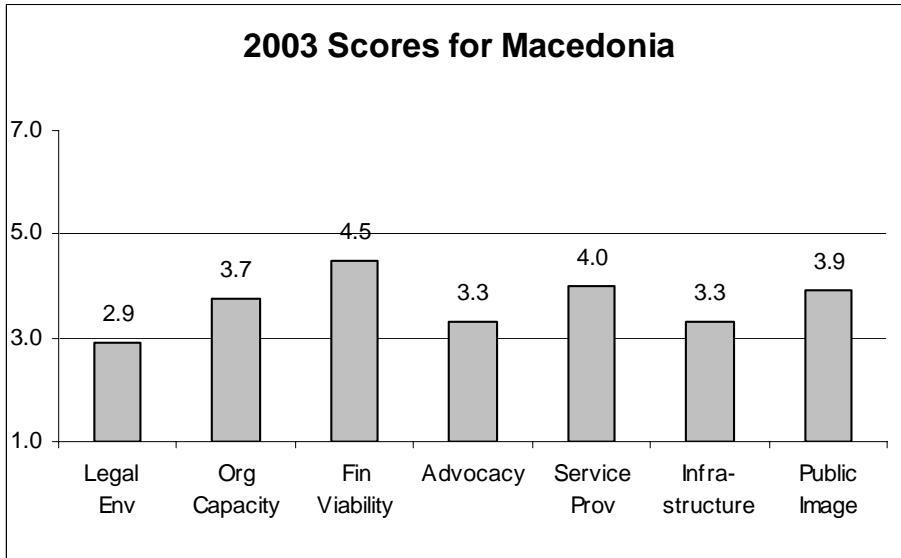


MACEDONIA



Capital:
Skopje

Polity:
Parliamentary
democracy

Population:
2,000,000

**GDP per capita
(PPP):** \$5,086

NGO SUSTAINABILITY: 3.7

There are approximately 5,100 associations and foundations registered in Macedonia, but only a fraction are considered active. In spite of the difficult circumstances, an active civil society is slowly emerging in Macedonia. Significant improvements are evident primarily in the areas of service provision, infrastructure, and advocacy. Increasingly, NGOs are creating platforms to express their views, while coordinating structures are being established to enable full participation of NGOs in the social and political processes of the country. The level of NGO development varies considerably from region to region within the country. Nearly half of the active NGOs are con-

NGO SUSTAINABILITY	
2003	3.7
2002	4.0
2001	4.1
2000	4.6
1999	4.6
1998	4.4

centrated in the capital, while the majority of the remaining active NGOs are clustered in the north and northwest part of the country. Only one out of ten organizations is based in the rural areas. NGOs have become engaged in an increasing number of sectors. However, most NGOs are poorly focused and try to deal with too many issues. As a result, they are not able to improve their proficiency or expertise in any one or two sectors. Organizations are still very donor driven and dependent on foreign funding. The legal framework also needs further adjustments to strengthen the financial sustainability and development of NGOs. Although ethnic and religious differences continue to divide the sector, communication among different groups has increased. Areas that need further improvement include an inadequate national and local donor base, an insufficient level of communication and networking among NGOs; poor public accountabil-

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ity and awareness; the ambivalent relationship between the NGO sector and the government; and poor management skills.

In spite of sporadic incidents, the security

situation in Macedonia is considered stable and in the process of normalization. However, the Macedonian economy remains weak and the unemployment rate has increased.

LEGAL ENVIRONMENT: 2.9

The NGO legal environment did not experience significant changes from last year. The registration process is fairly easy, routine, and without major difficulties. One observation is that while most judges treat the registration process as *pro forma*, some make the process more ar-

LEGAL ENVIRONMENT	
2003	2.9
2002	3.0
2001	3.0
2000	3.0
1999	3.0
1998	3.0

duous for the NGOs, requesting large amounts of supporting data before processing their registration. A central database on all registered NGOs is maintained by the Trial Court in Skopje. The Trial Court has a full-time clerk who deals with requests for information, and access to this information is readily available. Nevertheless, registration data from courts outside Skopje is not regularly fed into the central database, so the national level database is generally not up-to-date. Additionally, the central database is setup in such a way that it does not allow data comparison and cross-tabulations. Personnel changes at the court have resulted in trained registration judges being replaced by others with no experience or expertise in this area. Additional training for the judiciary on NGO registration is needed.

Organizations generally operate without impediments or undue involvement from the state. A positive aspect of the 1998 Law on Citizen Associations and Foundations is that it allows organizations to freely adjust their statutes according to their in-

terests and internal capacities. The most common mistake made by NGOs is that they do not pay enough attention to legally defining roles and responsibilities within their organizations during the early planning stages. The 2003 government action plan asserts that favorable changes will be made in the legal and fiscal framework governing the civil society sector. To implement these changes, amendments to the current Law on Associations and Foundations, coupled with changes to the Laws on Profit Tax and Personal Income Tax, are being prepared under the auspices of the Ministry of Justice and Ministry of Finance.

Currently, few local lawyers are trained and familiar with NGO law. However, legal education clinics on NGO law exist at the Faculty of Law in Skopje, which provides legal assistance on NGO registration and other legal formalities. Additionally, NGO law is now taught as part of the standard curriculum at the Law Faculty and a textbook on NGO law has been prepared. The involvement of lawyers is mostly limited to the registration process, and needed legal advice is more readily available to NGOs in the capital than elsewhere. Improvements to the tax regime remain a high priority for the NGO sector. Among the countries in the region, Macedonia currently has the fewest tax incentives. The existing legislation states that an NGO must establish and register as a separate limited liability company in order to earn income from the provision of goods and services. Such companies are taxed as all other businesses. Legislative

2003 NGO Sustainability Index

initiatives that are underway may improve the situation considerably once passed. NGOs are permitted, but not encouraged or empowered, to legally compete for government contracts/procurements at the

local or central level. There are, however, a few NGOs that have participated in tenders and received government contracts.

ORGANIZATIONAL CAPACITY: 3.7

Although many NGOs are making an effort to be client oriented, the majority still lack

ORGANIZATIONAL CAPACITY	
2003	3.7
2002	4.0
2001	4.0
2000	4.0
1999	4.0
1998	4.0

skills in working with constituencies, increasing membership, and fundraising. The sector has not reached an adequate level of maturity, yet compared with

the previous period, there seems to be noticeable progress. There are a number of good examples of NGOs that have managed to activate larger parts of the population around issues, such as the civic initiative which formed to protest the price of telephones; NGOs from Veles fighting against the pollution in this town; as well as many other local organizations whose activities have made a difference. Trainings offered to NGOs in the last couple of years have shown results. It is estimated that about 100 NGOs in the country have developed strategic plans and more organizations are interested in receiving training to broaden their skills in this area. NGOs still need to improve their level of professionalism internally. The internal structure of NGOs tends to vary considerably. Although the basic requirements by law are that NGOs must have a steering committee (board) and members, many do not comply with this requirement. A good

number of NGOs do not have clearly defined missions to which they adhere. There is also a low level of understanding about the relevance of the concept of organizational strengthening and institutional development. Most NGOs follow the authoritarian model of operation, in which one (usually the leader) or two persons make all the decisions. The more developed and trained organizations, however, do have well-established structures with clearly defined roles and responsibilities for the board of directors and staff members. The so-called "one-man NGOs" appear to be the biggest problem given the lack of checks on their operation. Donors, by setting strict criteria for accountability and results, and demanding that project activities fit into a wider NGO or community strategy, have helped support improvement in this area.

About 80 percent of the NGOs in Macedonia do not have employed staff. There is a slight increase in the number of organizations that hire and pay individuals on a project basis, nevertheless, this is still only a temporary engagement and not full-time employment. There is a growing understanding of the concepts of volunteerism and civic activism. On average, NGOs seem to have adequate technical equipment, mostly due to international assistance.

FINANCIAL VIABILITY: 4.5

The withdrawal of a number of donors coupled with the bad economic situation, have additionally undermined the sector's financial viability. Currently there are only

FINANCIAL VIABILITY	
2003	4.5
2002	4.6
2001	4.0
2000	5.0
1999	5.0
1998	5.0

a few major donor agencies in the country providing support to NGOs. Domestic funding is still not a significant source of support for the NGO sector, although there are a few emerging domestic foundations dedicated to various causes. All donors are increasingly results-oriented and seek more transparency and accountability from the NGOs they support. Several established NGOs operate in a transparent manner and conduct independent financial audits and publish annual reports. However, most organizations are still reluctant to share their financial information with the wider public, and the only responsibility they feel is towards their donors. Local Intermediate Support Organizations (ISOs) have become active in building a reporting culture among NGOs through assistance in preparing annual reports, and conducting independent audits. Training

on fundraising skills remains a need. There are examples of small advancements, such as successful fundraising campaigns conducted this year for: people suffering from HIV/AIDS, support to maintain poor children, support to the homeless, and caring for the animals in the Skopje Zoo. Local donors or businesses are also providing small-scale, in-kind assistance. According to recent research data, NGO funds are still not very diversified. Approximately 75 percent come from donor support, 10 percent are provided by local and central government, 5 percent are from business sponsorships, and 10 percent are obtained from individual sources (membership fees, etc). A number of specialized membership-based organizations increasingly manage to collect dues. Very few NGOs have developed strong financial management systems. There are encouraging cases where central and local government and businesses are contracting NGOs for services, and the central government does provide a certain amount of funding to NGOs annually. However, there is no clear methodology about the process by which, or the purpose for which, the funds are granted, and the criteria for selection and distribution of funds are vague.

ADVOCACY: 3.3

NGO advocacy continues an upward trend. A new trend is the increased cooperation of the sector with local and national authorities based on predetermined responsibilities, objectives and implementation goals, which increase the sector's ability to have an impact on policy. There are several examples including the appointment of the head of Transparency Macedonia was appointed president of the

State Anticorruption Committee; an NGO activist was asked to lead the National Committee on HIV/AIDS; NGOs participated on the National Committee on HIV/AIDS which resulted in a successful application to the Global Fund for AIDS; NGOs participated in the decentralization process taking place throughout the country; a Committee formed between the unified part of the Ministry of Interior and a

group of NGOs that resulted in a “Code of Conduct” for the police towards civilians; the NGO Polioplus lobbied for laws related

ADVOCACY	
2003	3.3
2002	3.6
2001	4.0
2000	4.5
1999	4.5
1998	5.0

to the handicapped; and NGOs were directly involved in all committees supporting the disarmament initiative in Macedonia. The “2003 Government Action Plan” developed from the “Agreement for Sta-

bilization and Association with the EU” contains a section dedicated to government collaboration with the civil society sector. Moreover, the Government has announced plans to establish an office for cooperation with NGOs in 2004. During the last year there were a number of successful NGO policy initiatives such as: a campaign by the Regional Environmental Center which resulted in the introduction of the Law on Air; an advocacy effort by Po-

lioplus for changes in the Law on Health Protection; and the participation by the Council for Juvenile Delinquency in the creation of a national strategy on juvenile delinquency. In spite of these encouraging examples, NGOs still face considerable hurdles to cooperating with local or central authorities, who in general, need to be more receptive and understanding of how NGOs can be helpful to them in achieving their policy goals. Cooperation with line ministries is still very ad hoc and depends on the individuals at the respective ministry. NGOs are creating issue-based coalitions on single issues, as needed. These coalitions are not well structured and there is usually no follow-up. The advocacy skills of NGOs outside the capital are low compared to the Skopje-based NGOs.

SERVICE PROVISION: 4.0

There has been a noticeable increase in the provision of services by NGOs, particularly in the areas of health care

SERVICE PROVISION	
2003	4.0
2002	4.8
2001	5.0
2000	5.5
1999	5.5

(mostly for people with special needs), education, legal advice, poverty relief, housing, water or energy supply, economic development, environmental protection, governance, and empowerment. The

following examples are good illustrations of the types of services NGOs are providing: counseling and medical services to victims of HIV/AIDS and at-risk groups; provision of medical, psychological and educational services to marginalized individuals and victims of

human trafficking; training programs on a variety of socially important topics; consumer organizations offering information and legal advice; services for people with mental disorders; and shelters for victims of domestic violence or the homeless. More than before, local communities are working together with NGOs on a partnership basis to address community problems. More organizations are actively seeking training on self-financing skills in order to better provide a wider range of services. As a result of these efforts, there is an evident increase in community responsiveness to the work of NGOs, and NGOs are making a determined effort to identify and respond to community needs. An illustration is the environmental group Odek from Kavadarci

that contributed in detecting and resolving a problem with the water supply system. However, the number of organizations that have received state authorization to provide services to citizens themselves is still insignificant. The internal capacity of the government to act upon its intended commitments towards helping the NGO sector is inadequate, but overall the prospects for improved cooperation in the area of service provision are promising. There remains a need for the public to understand that the services provided by NGOs have a value. To this end, NGOs

are charging symbolic fees for services, usually about 10 percent of the market value of the service. By paying for services, clients are motivated to value the product and as a result to be more actively engaged and learn (in the instance of trainings). Unfortunately, the vast majority of NGOs are focused on receiving still easily available donor funds, and very few are devoted to building up their self-sustainability.

INFRASTRUCTURE 3.9

INFRASTRUCTURE

2003	3.3
2002	3.7
2001	4.5
2000	5.0
1999	5.0

At this time, there are only two Intermediate Support Organizations operating at the national level, these are:

the Foundation Open Society Institute–Macedonia (FOSIM), and the Macedonian Center for International Cooperation (MCIC). At present, FOSIM has established four NGO support centers throughout Macedonia for the purpose of improving NGO service delivery and building better working relations with other organizations and government authorities. These centers offer technical assistance, trainings, equipment, facilities, consultations and small grants. FOSIM has plans to open more support centers in eight additional locations. An alternative network of regional centers is controlled by the European Center for Minority Issues (ECMI), whose primary goal is to improve inter-ethnic cooperation and tolerance. In general, the long-term sustainability of these centers is questionable. There are cases when local authorities serve as

grant-making organizations, whereby funds received for certain purposes are sub-granted to NGOs. On the national level, there are several organizations that sub-grant funds mostly obtained from foreign sources. The following are encouraging examples of NGO coalitions: NGOs have joined together to have a greater role in commenting on legislation pending in the Parliament; the coalition movement "Macedonia Without Corruption"; NGOs have joined together to support the disarmament process; and an initiative has been established to create a joint citizens national platform. Compared to previous years, there has been a qualitative improvement in the functioning of coalitions, though the general impression is still that NGO coalitions are often forced creations due to donor pressure, rather than organic structures designed to pursue the common interests of local NGOs. Competition among NGOs often leads organizations to apply for projects without considering previous work done by other organizations of similar nature or seeking to work with other organizations doing simi-

lar work, thus creating a duplication of effort and a waste of resources.

Training offered to NGOs has progressed to a great extent, but there still are areas not adequately covered. There is an increased demand for more advanced trainings such as financial management, accounting, board development, volunteer management, and fundraising. Improved access to training and information for local NGOs in smaller towns has clearly resulted in an improvement in their activi-

ties. Trainers, in general, are highly qualified and experienced given the growing demand. NGOs more frequently present information to the public about their activities through the use of bulletins, web pages or brochures. Cooperation between NGOs and the business community is also on the increase. The campaign on the Shengen visa requirement is an excellent example of where the business sector paid for the first phase of the campaign, while the idea came from a civic initiative.

PUBLIC IMAGE: 3.9

The public image of NGOs is slightly improved compared to last year. The NGO

PUBLIC IMAGE	
2003	3.9
2002	4.0
2001	4.5
2000	5.0
1999	5.0
1998	5.0

sector has enjoyed increased media coverage in print and broadcasts primarily in terms of information about activities. However, further analysis and reporting about the crucial problems related to the sector is almost non-existent. NGOs are unfortunately usually treated as regular businesses and must pay a market price for airing of their public service announcements and advertisements, particularly in the national print and electronic media outlets. The media and advertising companies tend to not differentiate NGOs trying to promote civil society and regular private sector clients. Rather than receiving a price reduction which could be treated as an indirect donation by the media or advertising agencies, NGOs are charged standard prices for TV advertising, billboards, flyers, etc. This is often not the case with the local media, which

tends to better understand the public service aspect of NGO work. The level of accuracy when reporting on the NGO sector remains unsatisfactory. The main problem is the distorted picture the media often presents of NGOs as an easy means for money laundering or other financial purposes. NGOs carry part of the blame for this misguided perception because they are often not sufficiently transparent, accountable and open towards the public. Organizations tend to be open only with the donors or their members, ignoring the importance of building good relations with the general public. Some organizations publish annual reports or provide short descriptions of their activities to the daily newspapers, but this practice is not widespread. The public has a mixed perception of NGOs. While there is increased awareness among the public of what NGOs do, especially among those who are directly affected by their work, there is a continuing need for media and public relations training for NGOs, and continued efforts to educate the public about how the work of NGOs benefit society. Self-regulation among NGOs is slowly

advancing. There are a number of positive examples of organizations that have adopted codes of conduct: Macedonia without Corruption, the Association of Journalists of Macedonia, the Union of Organizations Engaged in the Protection of Children's Rights, and the groups involved in norms of behavior for the uniformed police force. A recently drafted civic platform that has recently been proposed for Macedonia includes the development of NGO self-regulation.