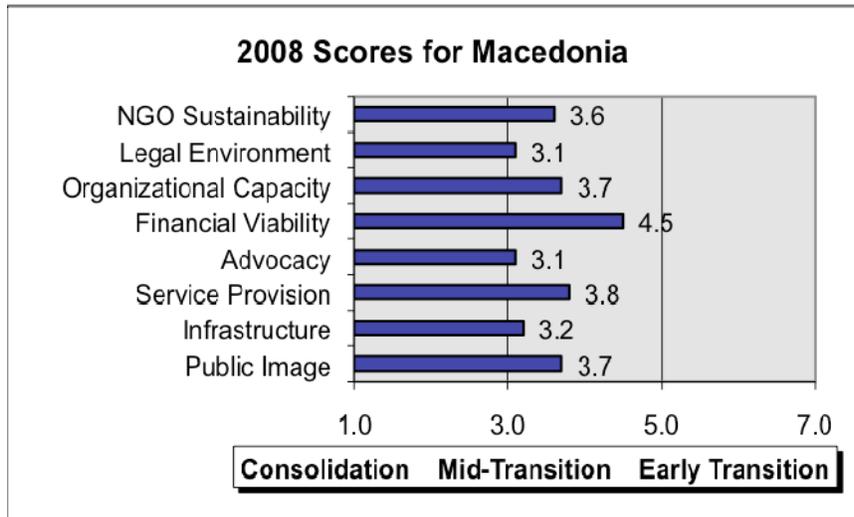


MACEDONIA



Capital: Skopje

Polity:
Parliamentary Democracy

Population:
2,066,718 (July 2009 est.)

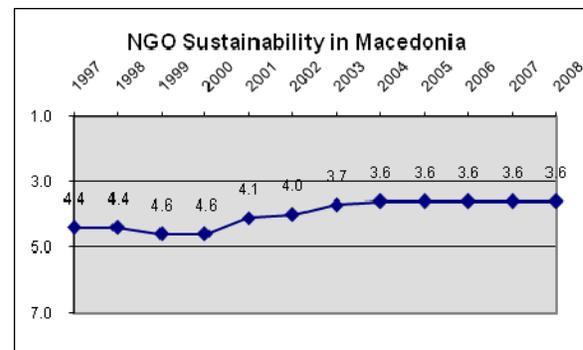
GDP per capita (PPP):
\$9,200 (2008 est.)

NGO SUSTAINABILITY: 3.6

Several positive developments influenced the NGO sector in Macedonia in 2008. Some of the advances included improved and expanded services offered by NGOs at the national and local levels, increased partnerships between NGOs and various stakeholders, continued coalition-building efforts, and a growing number of training providers available to the sector. According to an annual USAID survey, NGOs were ranked as the most trustworthy institutions in Macedonia.

NGOs were negatively affected in 2008 by the government's practice of adopting laws in an expedited manner without public debate or consultations with NGO representatives. The Law on Lobbying adopted in 2008, which significantly affects and limits the work of NGOs, was adopted without the participation of the NGO sector.

Numerous new NGOs and coalitions emerged in 2008, supporting and promoting the agendas of particular political parties. This tendency jeopardized the image of well-established and credible civil society organizations.

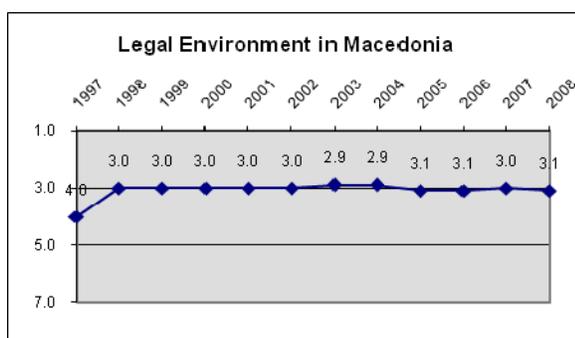


A number of important challenges remain for the NGO sector. One is the need for NGOs to strengthen their skills to promote greater inclusion and representation of their constituencies, and the other is sustainability planning. Given that the civil society sector in Macedonia remains heavily dependent on donor funding, there is a strong need for NGOs to learn how to generate resources locally. A significant number of NGOs still need to introduce and develop public relations strategies.

The Central Register of Macedonia has registered a total of 4,429 citizens' associations and foundations.

LEGAL ENVIRONMENT: 3.1

The deterioration in the legal environment was primarily due to the adoption of the Law on Lobbying in August 2008. Although a number of NGOs submitted comments to the draft law, including a request to the parliament not to proceed with its adoption in an expedited procedure, the government sought to enact the law in order to meet deadlines related to EU accession. After early elections on June 1, 2008, the new parliament enacted 172 laws within two months. Most were enacted in an expedited procedure in the absence of the opposition, which boycotted parliament during that period. The Lobbying Law may limit direct participation by citizens, associations, and foundations in policy and decision-making processes. The definition of lobbying is so broadly interpreted that it encompasses any activity to influence the position of the national government, local government, or parliament on any law or regulation. The law suggests that NGOs and others may take part in the decision-making process only if they are “invited” by a legislator or other body. It also provides for associations to be invited to participate in legislative drafting, but does not extend this right to foundations.



In addition to the lack of capacities of NGOs to engage and participate in the preparation and adoption of laws, the expedited process of adopting laws often used by the current

ORGANIZATIONAL CAPACITY: 3.7

Although many NGOs still do not recognize the importance of building constituencies and public support for policy changes, some NGOs have set

parliament prevents NGOs from giving their opinions on matters that affect them or their constituents. The Lobbying Law will also limit the possibilities for direct advocacy by NGOs.

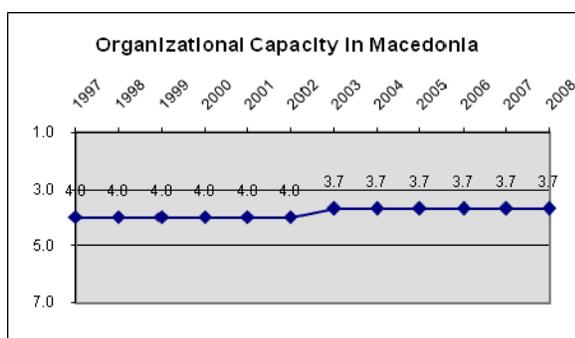
The Law on Donations and Sponsorships is in force, although there is a clear need for its improvement. The adoption of a bylaw on tax deductions and amendments that allow donations to be excluded from taxation, along with trainings for the relevant ministries' personnel, contributed to better implementation of this law. Even so, claiming tax deductions for donations remains complicated and confusing.

The legal framework for registration of NGOs is favorable and has been simplified. The requirement that NGOs register changes of address in the Central Register is burdensome and bureaucratic, however.

The new Law on Citizens' Associations and Foundations was scheduled for adoption in 2008, but the government rescheduled it for 2009. If adopted, the law will significantly contribute to the sustainability of the NGO sector. The draft law would allow NGOs to engage in economic activities if these activities are connected to the NGO's statutory goals and any profit is used to support its work. The draft law introduces new provisions for internal governance that should resolve confusion about the roles of different governing bodies within organizations. It allows legal entities, foreigners and minors to establish and be members of an NGO. The draft law also introduces public benefit status for NGOs, a prerequisite for tax benefits and other types of state support. Local legal assistance available to NGOs outside the capital continues to be weak. Also, the cost of available legal expertise is unaffordable for most NGOs.

up mechanisms for engaging communities to resolve problems at the local level. The Green Coalition in the town of Veles gathered more

than 4,000 citizens, including members of parliament, to protest against the sale and reopening of the local smelting factory, the biggest polluter in the country. This was a rare instance in which a critical mass of citizens joined an NGO initiative that received national media coverage and wide support. More often, citizens are reluctant to take part in initiatives, and NGOs still lack skills in determining and addressing critical constituency needs. As more NGOs establish for-profit subsidiaries in order to survive financially, there is a growing perception that NGOs are detached from the needs of their constituencies.



While most NGOs have defined missions, not all incorporate strategic planning techniques. An OSCE project for NGO institution building found that of twenty-six participating

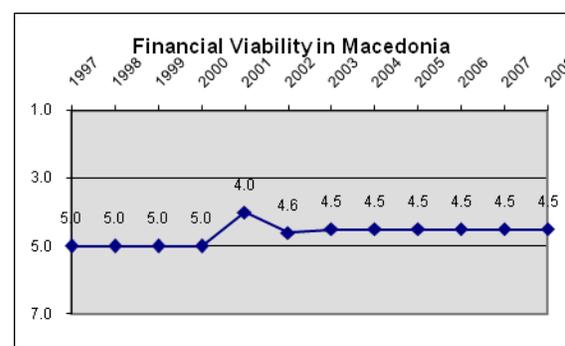
organizations, only six were interested in developing strategic plans. NGOs tend to develop strategic plans in response to donor requirements when applying for funds, and these documents are not necessarily used to guide the organizations toward achieving their missions. A number of organizations have permanent paid staff and make efforts to separate their management and governing structures. Permanent staffing remains an issue for smaller NGOs outside the capital. The Civic Platform, a network of more than thirty organizations, failed once again to adopt a code of ethics. In addition, not many NGOs, even those that are short staffed, took advantage of the newly adopted Law on Volunteering to engage volunteers in their work. An exception was the Youth Cultural Center in Bitola. With support from the USAID Civil Society Strengthening Project (CSSP), this NGO established a national volunteer center in Bitola and five volunteer information points hosted by established NGOs around Macedonia. The organization managed to recruit hundreds of volunteers for humanitarian activities, cultural events, and environmental improvements.

Although most NGOs possess necessary office equipment, some are unable to afford the cost of upgrading and replacement.

FINANCIAL VIABILITY: 4.5

Financial viability is the biggest obstacle confronting the civil society sector in Macedonia. Philanthropic activities within the sector are at an early stage of development, and most NGOs still need to build their skills to generate resources locally. The legal framework does not allow NGOs to engage directly in economic activities. All of these circumstances have constrained the sector's financial sustainability. Likewise, unemployment remains high and economic growth has been slow, which makes it difficult for NGOs to obtain funding from local sources.

NGOs continue to rely on support from foreign donors, while funding available from other sources is inadequate. The government does



provide funding for NGOs, but the process of selecting NGOs is not transparent. The amount of government funds budgeted for NGOs in 2008 was approximately €5.5 million, which was not fully allocated. Despite the government's adoption of the Code of Positive Practices for NGO Funding, government

funding procedures were not implemented in accordance with the code. In the opinion of some NGOs, the Agency for Youth and Sport is an exception, and it applied the prescribed procedures in distributing funds to NGOs. The State Audit Office will conduct an assessment of government funding for NGOs to determine if funding procedures were applied properly.

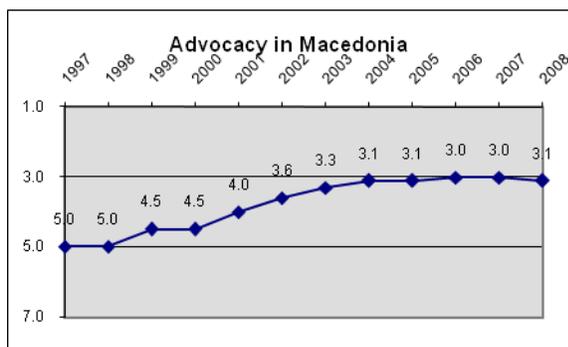
The European Commission set up a new Civil Society Facility (CSF) to promote civil society development in the Western Balkans. The CSF will include support to civic initiatives and capacity building, exchange visits to EU institutions, and partnerships between NGOs and the EU leading to knowledge transfer as well as transnational projects. The level of funding for Macedonia is approximately €1.2 million and activities are expected to start in 2009. The government is expected to take over and manage the CSF eventually.

Many NGOs attempted to raise funds locally over the last year, but the amount of available resources is insufficient to substitute for foreign

funding in the immediate future. Grantees of the CSSP Philanthropy Program, supported through the Center for Institutional Development (CIRa), worked to mobilize local resources. CIRa in cooperation with other NGOs raised approximately €10,500 in in-kind and cash donations for the Fund for Procurement of Books and School Supplies for Roma Children. Companies' increased interest in cooperation resulted in concrete partnerships between the business sector and NGOs. CIRa created and coordinated an energy efficiency education program for primary school students. It was funded by EVN Macedonia, the electricity distribution company, and was implemented in partnership with five NGOs from different regions.

The cost of a financial audit is high, which makes it unaffordable for many grassroots NGOs. A number of NGOs conduct audits, but not all publish the results in newspapers or on their websites. There is a great need for increased support for NGOs to develop their financial management skills.

ADVOCACY: 3.1



This year NGOs continued to participate in government processes, but NGOs complained that they were included only to satisfy EU requirements regarding citizen participation. Despite instances of successful cooperation between NGOs and government institutions, in the majority of cases NGOs did not influence the content of legislation.

During 2008, several NGOs pursued successful advocacy efforts. The Association for

Emancipation, Solidarity and Equality of Women (ESE) and the Ministry of Labor and Social Policy worked jointly on the development of the National Strategy for Combating Domestic Violence, which the government adopted. The citizen association MOST assessed the performance of members of parliament. Ten municipalities, working closely with the Macedonian Civic Education Center, developed and adopted local educational policies with the involvement of local stakeholders.

NGOs maintained their places in working bodies and committees for drafting laws. For example, NGO representatives are part of working groups for drafting new laws on citizen associations and foundations and on anti-discrimination. Yet the adoption of the Law on Lobbying without any of the recommendations provided by the Macedonian Center for International Cooperation, whose representatives were invited to several drafting meetings, demonstrated that the government did not consider civil society a

serious partner. A group of organizations have challenged this law before the Constitutional Court.

NGOs still do not demonstrate an ability and willingness to monitor the implementation of laws or government policies and strategies. The Law on Equal Opportunities and the Law on Free Access to Information are two examples of well-written laws that are not adequately implemented, but the civil society sector neither

exercises independent oversight nor pushes for better implementation.

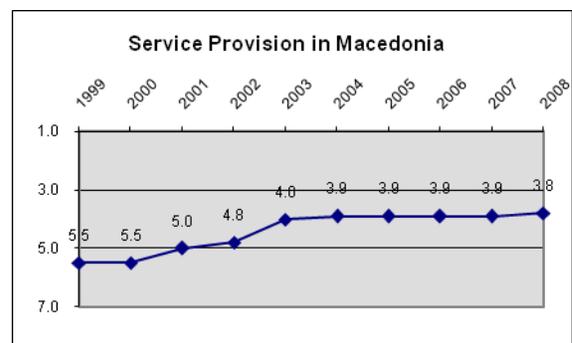
The year 2008 marked a disturbing trend of political party involvement in the civil society sector. Both the ruling and opposition parties established new NGOs and coalitions to advocate for their own political purposes and agendas. According to information from the Central Register, many of the newly established NGOs were registered en masse on the same day by the same founders.

SERVICE PROVISION: 3.8

In addition to the continuation of many services previously offered to citizens by NGOs such as hotlines, legal advice, shelters for victims of violence, and health services, the civil society sector expanded services to children and people with disabilities, Roma, the unemployed, and people without appropriate housing. Habitat introduced affordable rental housing to low income families as a new service. The regional centers of the Federation of Farmers started providing consultation services for individual farmers at a price of MKD 300 (\$6.25). A local NGO from Bitola, Via Ignatia, supported young beekeepers from rural areas to become self-employed and start their own businesses.

Partnerships between NGOs and businesses increased and many NGOs received private sector support to provide services. For example, four schools in Strumica signed an agreement with the NGO Planetum for redemption of selected waste. The containers used to collect the recycled materials were donated by a local company.

Local governments also demonstrated increased interest in providing services to citizens in



partnership with NGOs. Local authorities in Berovo and Vinica, in cooperation with local NGOs, started citizen information centers, which the NGOs run but the municipalities support financially. The Kocani local government, in partnership with local NGOs, established a tourism development office to develop strategies for promoting the region as a tourist destination, and to provide information for tourists. The new Law on Social Protection creates the possibility for NGOs to provide social services, but the selection criteria for NGOs still needs to be established. NGOs rarely receive support from local governments to provide social services to citizens.

INFRASTRUCTURE: 3.2

The slight improvement in NGO sector infrastructure was mainly due to the increased role of new and existing intermediary support organizations (ISOs) in the area of philanthropy, and the establishment of networks and

partnerships that involve the business community and local government.

As NGOs seek to improve their sustainability and as foreign funding decreases, a need has

emerged for ISOs to provide assistance in the area of philanthropy. To some extent existing ISOs have expanded their training and technical assistance to cover issues such as strategic corporate philanthropy and implementation of the Law on Donations and Sponsorships. A new NGO, Konekt, has been established to facilitate partnerships between businesses and NGOs in the area of philanthropy. Konekt will specialize in working directly with corporate and individual donors and will help donors give more consistently and strategically.

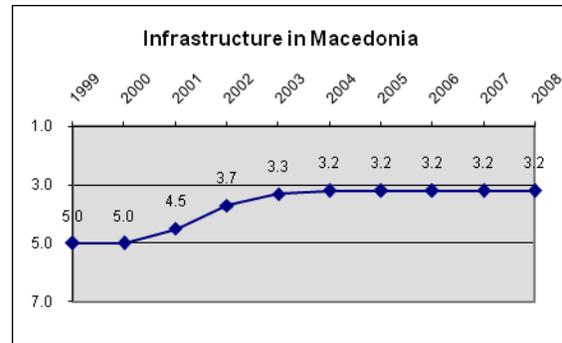
While there has been no increase in the number of local grantmaking organizations, the Macedonian Center for International Cooperation and the Foundation Open Society Institute Macedonia continue to provide re-granting services. The Local Community Development Foundation in Stip organized its first fundraising activity for a children and youth fund, and collected funds to support the children's department in the general hospital in Stip.

NGOs continued to establish networks on issues of common interest, such as the environment and women's issues, both on national and local

PUBLIC IMAGE: 3.7

Media monitoring conducted by CSSP in February and March 2008 showed that coverage of NGOs in the media doubled when compared to the same period in 2007. Furthermore, the coverage was mostly positive. Several membership organizations, including the Federation of Farmers, the Organization of Consumers, the First Children's Embassy Megjashi and MOST, were consistently present in the media, advocating vigorously on behalf of their constituencies and presenting their successes.

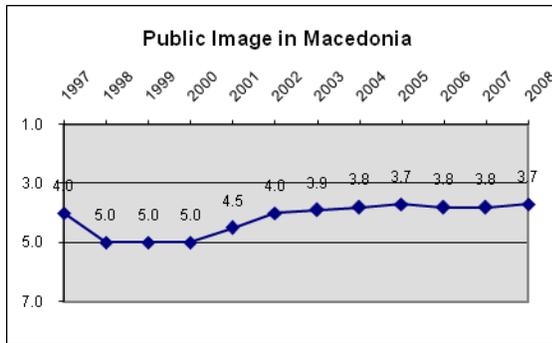
The Macedonian Institute for Media, through CSSP, played a significant role in both encouraging increased coverage of civil society



levels. A network of NGOs initiated a campaign to establish a fund against child abuse, cooperating with musicians, businesses, and relevant government institutions. A group of NGOs in the city of Veles, together with the business community and the municipality, raised funds for renovation of a youth park. The National Coordinating Body for Corporate Social Responsibility (CSR) that was established by the Economic-Social Council of the Ministry of Economy in December 2007 became operational. Representatives of businesses, chambers of commerce, employment organizations, trade unions, NGOs, government, academia, and media participate in this body. It prepared a national CSR agenda, which the government approved in October 2008.

issues and building the capacity of NGOs to better present their stories. It continued to organize the annual Civil Society Media Award, and produced a new series of TV and radio shows called *Our Circle*, covering civil society topics. Additionally, eight civil society stories by the institute's Roma interns were published in mainstream media outlets, including TV A1, Radio Free Europe, and the daily newspapers *Dnevnik*, *Utrinski Vesnik* and *Spic*.

The NGO Info Center continued to support NGOs by providing press conference space, public relations training and consulting. It charges symbolic fees and like most ISOs relies on foreign donors to support its operations.



An annual USAID survey showed that the majority of citizens reported increased access to information about NGOs from various sources. In addition, NGOs are ranked as the most trustworthy institutions in Macedonia with 54.6 percent of the public trusting in their work, though the percentage of citizens who do not

know if they trust NGOs is still significant. Almost 54 percent of respondents believe that NGOs are effective in solving problems in the country; this ranks NGOs in second place after the government. The percentage of citizens who did not know whether NGOs were effective dropped by 9.2 percent compared to 2007.

While NGOs increasingly realize the importance of public relations, the majority do not have a PR strategy or a PR specialist. Only the more advanced NGOs have skills to develop effective relationships with journalists. Increasingly, NGOs make their narrative and financial reports available on their websites, though this is still not a widely accepted practice.