVMS, available at: <https://goo.gl/1rfE1r>

Websites,
Facebook, YouTube,
press releases, etc.

AVMS's official website is regularly updated with documents and other information related to its operations. Moreover, its Facebook page is regularly updated, while its YouTube channel features live streaming of sessions held by AVMS Council and public debates. AVMS administers the official website of the Media Literacy Network, which hosts information about ongoing activities of the network and its members. In this period, AVMS published a total of 12 press releases.

FINANCIAL TRANSPARENCY AND ACCOUNTABILITY

2019 Financial Plan
and 2019 Plan on
Public Procurements

According to its 2019 financial plan,¹⁰ AVMS plans to collect revenue that is by 15% higher compared to revenue generated in the previous years, i.e. 135,620,000 MKD. Most of these funds are state budget allocations, in the amount of 71,500,000 MKD. As regards revenue from licenses, this year they will be smaller due to expected termination of operation by a number of broadcasters (two television channels and one radio).

Analysis of expenditure shows that AVMS plans to spend 92% of its revenue, i.e. 125,145,352 MKD. Budget items on reimbursement for members of AVMS Council and salaries for staff members are increased by 9%, i.e. 10%. According to AVMS, this increase is due to increased average salary in the state.

As regards capital investments in 2019, AVMS anticipates procurement of specialized vehicle for recording programme services, in the amount of 3,500,000 MKD (this budget item has been transferred for several years now). Also, AVMS plans procurement of ICT equipment, in the value of 6,312,120 MKD. In late 2018, it already signed one contract on equipment procurement in the value of 4,212,120 MKD.

In this period, AVMS published its 2019 plan on public procurements.¹¹ In terms of value, the highest point under this plan concerns temporary employments. According to AVMS, this is due to the need for temporary engagement of more persons for the purpose of monitoring electoral media coverage and presentation. This contract is estimated in the value of 13.2 million MKD, without VAT.

2018 budget
adjustment, changes
to the Rulebook on
Gross Salaries

At its 45th session,¹² AVMS Council adopted changes to the Agency's rulebook on gross salaries and other reimbursements. Minutes from the relevant session do not include any information about the nature of changes made.

At the same session, by means of budget adjustment, AVMS Council increased the amount of transportation costs by 20,000 MKD, while reimbursements to Council Members were increased by 150,000 MKD.

¹⁰ 2019 Financial Plan, AVMS, available at: <https://goo.gl/MmPbCz>

¹¹ 2019 Plan on Public Procurements, AVMS, available at: <https://goo.gl/7vE7nE>

¹² Sessions of AVMS Council, available at: <https://goo.gl/b2cKi4>

<p>Public procurements and service contracts signed</p>	<p>According to the Electronic Public Procurement System, in the period October–December 2018, AVMS signed five public procurement contracts,¹³ as follows: translation services; fuel for the needs of the Agency, maintenance and servicing of vehicles; printing services; and office supplies.</p> <p>The tender procedure organized for maintenance of AVMS’s ICT system was annulled twice, as well as the procurement procedure for installation of tyres and additional equipment for vehicles.¹⁴</p> <p>Information on all public procurements is available on AVMS’s website. It should be noted that, immediately after our recommendation to continue regular publication of notifications on procurement contracts signed, AVMS updated and published information on contracts signed in 2018.¹⁵</p> <p>AVMS Council adopted the decision to sign contract for attorney services in 2019 with the same law office. According to relevant minutes, AVMS Director has expressed satisfaction from cooperation with the currently contracted law office and proposed signing of new contract. Total value of this contract is 300,000 MKD annually, VAT excluded. According to the Law on Public Procurements, this type of services is not subject to organization of public procurement procedure.</p>
<p>Financial report on public spending by AVMS Director</p>	<p>AVMS published the third financial report on public spending by its director Zoran Trajcevski for the period June–December 2018, which is in compliance with commitments on open and transparent operation and the government’s initiative on accountability in public spending by public office holders.¹⁶</p> <p>According to this report, Trajcevski has spent a total of 294,742 MKD on travel costs, representation expenses and telephone bills. Compared to costs presented for the first half of the year, this sum is by 71,215 MKD higher. Largest share of them, i.e. 65.6% concern purchase of air tickets and hotel accommodation abroad.</p>

COMMENTS/RECOMMENDATIONS

- In 2019, AVMS plans to ensure greater transparency of media ownership structure. At the same time, it plans to increase visibility of these data and develop annual report on media ownership for 2018. In the capacity of regulatory authority, AVMS should continuously and proactively monitor the media ownership structure, prevent media concentration, stimulate media pluralism and, of course, continuously provide comprehensive, relevant and easily accessible information to the public pertaining to this exceptionally important segment of the media landscape.
- Upon our recommendation, in this quarter AVMS published all notifications on public procurement contracts signed in 2018. The project team recommends the Agency to continue the practice on ongoing publication of information related to contracts signed.
- For several years now, including 2019, AVMS anticipates funds for procurement of special vehicle for recording programme services. There is no available information why such vehicle has still not been procured.

¹³ Public procurements, AVMS, available at: <https://goo.gl/qWF1cT>

¹⁴ Annulled tender procedures, AVMS, available at: <https://goo.gl/aHEaz3>

¹⁵ Notifications on public procurement contracts signed, AVMS, available at: <https://goo.gl/euFC9q>

¹⁶ Financial report on public spending by AVMS Director, 2018, available at: <https://goo.gl/Cb1CFT>

2. EFFECTIVENESS AND INDEPENDENCE

GENERAL ASSESSMENT

AVMS performed all regular programme and administrative supervisions, as well as series of other activities arising from its mandate as regulatory authority.

In this monitoring period, amendments to the Law on Audio and Audiovisual Media Services were adopted. AVMS is of the standing that it will face a series of problems in implementation thereof and that new amendments are necessary to ensure unhindered implementation of relevant competences entrusted to this regulator.

In the wake of abovenamed legislative changes, AVMS Council decided to announce an open call for appointment of deputy director. It remains unclear why the Council chose to pursue such endeavour at this moment.

After several-month delay, AVMS published and opened public debate about the draft version of its five-year regulatory strategy on development of audio and audiovisual activity.

In this period, the Agency issued a warning about possible clientelism of one media towards the ruling authorities.

This reaction, aimed to protect integrity of the media, is a novelty for AVMS because in the past, in spite of numerous examples of direct leverage observed between the former government and media owners (at national and local level) and in spite of direct interference in editorial policy at the media, the Agency has not raised any alerts and failed to react to such phenomena, which negatively impacted freedom, independence and professionalism of the media and journalists.

POLICIES, STRATEGIES AND REGULATIONS

Adopted amendments to the Law on Audio and Audiovisual Media Services (LAAMS)

On 28th December, i.e. ten months after their submission, the Parliament of the Republic of Macedonia adopted amendments to the Law on Audio and Audiovisual Media Services,¹⁷ with two-third majority vote. These amendments were published in the last issue of the "Official Gazette of the Republic of Macedonia" for the year 2018.

AVMS believes that it will face a series of problems in implementation of new amendments and is of the standing that new changes are needed to facilitate unhindered performance of competences entrusted to this regulatory authority. AVMS presented its comments to the Parliament, Government, OSCE, EU Delegation, US Embassy and several other diplomatic offices.

Appointment of AVMS Deputy Director

In the last quarter of 2018, AVMS Council decided to announce an open call for appointment of deputy director.¹⁸ According to proposing entities, the deputy director should be appointed, as he/she would ensure efficient transition during appointment of new management structures at the Agency. The decision for this open call was published immediately before adoption of amendments to the Law on Audio and Audiovisual Media Services, which actually anticipate cancellation of this position.

It remains unclear why AVMS Council supported such initiative immediately before adoption of law amendments. This endeavour raises additional concerns given the fact that appointment of deputy director had not been raised as an issue in the last four years, i.e. since the failed first open call announced in 2014.

¹⁷ Plenary session of the Parliament of the Republic of Macedonia, 28.12.2018, available at: <https://goo.gl/R2c2Z5>

¹⁸ Open call for appointment of AVMS Deputy Director, available at: <https://goo.gl/gZF3k>

<p>Regulatory Strategy on Development of Audio and Audiovisual Activity 2019-2023 (draft version)</p>	<p>In this quarter, albeit delayed by several months, AVMS presented the draft version of its new regulatory strategy on development of audio and audiovisual activity for the period 2019-2023.¹⁹ AVMS opened public debate on this document, which continued in January 2019.</p> <p>Unlike previous two strategies that concerned the audio and audiovisual activity as a whole and implied several strategy holders, i.e. implementing entities, this document exclusively concerns AVMS and provides guidelines for the regulator's operation and activities in the next five years geared towards encouraging media development in the state.</p> <p>According to AVMS, in order to ensure full implementation of strategic document that address the audio and audiovisual activity as a whole, i.e. to guarantee that all entities involved will deliver on commitments taken, the same should be developed by the competent ministry and adopted by the Parliament. Having in mind that such initiative does not exist at the moment, and based on experiences from previous strategies whereby majority of responsible entities have failed to comply with their tasks related to strategy implementation, AVMS decided to draft a strategy that will cover only activities and competences entrusted to this regulatory authority.</p> <p>Overall goals defined in this strategic document include:</p> <ul style="list-style-type: none"> - to encourage diversity of programme contents; - to protect and foster cultural identity, as well as cultural and language diversity of programmes; - to encourage pluralism of political views in the media and media independence from political interference; - to improve operation and performance of self-regulation and co-regulation systems; - to protect human rights and freedoms in media contents; - to encourage market development and competition; - to provide regulatory framework that facilitates media development; - to further develop media literacy.
<p>Guidelines on compliance with media obligations for publication of impressum and contract/editorial information</p>	<p>AVMS adopted the guidelines on compliance with media obligations for publication of impressum and contact/editorial information for users.²⁰ They set forth the manner in which broadcasters should act in terms of complying with obligations arising from the Law on Media and the Law on Audio and Audiovisual Media Services.</p>

¹⁹ Draft Strategy on Development of Audio and Audiovisual Activity, AVMS, available at: <https://goo.gl/UuYvz8>

²⁰ Guidelines on compliance with media obligations for publication of impressum and contact/editorial information, available at: <https://goo.gl/rK63by>

IMPLEMENTATION OF ACTIVITIES

<p>Reaction to possible occurrence of clientelism</p>	<p>On 17th December, AVMS announced that it has conducted a verification process on compliance with legal provisions governing media ownership and media concentration and has observed a situation that could lead to clientelistic relations by one medium towards the ruling authorities.</p> <p>According to AVMS, owner of regional outlet Television 3 also appears as owner of the company “Auto Examination Centre”, which has been awarded tender procedure by the Ministry of Interior for performance of driver exams on the territory of Skopje.</p> <p>Hence, the Agency has established that parallel ownership, in its own right, is not in collision with the Law, but leaves space for the government to influence the editorial policy of the named television channel and thereby hinder its editorial independence.</p> <p>Response obtained to the question submitted under the instrument for free access to public information inquiring whether AVMS, from adoption of LAAMS in 2014 to present, has used the possibility to react to possible occurrence of clientelistic relations, indicated that the case of Television 3 is the first and only instance when the Agency reacted to possible risk of clientelism.</p>
<p>Second monitoring report on media coverage and reporting during the referendum</p>	<p>At the beginning of this quarter, AVMS published the second monitoring report²¹ on media coverage and reporting during the referendum organized for approval of the Agreement with Greece. It was observed that many media outlets allocated more time to cover “for” views on the referendum, while none of them featured reports defending “against” views, because there was general absence of agitation for this position. AVMS also published an overview²² with breakdown of time (in minutes) allocated for public propaganda about the referendum.</p>
<p>Supervisions, controls, licenses and other activities</p>	<p>In this monitoring period, AVMS performed all regular programme and administrative supervisions at broadcasting entities, as well as printed media, cable operators and service providers. At the same time, it conducted one extraordinary supervision at 1TV, upon previous compliant, and one extraordinary supervision at TV Orbis, in ex officio capacity.</p> <p>AVMS issued 11 warnings to broadcasting entities, 3 warnings to publishers of printed media and one warning to cable operator.</p> <p>In the last quarter of 2018, in addition to other activities AVMS also suspended television broadcast license for RTV Orbis in Bitola (undergoing receivership), awarded one license to local non-profit radio intended for the Christian population in the Municipality of Strumica, and adopted decision to announce an open call on awarding national license for entertainment radio in Albanian and Macedonian language.</p> <p>Furthermore, AVMS issued 60 enlistment certificates for programme packages/services, and addressed the Ministry of Interior with letter wherein it presented its suspicions on violation of copyright and associated rights on the part of public electronic communications network operator.</p>

²¹ Second report from monitoring media coverage and reports during the referendum, AVMS, available at: <https://goo.gl/Wmt8Gt>

²² Overview of time allocated for public propaganda related to the referendum (in minutes), available at: <https://goo.gl/tLRNj9>

<p>Studies</p>	<p>AVMS developed a study that establishes state-of-affairs on regional and local market of television providers.²³ Parts of this study are incorporated in the draft version of the Regulatory Strategy on Development of Audio and Audiovisual Activity 2019 - 2023. Moreover, AVMS published data²⁴ on ratings of radio stations and shares in total viewership of individual television stations for the third quarter of 2018. In that, surveyed respondents predominantly indicated they watch current affairs (news) programmes.</p>
<p>Motion to establish AVMS Director's responsibility</p>	<p>At its 46th session, AVMS Council discussed the motion submitted by TV24 to the State Administration Inspectorate, Commission for Protection of Competition and Commission for Prevention and Protection Against Discrimination, wherein it is claimed that the manner in which the committee on viewer ratings was established and the contract signed with AGB Nielsen are contrary to LAAMS. In that, the Council unanimously rejected the motion for initiation of procedure on establishing responsibility for AVMS Director on the grounds of non-compliance with the guidelines on the method of measuring viewership and listenership of broadcasted programmes.²⁵</p>
<p>International cooperation</p>	<p>In this period, AVMS implemented a series of international activities. AVMS representatives attended the 48th meeting of the European Platform of Regulatory Authorities (EPRA), in Bratislava; 13th meeting of the Subcommittee on Justice and Internal Affairs between the Republic of Macedonia and the European Union, within the Stabilization and Association Committee, in Brussels; the 10th plenary session of ERGA, in Brussels, the Kingdom of Belgium; and the eleventh issue of "Days of Electronic Media", in the Republic of Croatia.</p> <p>Bilateral meetings were held with the Council for Electronic Media of the Republic of Bulgaria (CEM), Communications Regulatory Agency of Bosnia and Herzegovina, as well as working meeting with the Ambassador of the Republic of Bulgaria in Macedonia.</p>

COMMENTS/RECOMMENDATIONS

- Adoption of amendments to LAAMS "unblocked" reform processes in the media sphere. In the light of upcoming changes, AVMS is facing certain difficulties in implementation of portion of its competences and therefore requested competent institutions to adopt additional changes aimed to correct these omissions. The legislative and executive branches of government have still not responded to proposals made by the regulator. At the same, current composition of AVMS and its Council should ensure conditions for unhindered implementation of law amendments in terms of the regulator's structure and method of operation.
- Having in mind the destiny of previous strategies, instead of comprehensive strategy on development of audio and audiovisual activity, AVMs opted to draft a five-year strategic document that exclusively concerns competences of this regulatory authority. Such action on the part of AVMS is logical, although comprehensive media strategy still needs to be developed and adopted. In the capacity of regulatory authority, AVMS could initiate this complex and important process, which should include all stakeholders and should be organized and coordinated by the competent ministry.
- AVMS's warning on possible clientelism of one media towards the ruling authorities is the first of its kind. This case shows that, in the past, although it held relevant competences, the Agency did not react in cases of leverage between the ruling authorities and the media, as well as government pressures on freedom, independence and integrity of the media and journalists. Also, this case shows that AVMS should operate as independent regulator that will continuously and non-selectively monitor state-of-affairs in the media sphere, will indicate to deviations observed and will propose adequate policies and mechanisms to encourage and to protect media independence from political influence.

²³ Study "Regional and Local Television Channels in the Republic of Macedonia", AVMS, available at: <https://goo.gl/rm4MpC>

²⁴ Ratings of radio stations and shares in total viewership of television channels for the third quarter of 2018, available at: <https://goo.gl/GCPFF6>

²⁵ Minutes from the 46th session of AVMS Council, available at: <https://goo.gl/U9Pn2j>

3. PERFORMANCE AND LAW ENFORCEMENT

GENERAL ASSESSMENT

AVMS disposes with solid human and financial resources, and bases its operation on standards for quality management systems.

In order to improve its financial performance, in 2019 AVMS plans to conduct three internal audits focused on public procurements and risk management.

HUMAN RESOURCES

Staff members

AVMS disposes with expert and competent staff members, both in terms of programme and financial/administrative operations.

According to information shared by AVMS, its management continuously strives to ensure adequate conditions and impetus for additional development and promotion of staff members. Most often, it is a matter of specialized training, study visits and participation at various international conferences and other events.

FINANCIAL RESOURCES

Internal audits

In 2019, AVMS plans to conduct three internal audits, as follows: audit of risk management; audit of public procurement process and performance of public procurement contracts; and so-called “follow-up” audit (monitoring implementation of recommendations).

Primary goal of these audits is to improve AVMS’s financial operations and to increase effectiveness of recommendations issued by internal audits.

COMMENTS/RECOMMENDATIONS

- Although AVMS continuously strives to upgrade knowledge and skills of its staff members, the project team recommends the Agency’s human resource development and motivation plans to include greater details and to be integrated in the annual operation plans.

4. PUBLIC INTEREST

GENERAL ASSESSMENT

In this period as well, AVMS remained open to cooperation and joint activities with civil society organizations and media outlets in the field of media literacy and social inclusion.

As regards social inclusion and media literacy, among other activities, in 2019 AVMS plans to develop two policy documents on media literacy and on media accessibility for persons with sensory impairment. Also, AVMS plans to be active in the field of freedom of expression and media freedoms.

CREATION OF ENABLING ENVIRONMENT FOR THE MEDIA

Social inclusion and media

AVMS held one working meeting with representatives from TV outlets with national concessions to discuss the manner and possibilities for broadcasters to adjust their programmes to the needs of persons with sensory impairment, as well as benefits for television outlets from this process.²⁶

In 2019 as well, AVMS plans to continue its activities focused on developing media literacy and encouraging broadcasters to take actions aimed at gradual adaptation of their programmes for persons with sensory impairment.

The end of 2018 implied validity expiration for two documents: Program on Media Accessibility for Persons with Sensory Impairment (2016-2018) and Program on Promotion of Media Literacy in the Republic of Macedonia (2016-2018). According to AVMS, experiences from implementation of these documents, as well as experiences from other European countries show that, instead of plans with limited validity period, it is more adequate to draft policy documents. Hence, the Agency plans to dedicate portion of its activities in 2019 on these two issues.

At the same time, AVMS will stimulate broadcasting entities, by means of self-regulatory act, to make their programmes accessible for persons with sensory impairment.

AVMS will continue activities on public awareness about the importance of media literacy, including support for the Media Literacy Network.

Freedom of expression and media freedoms

At its fourth public meeting, AVMS presented results from the research on gender issues and presentation of men and women in media concepts and contents for 2018.²⁷

At this meeting, AVMS also presented infographics with results from opinion survey conducted among audiences, presentation of LGBTI community in the media for 2017²⁸ and frequency of children programmes.²⁹

In the context of strengthening freedom of expression and media freedoms, in 2019 AVMS plans events and workshops on professional standards, newsroom culture and enhancing independence of editorial policy, and will develop annual analysis of gender issues and presentation of men and women in programmes aired by broadcasters for 2019.

²⁶ Meeting with national TV channels, AVMS, available at: <https://goo.gl/sUFVrM>

²⁷ "Gender in Television Programmes", AVMS, available at: <https://goo.gl/shUr9k>

²⁸ Infographic on sexual orientation and the media, AVMS, available at: <https://goo.gl/3NLVRE>

²⁹ Infographic on frequency of children programmes aired by television outlets with national concessions, AVMS, available at: <https://goo.gl/DZgZDT>

Meetings with students

In the last quarter of the year, AVMS was visited by students from the department of journalism and public relations at the Faculty of Law “Iustinianus Primus” - Skopje,³⁰ as well as students from the Faculty of Legal Studies and Journalism at the Tetovo State University.³¹

COMMENTS/RECOMMENDATIONS

- AVMS’s preparedness, in the course of 2019, to play an active role of creator of policies and activities in the field of social inclusion in media contents and media literacy, as well as to encourage broadcasters to make their respective programmes accessible to persons with disabilities, is of particular importance. Moreover, knowing that the Agency plans to involve all stakeholders in these processes: broadcasters, civil society organizations, competent institutions, etc.

³⁰ Meeting with students from the Faculty of Law “Iustinianus Primus”. AVMS, available at: <https://goo.gl/45YmCv>

³¹ Meeting with students from the Tetovo State University, AVMS, available at: <https://goo.gl/exZihj>

AGENCY FOR ELECTRONIC COMMUNICATIONS (AEC)

1. TRANSPARENCY AND ACCOUNTABILITY

GENERAL ASSESSMENT

In the fourth quarter of 2018, no significant changes were observed in regard to AEC's transparency. To certain extent, transparency and accountability are secured, but there is space for significant improvements in terms of publication of information and management of existing communication tools. Information hosted on all three websites and social networks are regularly updated; however, as noted in the previous reports, AEC lacks strategic approach to its communications, i.e. it continues to confuse the public by hosting two profiles on Facebook and YouTube, each. General standards are secured by means of rules, procedures and other internal documents adopted by this regulatory authority, but they are characterized by basic level of technicality and contents, while the quality of some documents that are available affects the regulator's transparency, further confirming the need and possibility for improvements.

PROGRAMME TRANSPARENCY AND ACCOUNTABILITY

Meetings of AEC Commission

In this quarter, AEC Commission held a total of four meetings, as follows: 30th October,³² 20th November,³³ 6th³⁴ and 19th December 2018.³⁵ At the same time, at the beginning of this quarter (5th October) AEC published minutes from the 11th meeting, held on 28th September 2018.³⁶ As noted in the previous reports, these meetings are closed to the public, while minutes and press releases provide the single source of information for the public about the Agency's performance and should therefore be published on its official website within a deadline of seven days after the meeting is held. The project team welcomes the fact that minutes from all four meetings were published within the law-stipulated deadline. As regards comprehensiveness of information presented therein, there are no improvements compared to previous quarters. More specifically, minutes provide vague description of the meeting course and, except for basic information, do not include any details about contents of discussions. Positive exemption therefrom was observed with minutes from the 11th meeting which, according to recommendations made in previous quarters, is more comprehensive and provides details to the public about decisions taken by the regulatory authority. Minutes from the 14th meeting held by AEC Commission amount to merely half-page text, whereby two lines have been allocated for each of the three agenda items discussed. At this meeting, AEC Commission Members reconsidered comments submitted by operators, as well as responses thereto by the Agency's expert services. They were discussed and series of remarks were adopted and later integrated in AEC's operation program. These brief and general minutes do not even serve their basic purpose, i.e. do not include sufficient information for the public.

³² Minutes from the 12th meeting of AEC Commission in 2018, available at: <https://goo.gl/xvzFCV>

³³ Minutes from the 13th meeting of AEC Commission in 2018, available at: <https://goo.gl/eVJVk4>

³⁴ Minutes from the 14th meeting of AEC Commission in 2018, available at: <https://goo.gl/LHEoK7>

³⁵ Minutes from the 15th meeting of AEC Commission in 2018, available at: <https://goo.gl/VA4B4L>

³⁶ Minutes from the 11th meeting of AEC Commission in 2018, available at: <https://goo.gl/r7crWM>

<p>Public meetings</p>	<p>On 18th December, AEC held the second public meeting for 2018, thereby fully complying with the law-stipulated obligation to organize at least two public meetings in the course of one year.³⁷ Topics discussed at this meeting include:</p> <ul style="list-style-type: none"> - AEC's participation in development of the National Operational Broadband Plan; - implementation level of the system on measuring quality parameters in fixed networks; - protection of end-user rights in providing access to services of added value; - termination of international calls (practices in the EU and the Western Balkans); - initiatives to reduce roaming prices among the Western Balkans. <p>Relevant invitation, agenda and participation form³⁸ were timely published on AEC's website, leaving sufficient time for interested parties to register for participation and attend the public meeting. Nevertheless, AEC's website does not host any information about the course and discussions led at this meeting, including presentations and other materials. Hence, the regulatory authority is recommended to maintain good practices from past public meetings, i.e. to regularly publish all work materials related to these meeting.</p>
<p>Public consultations</p>	<p>In this quarter, AEC opened three public consultations around the following issues:</p> <ul style="list-style-type: none"> - AEC's 2019 Draft Annual Operation Program;³⁹ - Rulebook on control and measuring quality parameters of Internet access provided by public fixed electronic communications networks;⁴⁰ - draft report on development of model for economic replicability tests and calculation of WACC and rulebook on amending the rulebook on providing bitstream access and resales of bitstream services.⁴¹ <p>AEC organized public consultations to discuss its draft 2019 annual program and financial plan,⁴² as well as the proposed rulebook on control and measuring quality parameters of Internet access provided by public fixed electronic communications networks.⁴³</p> <p>All documents related to public consultations and meetings were timely posted on AEC's official website.</p>
<p>Website, Facebook, YouTube, press releases, etc.</p>	<p>Websites and social media profiles are basic indicator on the regulator's transparency and accountability.</p> <p>AEC's main website⁴⁴ hosts timely published documents and other contents related to its operation. However, some remarks from the previous reports have not been taken into consideration and omissions have not been corrected. One problem that persists throughout the entire monitoring process is the fact that most documents, for example, AEC's Annual Operation Program, are posted on its website in scanned format, thus making them difficult to browse and analyse. The project team recommends these documents to be published in textual, instead of scanned format.</p>

³⁷ Obligation stipulated under Article 13, paragraph (4) of the Law on Electronic Communications, "Official Gazette of the Republic of Macedonia" no. 39/2014188/2014, 44/2015, 193/2015, 11/2018 and 21/2018.

³⁸ Information about the second public meeting organized by the Agency for Electronic Communications in 2018, available at: <https://goo.gl/3EEC6m>

³⁹ Public debate, AEC, available at: <https://bit.ly/2smnoMX>

⁴⁰ Public debate, AEC, available at: <https://bit.ly/2VLIJl2>

⁴¹ Public meeting, AEC, available at: <https://bit.ly/2FqSCKr>

⁴² Public consultations on the proposed 2019 Annual Operation Program of the Agency for Electronic Communications and proposed 2019 Financial Plan of the Agency for Electronic Communications, available at: <https://goo.gl/xWkYgQ>

⁴³ Public consultations about the rulebook on control and measuring quality parameters of Internet access provided by public fixed electronic communications networks, available at: <https://goo.gl/Eg8Vkd>

⁴⁴ AEC's website: <http://www.aek.mk>

Website,
Facebook,
YouTube,
press releases, etc.

As regards other two websites (e-agencija.aek.mk⁴⁵ and komuniciraj.mk⁴⁶), no visible changes were observed in this quarter, except for publication of standard contents that are regularly updated. In the period October-December 2018, AEC was not very active on its social network profiles. In particular, AEC did not post any new contents on its two YouTube channels⁴⁷ and Twitter⁴⁸ account, while the Facebook page titled "Agencija za elektronski komunikacii"⁴⁹ featured only four (4) new posts.

In the last quarter of 2018, two press releases were published on AEC's website. The first was posted on 12th December 2018 and concerned information that two exams for amateur radio operators will be held in the course of December, while the second press release was published on 19th December 2018 and concerned the regulator's intent to organize public bidding procedure to award radiofrequency band 1965-1980/2155-2170 MHz.

As regards visits to all three websites in the period October-December 2018, the highest traffic was noted in the case of AEC's main website (aek.mk) with total number of 9,581 visits, followed by e-agencija.aek.mk with 4,707 and komuniciraj.mk with 995 visits.

Activities enlisted in its 2019 Annual Operation Program include upgrades to AEC's websites and mobile applications, as well as their regular maintenance to ensure accessibility and publication of information.⁵⁰

FINANCIAL TRANSPARENCY AND ACCOUNTABILITY

Public
procurements

According to the Electronic Public Procurement System, in the period October-December, AEC has signed a total of 11 contracts, as follows: procurement of system on vulnerability assessment;⁵¹ office supplies;⁵² ongoing and investment maintenance of buildings, construction and craftsman works and maintenance of equipment and electrical appliances;⁵³ health check-ups for AEC staff members;⁵⁴ procurement of IT equipment (server and network equipment and data protection system, i.e. disaster recovery);⁵⁵ training for the needs of the National Centre for Computer Incident Response MKD-CIRT;⁵⁶ audit of AEC's financial operations and audit of the compensation fund for universal service for 2018;⁵⁷ procurement of licensed software (antivirus and antispam protection);⁵⁸ adaptive upgrade to the system on measuring quality parameters of Internet access provided by fixed networks;⁵⁹ services for individual and property security;⁶⁰ and procurement of motor vehicle repair and servicing.⁶¹ Based on publicly available information for these procurements, it was observed that AEC's website provides only information about relevant titles of procurements, but lacks notifications on contracts signed and the contracts themselves.

⁴⁵ AEC's website: <https://e-agencija.aek.mk>

⁴⁶ AEC's website: <https://komuniciraj.mk>

⁴⁷ AEC's YouTube channels: <https://www.youtube.com/user/aecmk/videos> and https://www.youtube.com/channel/UCH5h_AIZADe-qUFTlynkTqA

⁴⁸ AEC's Twitter profile: <https://twitter.com/aecmk>

⁴⁹ AEC's Facebook profile: https://www.facebook.com/aecmk/?ref=br_rs

⁵⁰ AEC's 2019 Annual Operation Program, available at: http://www.aek.mk/index.php?option=com_k2&view=item&id=2454:godisen-finansiski-plan-2019&Itemid=479&lang=mk

⁵¹ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/dossie-acpp/2dd447a3-4bd5-4464-b11f-9a6f8e513462>

⁵² Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/contracts>

⁵³ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/dossie-acpp/8d796e40-f0f9-4388-a6dc-e7389f4665e9>

⁵⁴ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/dossie-acpp/5065139f-80d2-4d9f-b4b7-d2dd8c4efe28>

⁵⁵ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/dossie-acpp/6bcfbca2-9430-4dbf-afd5-397fcd73ce4c>

⁵⁶ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/dossie-acpp/ca3ed7bf-e4b4-45d1-881d-c97904a1af2c>

⁵⁷ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/contracts>

⁵⁸ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/contracts>

⁵⁹ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/dossie-acpp/46d2d24b-24e7-483c-8377-5d1054465922>

⁶⁰ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/dossie-acpp/6ccb594b-b4fc-4004-8c4f-5644fec9699b>

⁶¹ Public procurements, AEC, available at: <https://e-nabavki.gov.mk/PublicAccess/home.aspx#/contracts>

<p>Transparency in public procurements</p>	<p>At the 12th meeting held by AEC Commission, pursuant to request for amendments to AEC's 2018 plan on public procurements, it was explained that changes made concern one item under the three-year plan on public procurements, whereby relevant period for the procurement in question was changed from one year to two years. Minutes from this meeting do not include any information or clarification about the actual procurement that was changed, amount and timeframe thereof.</p> <p>At its 15th meeting, AEC Commission again approved amendments to 2018 plan on public procurements, which concerned the procurement of client IT equipment based on the need to secure additional funds. In this case as well, information is missing about difference between estimated value and omission under funds planned for this procurement and the contract signed with the economic operator.</p> <p>The project team recommends more transparent justification and detailed information on all changes made and approvals obtained to amend the annual plan on public procurements.</p>
<p>Financial report on public spending by AEC Director</p>	<p>In its previous reports, the project team recommended AEC to comply with commitments on open and transparent operation (according to the government's initiative on accountability for public spending by public office holders), but information on public spending by AEC Director cannot be found on any communication tools used by this regulatory authority.</p>

COMMENTS/RECOMMENDATIONS

- According to AEC's 2019 Annual Operation Program and activities anticipated to upgrade websites and mobile applications, we recommend adoption of strategic, proactive and more systemic approach to ensuring continuity in terms of transparency and accountability practices, with focus on accessibility and quality of information, clarification and familiarization of the public with the regulator's operation. Publicity of operations could be increased with greater involvement of stakeholders, expert public and civil society.
- To promote publicity of operations, the project team reiterates its previous recommendation on the need for AEC to provide more detailed descriptions of public procurements on the relevant website section. Hence, we recommend complete and more detailed information on AEC's public procurements, including decisions to award contracts and contracts signed.
- Minutes from meetings held by AEC Commission, with small exceptions, are not sufficiently transparent. The project team recommends detailed minutes-taking and restoration of good practices from the past for publication of all materials related to public meetings/consultations.
- The project team recommends documents hosted on AEC's websites to be published in textual, instead of scanned format, thereby making them easy to browse and more accessible to the public.

2. EFFECTIVENESS AND INDEPENDENCE

GENERAL ASSESSMENT

In this quarter, AEC extended the deadline for construction of its monitoring and control antennae system (by more than two years) and decided to address the Public Transport Enterprise Skopje (PTE Skopje) with a warning before lawsuit concerning the donation for the Ferris Wheel. As it is already known, the government revoked construction of the Ferris Wheel, but PTE Skopje has still not presented AEC with any financial report on the manner in which donation funds have been spent. Extended deadline for construction of the antennae system and lack of any information about donated funds undermine the regulator's effectiveness.

REPORTS, PROJECTS AND DONATIONS

Quarterly reports on development of the electronic communications market

In this quarter, AEC published reports on development of the electronic communications market for the first and second quarters of 2018.⁶² These reports include data on adequate market shares of individual operators in mobile and landline telephony, internet access and television. Publication of these reports is AEC's legal obligation, while the complete annual report on development of the electronic communications market (for all four quarters) is submitted together with the regulator's annual operation report.

Monitoring and control antennae system

At its 11th meeting, AEC Commission approved the extended deadline for completion of the monitoring and control antennae system. In that, the Commission asked expert services to define precise deadlines and extension days for construction of the antennae system with updated dynamics/timetable. With this extension, the deadline for construction of the antennae system is postponed for more than two years.⁶³

Donation to PTE Skopje for construction of the Ferris Wheel

At its 13th meeting, AEC Commission discussed the donation made to the Public Transport Enterprise Skopje for construction of the Ferris Wheel in Skopje downtown. Given that construction works on the Ferris Wheel were cancelled, AEC addressed PTE Skopje with several requests for information on the manner in which donation funds have been spent, but to date has not received any response. Hence, AEC Commission approved issuance of warning before lawsuit to PTE Skopje on the grounds of failure to comply with contractual obligations.

COMMENTS/RECOMMENDATIONS

With a view to improve effectiveness, the project team recommends:

- AEC to publish financial reports on all donations awarded in the last five (5) years. In cases when legal entities that are donation beneficiaries have still not submitted reports, we recommend the Agency to issue relevant warnings and to take all adequate legal actions. In the last years, the process on awarding donation funds was not open and transparent and such practices must not continue in terms of accountability for spending donation funds.
- AEC must comply with its timeframe on construction of the antennae system and within funds anticipated for that purpose, while the public should be provided regular and detailed information on the overall course of this process.

⁶² Reports on development of the electronic communications market, AEC, available at: <https://bit.ly/2FjcrEp>

⁶³ As seen in: <https://faktor.mk/golemo-odlozuvanje-na-istekot-na-rokot-za-granit-za-telekomunikaciskata-kula-na-vodno>

3. PERFORMANCE AND LAW ENFORCEMENT

GENERAL ASSESSMENT

Monitoring and analysis of performance demonstrated by this regulatory authority, inter alia, is pursued on the basis of its annual operation programs, financial plans and plans on public procurements, as well as in terms of human and financial resources necessary for their implementation. In that, AEC disposes with sufficient capacity to fulfil its obligations from relevant primary and secondary legislation, but fails to do that in effective and cost-efficient, i.e. purposeful manner. As regards its performance, concerns are raised with practices of partial transparency, i.e. disclosure of public information on recommendations made by stakeholders and their (non)acceptance, information related to public procurements, as well as information related to effective planning of resources.

2019 Annual Operation Program

AEC Commission adopted the 2019 Annual Operation Program and 2019 Annual Financial Plan⁶⁴ at its 14th meeting, held on 6th December 2018.

Relevant minutes from the Commission's meeting indicate that some comments submitted by operators are accepted, but lack information about comments arrived and recommendations accepted and integrated in AEC's annual program.

In 2019, AEC will strive to deliver regulatory goals and principles arising from the Law on Electronic Communications (LEC), especially by means of next generation regulation on access networks, introduction of the system on control and measuring quality parameters of fixed networks, which will complement and upgrade the existing system on measuring quality parameters. Additionally, the focus will be put on greater protection of rights of users, especially of end-users with disability and special social needs, as well as enhanced expert supervision on the operators' compliance with primary and secondary legislation.

In 2019, AEC plans to continue implementation of the project for construction of its antennae system on monitoring and controlling radiofrequencies on the territory of Macedonia, which is a multiannual project.

One of activities underlined in AEC's 2019 annual operation plan concern upgrade of its websites and mobile applications, as well as regular maintenance of websites and publication of information.

As regards policies and human resource management, AEC plans to update data for effective operation of the electronic human resource management system, with a view of greater overview and availability of information on all staff members.

Another important task for AEC, anticipated for 2019, implies introduction of policy on managing staff member absences. Justification provided for this measure indicates that increased number of absences results in non-availability of resources necessary for quality performance of work tasks and disturbs the continuity in performance of tasks and duties of this institution.⁶⁵

HUMAN RESOURCES

Staff members

As regards observed difference between number of staff members and the job systematization act, the project team submitted a request under the instrument for free access to public information. AEC's response was obtained within the law-stipulated deadline and indicates that the number of staff members is 135. Two new staff members were recruited in 2018.

⁶⁴ AEC's 2019 Annual Operation Program and Financial Plan, available at: <https://goo.gl/mJbHDq>

⁶⁵ AEC's 2019 Annual Operation Program, Chapter: Human Resources, available at: <https://goo.gl/MuLA2y>

FINANCIAL RESOURCES

2019 Annual Financial Plan – revenue

In this quarter, AEC adopted its 2019 financial plan. Total revenue anticipated under AEC's 2019 Annual Financial Plan amounts to 478,360,000 MKD.

Analysis of planned revenue shows that, in 2019, AEC plans to realize lower revenue compared to the previous three years, i.e. by 20.5% compared to 2018, by 12.3% compared to 2017 and by 20% compared to 2016.

According to the financial plan, around 78% of revenue collected in 2019 will be collected on the basis of spectrum fees for use of radiofrequencies (375,000,000 MKD). Remaining portion of revenue will be generated by means of charges for supervision of the market of electronic communications (50,810,000 MKD) and charges for use of awarded numbers and series of numbers (50,250,000 MKD). (Chart no.1: Planned revenue for 2019).

AEC practices adoption of amendments to its financial plan in the current year, whereby it rolls over surplus funds from previous years as established on its final balance sheet. It could be expected for this practice to continue in 2019, whereby revenue and expenditure would increase in the course of the fiscal year. (Chart no. 2: Planned revenue/expenditure per, expressed in MKD)

AEC's planned revenue for 2019

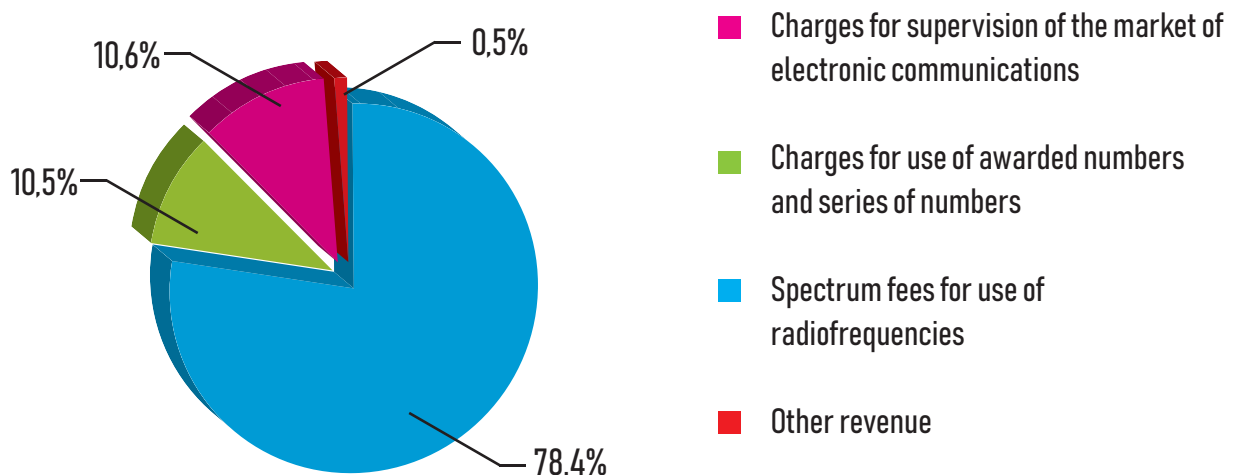


Chart no.1: Planned revenue for 2019

AEC'splanned revenue/expenditure, per year

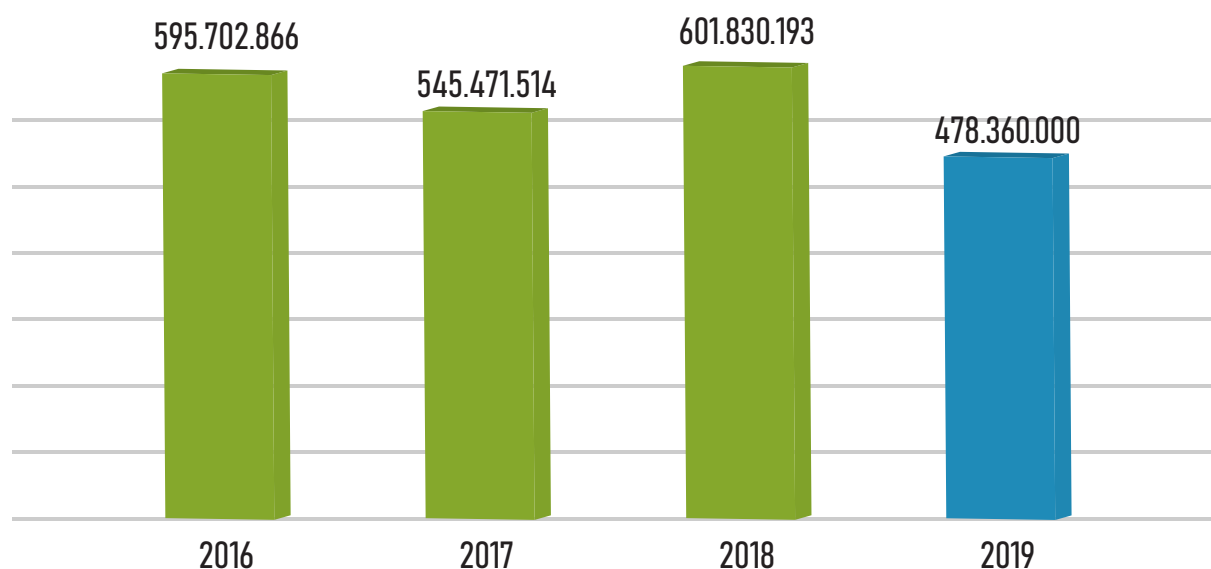


Chart no. 2: Planned revenue/expenditure per year, expressed in MKD

2019 Annual Financial Plan – expenditure

Total expenditure planned for 2019 are set in the same amount as planned revenue, whereby around 85% of them will be spent on four expenditure items, as follows: capital investments, salaries, equipment and intellectual and other services.

Salaries account for the biggest expenditure item, in the amount of 163,200,000 MKD, i.e. 34% of the total budget. There is visible increase of funds for salaries by 20% compared to 2018 figures.

At its 15th meeting, AEC Commission concluded that the last decision on setting the amount of basic salary for AEC staff members was adopted in June 2015. In the meantime, average monthly net salary in the Republic of Macedonia has increased by 9%. As a result thereof, AEC Commission adopted a decision on 5% increase under salaries for staff members, effective from 1st January 2019.

Concerns are raised with arguments provided for salary increase, having in mind that average salary at AEC, even before this increase, was much higher than the national average, which at the end of 2018 amounted to 24,548 MKD and is almost 60% lower than the average salary at AEC.

The second highest expenditure item is equipment, accounting for 23% of the budget (110,658,615 MKD). This item is also marked by 53% increase compared to the last year. Most of these funds, i.e. 46,035,000 MKD, will be spent on IT equipment, as well as system for registration and notification of telecommunications terminal equipment, mobile network, in the amount of 34,700,000 MKD. A total of 20,000,000 MKD will be spent on procurement of new official vehicles.

2019 Annual
Financial Plan
– expenditure

The next expenditure item concerns utility and communication bills, in total amount of 59,574,371 MKD, i.e. 12.5% of the budget (increased by 26% compared to 2018). Around 58% of funds under this budget item are anticipated for repair and maintenance of software and hardware equipment. One of the biggest expenditure items concerns intellectual and other services (57,664,500 MKD), accounting for little over 12% of the 2019 total budget. Compared to 2018 figures, this item is marked by 34% increase. Most funds under this expenditure item are anticipated for other contractual services (hackathon conference, consultation services, certificate on ISO 27000 standard for information security, etc.), followed by in-service advancement training, in the amount of 16,590,000 MKD. Another major cost under this item concerns contractual services for AEC Commission Members, in the amount of 6,000,000 MKD, which is by 400,000 MKD higher compared to 2018 figures. With this increase, the average gross monthly reimbursement for Commission Member has risen to 100,000 MKD. According to LEC, Commissioners are not staff members at AEC and are entitled to monthly reimbursement in the amount of four average salaries.

Compared to the previous years, AEC's 2019 budget features two major differences. One of them concerns the budget item assistance, donations and other payments, which does not include any funds, while the budget item on capital investments, which in the previous years anticipated funds expressed in millions for construction of the antennae tower on Vodno, anticipates only 16,236,514 MKD, which is by 90% less compared to the last year.

(Chart no. 3: Planned expenditure for 2019).

AEC's planned expenditure for 2019

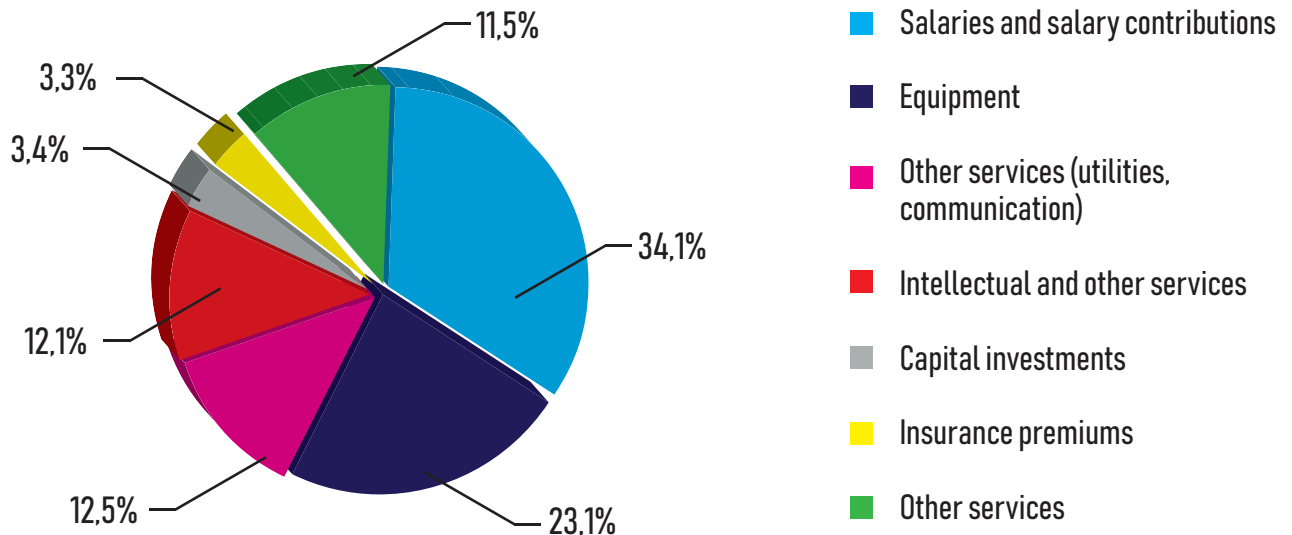


Chart no.3: Planned expenditure for 2019

INTERNATIONAL COOPERATION

International events and meetings

AEC Director attended the regional meetings of directors of national regulatory authorities competent for electronic communications from Serbia, Montenegro and Bosnia and Herzegovina.⁶⁶

This meeting included discussions on topics related to regional roaming, prices for international termination of calls in mobile and landline electronic communications networks, as well as regional coordination for radiofrequency spectrum management.

At this meeting, directors of the Regulatory Agency for Electronic Communications and Postal Services of the Republic of Serbia and the Agency for Electronic Communications of the Republic of Macedonia have signed protocol on cooperation between the National Centres for Computer Incident Response in Macedonia (MKD-CIRT) and in Serbia (SRB-CERT).

In the last quarter (October-December 2018), AEC staff members participated in 20 international events and meetings.⁶⁷

International and national training courses

In the past period (October-December 2018), AEC staff members attended various training sessions, as follows:

- advanced training on measuring and analysis with sophisticated metering equipment – scanner for GSM/UMT/LTE coverage, Austria;
- training on monitoring radiofrequencies, USA;
- training on consumer protection, organized by Cullen International, Belgium;
- quality management system ISO 9001:2015;
- negotiation skills for attainment of shared interest;
- promotion of communications and building good interpersonal relations;
- delivery of top protection for end-user rights;
- market analysis and price regulation.

⁶⁶ Regional meeting in Belgrade, available at: <https://www.facebook.com/aecmk/posts/1184777985012219>

⁶⁷ 16th International Conference "Regulatory Activity in the Electronic Communications Sector", Montenegro; "47th Meeting RSPG", Belgium; "36th BEREC Plenary Meetings", Slovenia; "8th Annual FIS Mobile Client Meeting - MCM", USA; Roaming/Mobile Expert Working Group of WB NRAs/BEREC, Belgium; Fundamental Readiness in Cyber Defence in the Balkans (FRCD), Serbia; "ICANN" conference, Spain; participation in the meeting of the Digital Summit Executive Committee, Serbia; participation in the PP-18 Conference, organized by ITU-OAE; Audit Service Annual Conference 2018, Belgium; "Western Balkans Roaming Policy Meeting", Belgium; participation in the second meeting of the Forum for Cooperation of Regulatory Authorities for Electronic Communications of Bosnia and Herzegovina, Montenegro, Macedonia and Serbia, Serbia; "13th Annual Meeting of the Internet Governance Forum (IGF)", France; IRG/BEREC Contact Network 4(CN), Luxembourg; participation in the meeting "Science for Peace and Security", Poland; "Global Cybersecurity", USA; "20th CRC Anniversary", Bulgaria.

COMMENTS/RECOMMENDATIONS

- Positive trend in advancing transparent practices in performance was noted in relation to some activities planned under AEC's 2019 annual plan, as follows:
 - Upgrading AEC's websites and mobile applications, as well as regular maintenance for accessibility of websites and publication of information;
 - Updating data for effective operation of the electronic human resource management system, with a view to ensure better overview and availability of information on all staff members.
- Compared to the previous years, AEC's 2019 budget features several important differences, as follows:
 - It is important to note that AEC's 2019 budget anticipated increase under the item on salaries by 20%, while the item on intellectual services is increased by 34%. Concerns are raised with arguments provided for salary increase, given the fact that average salaries at AEC, even before this increase, were far above the national average, which at the end of 2018 amounted for 24,548 MKD and is by almost 60% less than the average calculated for AEC. Expenditure planned in this manner allows the conclusion that AEC's 2019 budget is not developmental.
 - No funds are planned under the budget item on assistance, donations and other payments, while the budget item on capital investments, which in the previous years featured amounts expressed in millions intended for the antennae tower on Vodno, anticipate only 16,236,514 MKD in 2019, which is by 90% lower compared to the last year.
- Also, AEC's plan anticipated introduction of policy aimed at reduction of job absences. This raises the question about the need for introduction of such policy is indicative of practices related to multiple unjustified absences that affect the regulator's performance.

4. PUBLIC INTEREST

GENERAL ASSESSMENT

The regulator declared commitment to use its available resources for promotion of the public interest, but there is no clear and direct relation between public interest and distribution of its resources.

In this quarter, the highest number of citizens used the tool for sending calls and messages to the toll-free number 190 (total of 825 calls and messages received), followed by submission of complaints (in written and electronic form, total of 144 complaints). The lowest level of use is observed in regard to the tool “questions and answers”, with a total of 56 questions posted.

The focus on public interest remains on regional cooperation, aimed at better access to services for citizens (mobile telephony, internet, etc.), as well as development and promotion of web applications and tolls intended for end-users.

<p>Web application for end-users</p>	<p>In the last quarter, AEC launched the web application (Speedtest.aek.mk) that allows subscribers and/or end-users to independently measure quality parameters of Internet access. These measurements are of informative nature and could serve the purpose of submitting applications for verification of quality of Internet access provided by their operators. This application is part of the proposed rulebook on control and measuring quality parameters of Internet access provided by public fixed networks, which was discussed at one public meeting.⁶⁸ The project team addressed AEC with request under the instrument for free access to public information and received response that, by means of electronic auction, from the total of eight bidders, they have selected the economic operator AMC Computers LPP Skopje to design this web application, whose development and putting in operation amounted to 1,133,469 MKD.</p>
<p>Complaints lodged by end-users</p>	<p>In response to the request for free access to public information, the project team was informed that in the period October-December 2018 AEC was addressed with 144 applications on dispute resolution, of which 134 were submitted in written (to AEC Headquarters), and only 10 complaints were submitted electronically, through the website e-agencija.mk.</p>
<p>Calls and messages to the toll-free number 190</p>	<p>In the period October-December 2018, the toll-free number 190 received 468 calls and 357 messages.</p>
<p>Use of the tool “questions and answers”</p>	<p>The tool “questions and answers” is another alternative for citizens to address AEC with questions. In this case as well, relying on the instrument for free access to public information, the project team was informed that in this quarter the Agency received a total of 56 questions.</p>

⁶⁸ Public consultations on the proposed rulebook on control and measuring quality parameters of Internet access provided by public fixed networks; available at: <https://goo.gl/18cwXq>

<p>AEC's unoccupied business premises</p>	<p>According to the Law on Electronic Communication, AEC could finance itself by leasing its unoccupied business premises.⁶⁹ Given that the definition for this regulatory authority underlines its non-profit character, leasing its business premises is contrary to the defined foundations for organization and development of this agency. According to information obtained from AEC, in the last period, unoccupied business premises owned by the Agency are not rented and no rent contracts have been signed for that purpose.</p>
<p>Emergency number</p>	<p>The emergency number 112 is still not introduced, despite the decade-long recommendation by the European Commission.</p>
<p>COMMENTS/RECOMMENDATIONS</p>	
<ul style="list-style-type: none"> - Greater focus should be put on end-users and control of services received by end-users. - It was noted that the number of end-users that have used any possibility for information or submission of complaints is not marked by significant trend of greater utilization, and therefore we propose greater promotion of internet applications and the possibility for complaints to be submitted in electronic format, for which AEC has not anticipated funds under its 2019 financial plan. 	

⁶⁹ Law on Electronic Communications, available at: <https://goo.gl/Yw4AkQ>

