



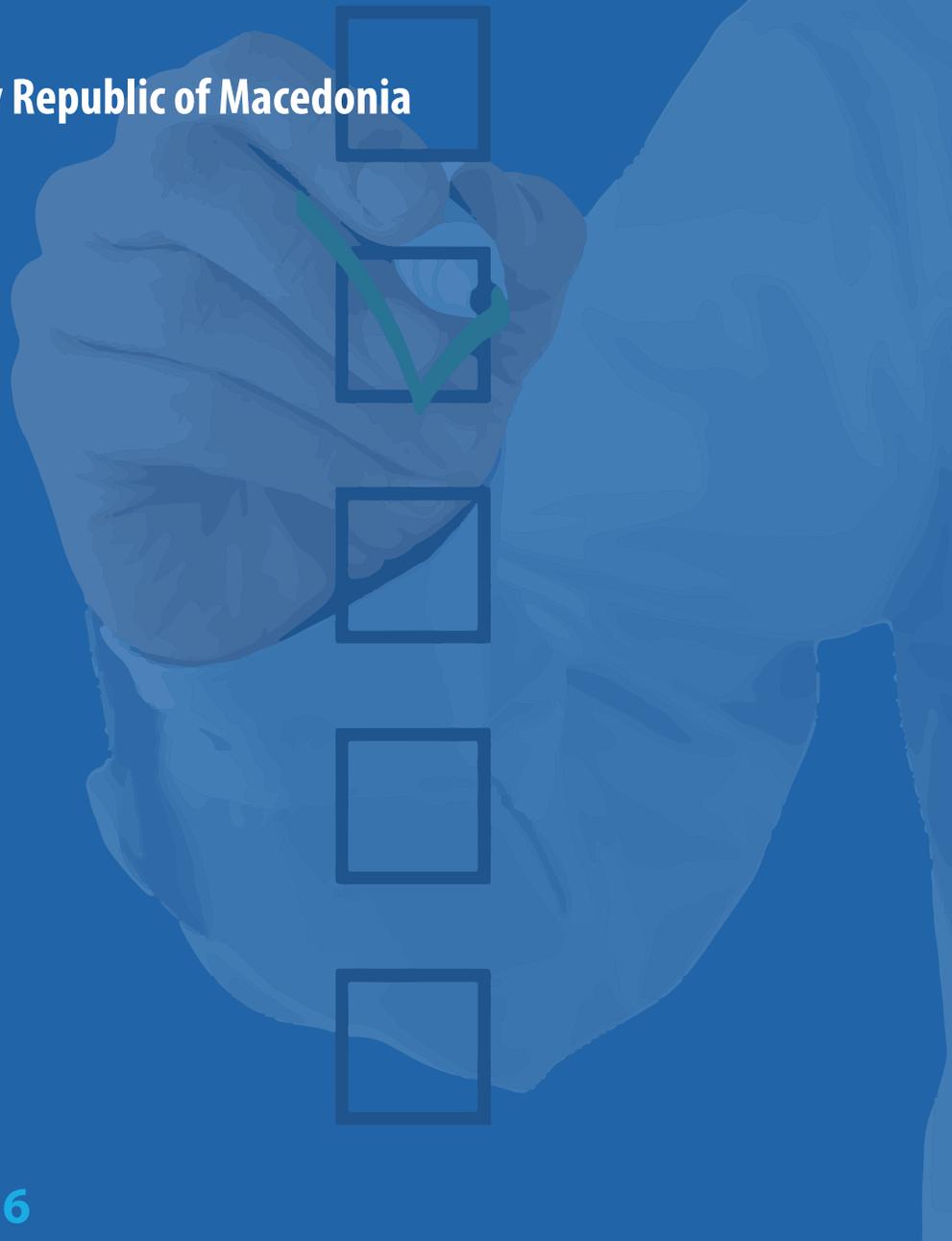
Technical Assistance for
Civil Society Organisations
Macedonian Office
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Needs Assessment Report

Former Yugoslav Republic of Macedonia



Updated 2016

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2016 CSO Needs Assessment Report

Former Yugoslav Republic of Macedonia

May 2016

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List of Abbreviations

ACE	Activity for Civic Engagement
AMS	Agency for youth and sports
CBC	Cross-Border Cooperation
COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises
CRM	Central Registry of the Republic of Macedonia
CSF	Civil Society Facility
CSSF Macedonia	Civil Society Support Facility Macedonia
CSI	Civil Society Index
CSO	Civil Society Organization
DEU	Delegation of the European Union
DG COMM	Directorate-General for Communication
EACEA	Education, Audiovisual and Culture Agency Executive Agency
EaSI	Employment and Social Innovation
ECPs	Europe for Citizens Points
EC	European Commission
EIDHR	European Instrument for Democracy and Human Rights
ENER	Unique National Electronic Register of Regulations of the Republic of Macedonia
ERDF	European Regional Development Fund
EU	European Union
FOSM	Foundation Open Society – Macedonia
GS	General Secretariat of the Government of the Republic of Macedonia
IPA	Instrument for Pre-Accession Assistance
LAF	Law on Associations and Foundations
LDSPA	Law on Donations and Sponsorships in Public Affairs
MAFWE	Ministry of Agriculture Forestry and Water Economy
MCIC	Macedonian Center for International Cooperation



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MEPP	Ministry of Environment and Physical Planning
MF	Ministry of Finance
MFF	Multi-Annual Financial Framework
MIA	Ministry of Interior Affairs
MISA	Ministry of Information Society and Administration
MJ	Ministry of Justice
MLSP	Ministry of Labour and Social Policy
NGO	Non-Governmental Organization
OGP	Open Government Partnership
PBO	Public Benefit Organization
PRAG	Practical Guide for Agreed Procedures for all European External Actions
PRO	Public Revenue Office of the Republic of Macedonia
RIA	Regulatory Impact Analysis
RM	Republic of Macedonia
SDC	Swiss Development Cooperation
SEA	Secretariat for European Affairs
SIOFA	Secretariat for Implementation of the Ohrid Framework Agreement
SMEs	Small and Medium-sized Enterprises
TACSO	Project for Technical Assistance to Civil Society Organizations
USAID	United States Agency for International Development
VAT	Value Added Tax

Introduction

This study is the initial activity within the second phase of the EU-funded project - Technical Assistance to Civil Society Organisations (TACSO) in IPA beneficiary countries, implemented by SIPU International from August 2013 to July 2017. The aim of the report is to provide a comprehensive assessment of the civil society in the former Yugoslav Republic of Macedonia and the environment that the civil society works in, including its strengths and weaknesses, and challenges it faces in its further development.

The report is based upon a combination of desk research embracing all relevant documentation, including legal and financial legislation applicable to civil society, situation analyses, policy documents and Monitoring Matrix Report for Civil Society Development 2015 for Macedonia. Additionally, the report uses also the primary research conducted by IPSOS. The results from the two IPSOS surveys that were conducted, one with the general public, and the second survey with civil society organizations (CSOs) were used, as well as the data from the in-depth interviews with CSOs, government actors, donor organisations and other institutional players.

The report provides the premise for the majority of project activities by serving as the basis of the development of regional as well as national work plans to be implemented during the project's duration.

In line with the project's Terms of Reference and SIPU's technical proposal, as well as with the previous needs assessment report prepared for period 2013-2015, the report understands civil society in the following two complementary ways:

1. All organisational structures whose members have objectives and responsibilities that are of general interest and who also act as mediators between the public authorities and citizens. This definition clearly emphasises the associational character of civil society, while also accentuating its representational role. Civil society would include a variety of organisational types, including NGOs, mass movements, cooperatives, professional associations, cultural and religious groups, trades unions and grassroots community groups (CBOs), etc.
2. A space for views, policies and action supportive of alternatives to those promoted by government and the private sector. This definition places the emphasis on social inclusion, social and political pluralism and the rights of expression in developing a participatory democracy."

The paper is composed of three sections:

- **Section one** provides an analysis of the civil society environment, including the legal framework governing CSOs and their work, the current donor opportunities and other sources of civil society funding, the government mechanisms for cooperation with and support of the civil society and the policy framework determining government-civil society relations and public perceptions and support for civil society and its activities.
- **Section two** gives an overview of the main features of civil society: the types of organisations and their key organisational characteristics, the types of activity they carry out and their main sectoral interests, their geographical distribution and way they are structured within the overall civil society architecture. CSOs are assessed according to their technical, organisational and institutional capacities, including human resources and technical skills, strategic strengths, analytical capabilities, external relations with other stakeholders, and material and financial stability and resilience.
- **Section three** sums up the most important institutional and organisational capacity needs of civil society in the country and identifies key strategic issues for the implementation of the project. By way of conclusion, recommendations are made for project's work plan.

1. Civil society environment

1.1. Legal frame – analysis of the relevant laws and financial regulations

The basic freedoms (freedom of association, assembly and expression) are legally guaranteed and adjusted with the international and European laws. However, the gap between the legislation and its implementation in practice has increased¹. This is due to the notable violations when practicing the right to assembly and the increasing practice of self-censorship and care on the side of the civil society organizations. Also, the findings that pertain to the key issues of government funding and legal regulations on tax laws have deteriorated. The deterioration is a result of the less favorable position of the CSOs compared to the profit entities in the tax regime. With respect to government funding, despite the absence of serious reforms that would provide sustainability of the civil society, and lack of adoption of a decision to regulate transparency of the distribution of funds, the sustainability is constrained on top of this with the 2015 budget rebalance², with which 42% of the funds from the budget item 463 “Transfers to NGOs”, were intended for political parties.

The relationship between the Government and the civil society has also deteriorated as the gap between the legislation and its application in practice has increased, if one takes into consideration the absence of dialogue and political will for cooperation. The increased legal insecurity (numerous laws and amendment that took place in 2015) and the adoption of the laws in urgent procedures, while not involving the CSOs, has contributed to deterioration of the environment for the civil society. Additionally, there is still no progress in establishing a Council for Development of the Civil Society.

The deterioration of the environment in which civil society functions are supported by the results from the CSOs survey. According to those, amongst third (34%) of the CSOs negative opinion prevails about the circumstances for the development of civil sector, compared to one year ago, while for 24% the circumstances are more favorable.

Being asked specifically on the legal regulations setting the work of the CSOs they have more positive experience, almost half (49%) evaluate them as good, while more than third (40%) consider the legislation as bad. Additionally, the CSOs agreed over three things that should be reformed/changed when it comes to legal regulations in order to improve their functioning, such as: the Law on Associations and Foundations (16%); the legislation governing the Governmental financing (12%) and financial regulations for CSOs (10%).

Freedom of association

The legislation which guarantees the freedom of association³ is established and functional since 2010. The Law on Associations and Foundations (LAF) directly regulates the freedom of association is solid and progressive law and also enables non-formal association and independence in the operations of CSOs, it also provides the receipt of resources from different

¹ Ogenovska, S. (2016) Monitoring matrix report on enabling environment for civil society development 2015, Macedonia. [Internet] Skopje, MCIC. Address: <http://goo.gl/4avuqc> [Accessed on: 31.5.2016]

² Changes and Additions to the 2015 Budget of the Republic of Macedonia (2015) Address: <http://62.220.196.22/ext/material/details.aspx?Id=f60856e7-9c01-44c8-95da-568178acd55b> [Accessed on 21.03.2016]

³ Law on Associations and Foundations (“Official Gazette of the Republic of Macedonia”, no. 59/10 and 135/11).

sources (domestic, foreign support and economic activities and etc.). Still, the LAF is not fully functional because certain bylaws are not yet adopted (related to state funding for CSOs; tax incentives; public funding; tax benefits especially benefits for the public benefit status organizations):

- LAF limits the possibility of association for minors and persons without working ability;
- LAF stipulates higher sanctions for the individuals in charge than for the organizations, which is not in line with best practices;
- LAF regulates the independence in the functioning of the organizations, but there are some indirect pressures noted in practice, albeit with a small part of the organizations, via inspections and other methods;
- The possibility that the organizations conduct economic activities is given in LAF; however, in practice the organizations do not use it yet, and additional burden are the regulations in other laws which regulate conducting activities that make the organizations equal to profit making entities (Law on Profit Tax, Law on Registering Cash Payments, Law on Value Added Tax);
- Besides the sanctions stipulated in LAF and other laws that directly regulate the work of associations and foundations, they are equal to other legal entities; and
- In its punitive regulations, LAF stipulates higher individual fines for the people in charge within the organization, amounting from MKD 18,450 to 184,500 (EUR 300 to 3,000) in case changes have not been reported to CRM or in case the organization has a public benefit status and it does not submit a financial and narrative report.

Other related freedoms (Freedom of assembly and Freedom of expression)

The legislation that regulates the freedom of assembly and expression is mainly in line with the international and European regulations⁴. The Law on Police⁵ was changed in the midst of protests by adding four new means for disbursing a crowd which violates the public peace and order (such as rubber bullets, etc.), as well as usage of technical equipment for recording the video material which is kept up to six months.

Despite the fact that the legislation guarantees the freedom of assembly and in practice in most of the cases the protests were allowed, still several exceptions were registered, by limiting the desired place for protest and excessive numbers of police present on site and other various pressures. In an isolated incident on May 5, 2015, excessive use of force was used by physical disbursing and chasing, subsequently detention and allocation of high fines to the peaceful participants in the protest was set.

In practice, the freedom of expression is not limited for the CSOs, and yet they face indirect pressures because of expressed views, and they also resort to self-censorship and care, especially after the released wiretapped conversations, where there are indicators for wiretapping of the

⁴ Ogenovska, S. (2016) Monitoring matrix report on enabling environment for civil society development 2015, Macedonia. [Internet] Skopje, MCIC. Address: <http://goo.gl/4avuqc> [Accessed on: 31.5.2016]

⁵ Law on Changing and Amending the Law on Police ("Official Gazette of the Republic of Macedonia", no. 114/06, 6/09, 145/12, 41/14, 33/15)

civil society activists. An additional challenge is sending out messages via the traditional media which are polarised, with little space for organizations' activities. In these conditions, the usage of Internet and social media was increased, as a free space to express and transmit a message.

Tax frame

CSOs continue to be treated equally as the profit making entities (trade companies) and with some regulations they are even in a less favourable position when it concerns tax regime⁶. CSOs should not fall under the scope of the Law on Profit Tax⁷ as taxpayers since they use the profit solely for organisation's purposes. There are no special encouragements or benefits for the CSOs that would contribute to indirect state support to their sustainability. Some of the tax legislation regulations are a burden to the administrative and financial work of the organizations.

The Law on Personal Income Tax⁸ still imposes taxation of official trips for personnel who are not employed, but are hired by the organizations, as well as for the accommodation, transport and food expenses for participants in the activities that are organised by CSOs. This creates additional financial burden because it is difficult to justify these expenditures to foreign donors, and some donors do not even recognize these costs as eligible.

During 2015, TACS project conducted a comparative analysis of the tax legislation that pertains CSOs, as a response to the request of the Ministry of Finance to support the draft amendments to tax legislation submitted by CSOs at the end of 2014.

According to the Monitoring Matrix Report for 2015, CSOs have listed the following difficulties regarding the administration procedures related to tax exemption procedures: length of the registration of the awarded project with Secretariat for European Affairs (SEA); companies not being aware that they can prepare an invoice exempted of Value Added Tax (VAT) via the Public Revenue Office (PRO) system; centralization in the work of PRO regarding all affairs pertaining to tax exemption; Ministry of Finance (MF) and PRO not knowing the procedure for VAT exemption; long and complex procedure at Ministry of Justice (MJ) for obtaining the status of public benefit; lack of human resources in the organizations that would take care of the administrative procedures for tax benefits.

Despite the absence of tax benefits/benefit for the CSOs in the legislation, the experience of the CSOs have shown that the procedure for VAT exemption continued to be used for part of their projects, which are funded by money obtained based on donation agreement between the Republic of Macedonia and foreign donors. Yet, there is still a significant part of the CSOs in Macedonia that do not use tax benefits and as a reason they state that they are not sufficiently informed or that they do not have enough funds.

Financial rules and reporting requirements

Prescribed financial rules, obligation of bookkeeping and accounting are evaluated as relatively clear and understandable by CSO representatives in Macedonia (65%). Nevertheless, similar to

⁶ Ognenovska, S. (2016) Monitoring matrix report on enabling environment for civil society development 2015, Macedonia. [Internet] Skopje, MCIC. Address: <http://goo.gl/4avuqc> [Accessed on: 31.5.2016]

⁷ Law on Profit Tax ("Official Gazette of the Republic of Macedonia", no. 80/93, 33/95, 43/95, 71/96, 5/97, 28/98, 11/01, 2/02, 44/02, 51/03, 120/05, 139/06, 160/07, 159/08, 85/10, 47/11, 135/11, 79/13, 13/14, 11214, 129/15)

⁸ Law on Personal Income Tax ("Official Gazette of the Republic of Macedonia", no. 80/93, 3/94, 70/94, 71/96, 28/97, 8/01, 50/01, 2/02, 44/02, 96/04, 120/05, 52/06, 139/06, 160/07, 159/08, 20/09, 139/09, 171/10, 135/11, 166/12, 187/13, 13/14, 116/15, 129/15, 199/15)

clarity of prescribed financial rules, obligation of bookkeeping and accounting, half (51%) of the CSOs agree on the simplicity of implementation of these rules. Two thirds (62%) of CSOs believe that the prescribed financial rules, obligation of bookkeeping and accounting are reasonable. When it comes to the implementation of financial (including tax) rules 34% of the CSOs representatives agree that there is an efficient support system within the institutions that CSOs are obliged to report to, and 41% that the support system provides clear instructions for implementing the rules. Even though these institutions are ought to provide support services for the CSOs in a standardized manner, still only a third of the organizations (34%) believes that they are handled by competent and knowledgeable staff on the matter in hand.

Volunteerism

Volunteering in CSOs in Macedonia is most directly regulated via the Law on Volunteering⁹, which aims to stimulate volunteering, as well as protect and defines the rights of the volunteers. There are also other laws that regulate volunteering, such as the Law on Labour Relations¹⁰, Law on Transformation into Full Time Employment¹¹, as well as the Law on Foreigners¹² and the Law on Employment and Work of Foreigners¹³. In shortened procedure in 2015 amendments were made to the Law on Volunteering, and threefold responsibility for violation of provisions was introduced, which potentially can be discouraging for CSOs. Although the legal framework for volunteering is in place, it still faces challenges in implementation by inconsistencies and difficulties in issuing volunteering cards, long and complicated procedures for organizing volunteering work for foreign volunteers¹⁴. CSOs still lack knowledge about the legal framework what gives them an impression that the law is limiting spontaneous volunteering. This is supported by the CSOs survey results, where 68% of CSOs consider that the legal solutions on volunteering are not stimulating, while 19% consider that they are simulative.

Regarding the strategic approach of the Government towards stimulating volunteering, in 2015 the implementation period of the 2010-2015 Strategy for Promotion and Development of Volunteering ended, and no reports or analyses on its implementation are available¹⁵. This is understandable outcome taking into consideration that no budget funds were allocated for the implementation of the document. In 2015 Ministry of Labour and Social Policy (MLSP) a key institution for volunteering development closed the procedure for selection of new members of the National Council for Volunteering Development, after a whole year has passed. Under the leadership of the president of the Council who is a CSOs representative, there were a number of meetings held with the support of CSOs. In 2015 the National Council and MLSP organised and implemented the awarding of the National Volunteering Award for 2015, for the international volunteering day, within a forum organised by CSOs.

The total number of volunteers in CSOs is not available and systematically collected by public institutions (e.g. State Statistical Office). However, we can understand the volunteering practices

⁹ Law on Volunteering ("Official Gazette of the Republic of Macedonia", no. 85/07, 161/08, 147/15)

¹⁰ Law on Labour Relations ("Official Gazette of the Republic of Macedonia", no. 62/05, 106/08, 161/08, 114/09, 130/09, 50/10, 52/10, 124/10, 47/11, 11/12, 39/12, 13/13, 25/13, 170/13, 187/13, 113/14, 20/15, 33/15, 72/15, 129/15, 27/16)

¹¹ Law on Transformation into Full Time Employment ("Official Gazette of the Republic of Macedonia", no. 20/15 and 44/15)

¹² Law on Foreigners ("Official Gazette of the Republic of Macedonia", no. 35/06, 66/07, 117/08, 92/09, 156/10, 158/11, 84/12, 13/13, 147/13, 148/15 and 217/15)

¹³ Law on Employment and Work of Foreigners ("Official Gazette of the Republic of Macedonia", no. 70/07, 5/09, 35/10, 148/11, 84/12, 148/13, 38/14 and 150/15)

¹⁴ Oggenovska, S. (2016) Monitoring matrix report on enabling environment for civil society development 2015, Macedonia. [Internet] Skopje, MCIC. Address: <http://goo.gl/4avuqc> [Accessed on: 31.5.2016]

¹⁵ Ibid.

of the citizens if we take into consideration that according to the IPSOS public survey results, 11% of citizens stated that they were engaged in voluntary work in 2015, with average of 11 weeks which accounts for 16.3 hours per week of voluntary work. Additionally there is a significant difference between the perceptions of CSOs of the practices of engaging volunteers of other CSOs in comparison with their own experience. Only a third (29%) of CSOs responded that other CSOs engage volunteers while over three thirds (66%) stated they did engaged volunteers in 2015 with average of 15 hours per week, which is coinciding with the average hours calculated from the given responses from the citizens.

Most frequent type of organizations that the citizens are members of are the political parties, sport clubs and humanitarian organisations, followed by the cultural organizations and associations, as well as the organizations that promote democracy and human rights. Same as with civil activism, the number of volunteers also grows with the civil initiatives in Macedonia¹⁶. CSOs mainly obtain free consultations; assistance with organising events and free transport by the volunteers. The young are significantly more frequent volunteers than the elderly. As many as 60% of the young compared to 43% of the older people declare themselves as formal volunteers.

1.2. Donors and funding opportunities (local and international)

Funding for CSOs predominantly comes from international sources, including the biggest donors such as the European Union, USAID and Swiss Development Cooperation (SDC), as well as the British Embassy, and the Netherlands Embassy.

In terms of local donors and funding opportunities for CSOs, they still do not represent a significant source of sustainability, considering that funding from the central government is still not reformed (especially the lottery funds), and laws and policies that are supposed to provide incentives for local donations (individual and corporate giving) are not implemented properly or they are burdensome and this influences donating practices and it slows down the culture of giving.

EU IPA and other EU funds

CSOs can access EU Instrument for Pre-Accession Assistance (IPA) funds and European Instrument for Democracy and Human Rights (EIDHR) funds through the Ministry of Finance and Delegation of the European Union (DEU). However, due to language barriers and complex EU administrative requirements, smaller CSOs are generally unable to access these and other foreign sources of funding.

The IPA Civil Society Facility (CSF), introduced for the first time in 2008, has proven to be a powerful tool to strengthen, through the civil society, the participatory democracies and freedom of media in the Western Balkans and Turkey. Thus, the need for continuous political and financial engagement with civil society in the enlargement countries is identified in the priorities of the IPA2 Multi-Country Civil Society Facility and Media Programme 2014-2015. These priorities are largely reflecting the “DG Enlargement Guidelines for EU Support to Civil Society in the Enlargement Countries 2014-2020”.¹⁷ The guidelines translate the political objectives of the European Commission as indicated in the IPA Multi-Country Indicative Strategy Paper and in the

¹⁶ Ibid.

¹⁷ DG ELARG Guidelines for EU support to civil society in enlargement countries 2014-2020
http://ec.europa.eu/enlargement/pdf/civil_society/doc_guidelines_cs_support.pdf

Enlargement package into a concrete "results' framework" containing the outcomes to be achieved in the next financing period as well as the indicators to monitor them.

While recognising the civil society as a horizontal matter, where the main support will be provided through IPA sectors' approach, it is also pivotal to secure a general and targeted support to civil society both at regional level (multi-country strategy approach) and at national level (as a sector theme). Therefore, this assistance provides a strategic, efficient and tailored made support for the civil society development, such as favourable environment, capacity building, organisational and human resource development, and reaching out to grass-root organizations. Additionally, this allows the Commission to support CSOs in sectors that are important for the enlargement and europeanization of the society.

Financial assistance under IPA II pursues the following four specific objectives:

- Support for political reforms;
- Support for economic, social and territorial development;
- Strengthening the ability of the beneficiaries to fulfil the obligations stemming from Union membership by supporting progressive alignment with, implementation and adoption of, the Union acquis; and
- Strengthening regional integration and territorial cooperation.

Furthermore, the IPA II Regulation states that financial assistance shall mainly address five policy areas:

- Reforms in preparation for EU membership and related institution and capacity-building;
- Socio-economic and regional development;
- Employment, social policies, education, promotion of gender equality, and human resources development;
- Agriculture and rural development; and
- Regional and territorial cooperation.

Current EU funding opportunities include:

1. National IPA II programme 2014-2020

DEU published a call within the Civil Society Facility in May 2015 and allocated almost €5 million for grants that have re-granting components to 19 CSOs. The objective of this call was towards strengthening the civil society and media associations' impact in public policies and decision making, in the civil and political dialogue, to influence key reforms for further support to the country in the EU accession processes.

Priorities of the Call for Proposals were:

- Priority 1: Support to civil society and participatory democracy;
- Priority 2: Freedom of expression and media integrity; and
- Priority 3: Promoting improved inter-community relations.

In March 2016, within the IPA Civil Society Facility and Media Programme 2015, the DEU in Macedonia published a call for strengthening the impact of civil society organizations in public and acquis related policies and decision making, including strengthening of the civil and political dialogue.

This Call for Proposals included three priority areas, as following:

- Priority 1: Support to civil society horizontal measures;
- Priority 2: Support to civil society in watchdog and monitoring of public institutions; and
- Priority 3: Supporting fundamental rights.

The overall indicative amount made available under this call for proposals is EUR 5,000,000.

This call was aimed at the establishment and strengthening of the partnerships and networks of civil society organizations in order to pursue shared objectives in line with the EU guidelines for support to civil society, following the pace of the enlargement process for improved democracy and empowered citizens. It also will contribute to the building of an integrity of the public administration, enforces fundamental rights, support vulnerable groups, and is monitoring the national polices and improved enabling environment for civil society.

2. European Instrument for Democracy and Human Rights (EIDHR)

EIDHR is a European Union programme that aims to promote democracy and human rights worldwide through support to the civil society initiatives. The EIDHR was adopted by the European Parliament and the Council in March 2014 (Regulation No. 235/2014) for the period 2014-2020 by replacing and building upon the EIDHR (2007-2013) and European Initiative for Democracy and Human Rights (2000-2006).

The call for proposals EIDHR 2014-2015 that was announced at the end of 2014 had the specific objectives to support the civil society in activities focusing on greater cohesion in working on fundamental freedoms; political pluralism; pursuing common agendas for EU Human Rights and democratization, including the promotion and defence of civil and political rights. These objectives were supposed also to respond to key findings of the EU Progress Report. The actions were envisioned under two thematic priorities:

- Priority 1: Strengthening of the role of the civil society in supporting democracy in the country; and
- Priority 2: Supporting the civil society in the implementation of the EU Human Rights priorities.

For each thematic priority 600.000 Euros were allocated, totalling to 1.200.000 Euros.

The EIDHR regulation defines five main objectives:

- 1) Support to Human Rights and Human Rights Defenders in situations where they are most at risk;
- 2) Support to other EU Human Rights Priorities with main focus on protecting human dignity including abolition of the death penalty; eradication of torture and other cruel, inhuman or degrading treatment or punishment; support to a comprehensive approach to rehabilitation and prevention activities; protection and promotion of children's rights; protection of women's rights; fighting discrimination in all its forms; fighting against impunity; promotion and protection of freedom of religion or belief; promotion of economic, social and cultural rights; and promoting the respect for international humanitarian law;

- 3) Support to democracy;
- 4) Support to EU Election Observation; and
- 5) Support to targeted key actors and processes, including international and regional human rights instruments and mechanisms.

Starting from 2015, an encompassing EIDHR call for proposals will be launched on annual bases and will systematically cover core priority themes in the form of five separated lots. These five lots will be recurrent to any of the upcoming EIDHR call for 2014-2017 and cover respectively:

- (i) Human rights and their defenders where they are the most at risk;
- (ii) Economic, Social and Cultural rights;
- (iii) Human Dignity;
- (iv) Discrimination; and
- (v) Other priorities planned in the multiannual programming or linked to new unforeseen areas.¹⁸

3. Cross-Border Cooperation (IPA 2)¹⁹

Cross-Border Cooperation (CBC) provides grants to CSOs and municipalities for a range of socio-economic two-country partnership projects, with all EU and potential EU member countries. Under IPA I, CBC has received around EUR 30 million. Based on the high interest, experience gained and existing joint programme structures, IPA CBC with Member States (Greece and Bulgaria) continues under IPA II, as well as IPA CBC within the Western Balkans (with Albania and Kosovo). The country also participates in a new transnational cooperation programme "Balkan-Mediterranean" under the European Regional Development Fund (ERDF) European Territorial Co-operation goal.

4. IPA Civil Society Facility – strategy for civil society development in the IPA region which besides the TACS project includes the Partnership programme which consists of grant support to regional networks. Eighteen grants were awarded at the open call announced in March 2012 aiming at supporting regional CSOs' networks to pursue shared objectives regarding good governance and the fulfilment of the political criteria for EU accession.

In 2014, there was another open call under the Civil Society Facility, Operating Grants to IPA CSO Associations – Support to regional thematic associations. The specific objective of this Call was to enhance the commitment and capacity of CSO to give citizens a voice and to influence public sector reform processes through analysis, monitoring and advocacy, etc. by joining forces in regional networks. The total budget for the call was 1,350,000 EUR.

As part of the Civil Society Facility and Media Programme 2014-2015 (CSF Programme 2014-2015), adopted by the European Commission in December 2014, in May 2015, a new call for CSOs has been launched "Support to regional thematic networks of Civil Society Organisations". The overall

¹⁸ <https://goo.gl/6zdvsh>

¹⁹ http://www.sep.gov.mk/en/content/?id=20#.V0_qOLh97IU

objective was strengthening participatory democracies and the EU integration process in the Western Balkans and Turkey by empowering civil society to actively take part in decision making and by stimulating an enabling legal and financial environment for civil society and pluralistic media. The priorities for the call were based on the “Guidelines for EU Support to Civil Society in the Enlargement Countries, 2014-2016” (hereinafter referred to as EU Guidelines) prepared in coordination with all Delegations in IPA countries and endorsed by DG Enlargement at the end of 2013. The global objectives were aimed at stimulating an enabling legal and financial environment for civil society and pluralistic media, as well as to empower civil society and media organisations to be effective and accountable independent actors, and to improve their capacity for dialogue with Governments influencing policy and decision making processes and holding them accountable for their performance towards citizens and society at large. The specific objective of this Call for Proposals was to foster regular networking of CSOs at the regional and EU level, facilitating the exchange of knowledge, skills and connections, and increasing and widening their impact in campaigning and advocacy. This Call for Proposals aims at strengthening CSOs capacities related to advocacy, long-term strategic organisational planning and funding diversification. This will ensure sustainability by increasing the recognition of public institutions on the role of CSOs, thus fostering the level of involvement and inclusion of CSOs in decision making and reform processes.

Total budget for this call was 16,100,000 EUR. A total of 16 grants were awarded, two of which from Macedonia as coordinators for the awarded grants, and 13 other CSOs from Macedonia were as partners in the awarded grants.

5. IPA National Programme for Transition Assistance and Institutional Building 2011 Further Development and Financial Sustainability of the Civil Society

The open call was announced at the end of 2014. The two priority areas of this open call were:

Priority area 1: Enhancing the civil society involvement in creating public opinion and policy and decision making at national and local level;

Priority area 2: Strengthening the financial sustainability of the civil society through cooperation with the state and private sector.

The overall indicative amount made available under this Call for Proposals is EUR 1.350.000.

In November 2015, 12 grant contracts were awarded to Macedonian CSOs under this open call. These funds are granted under the decentralized implementation system.

5. Other EU funded programs. Macedonian CSOs may apply to the following EU Community programmes²⁰:

Progress Programme: The Employment and Social Innovation (EaSI) programme is a financing instrument at the EU level to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions. For the period 2014-2020, the “Progress” element of EU programme for Employment and Social Innovation (EaSI) will continue its current activities (analysis, mutual learning and grants) and will have a specific budget for social innovation and

²⁰ <http://eeas.europa.eu/>

social policy experimentation. The total proposed budget for “Progress” is around €500 million for the period 2014-2020.²¹

As of 2014, the new Erasmus+ will replace seven existing programmes with one. It brings together the existing Lifelong Learning Programme (Erasmus, Leonardo da Vinci, Comenius and Grundtvig), Youth in Action and five international cooperation programmes (Erasmus Mundus, Tempus, Alfa, Edulink and the programme for cooperation with industrialised countries). It also includes sport. Following on from a series of initiatives to tackle the current refugee crisis announced by the European Commission, the Erasmus+ Additionally, for 2016, the Programme Guide has been updated to address issues around social cohesion, and the integration of refugees and migrants. Education plays a crucial role in helping migrants and refugees settle in new countries and environments. From language learning to the recognition of qualifications, education is a part of the solution throughout the integration process. Equally, education institutions and organisations can benefit from guidance and good practices on how to tailor the provision of education for migrants. Programme will have a clearer focus on supporting refugees and other marginalised groups in 2016.

Europe for Citizens 2014-2020. The aim of this programme is to bring Europe closer to its citizens and to enable them to participate fully in the European construction. Through this programme, citizens have the opportunity to be involved in transnational exchanges and cooperation activities, contributing to developing a sense of belonging to common European ideals and encouraging the process of European integration. The Education, Audiovisual and Culture Agency Executive Agency (EACEA) is responsible for the management of certain parts of the EU's Culture programmes under supervision from its parent Directorate-General for Communication (DG COMM of the European Commission). Europe for Citizens Points (ECPs) have been set up to facilitate participation in the Europe for Citizens Programme. ECPs give advice and guidance on all aspects of this programme, including how to develop a project, prepare funding applications and build international partnerships. In Macedonia there is currently no Europe for Citizens Contact Point. The previous seven-year programme ended in 2013. For the next round of funding, to 2020, the Commission proposes to focus its budget of €229m on promoting a better understanding of the EU, its shared values, history and culture. Funds will also help people engage in civic activities through debates and discussions on the impact of the EU in their daily lives.

Horizon 2020 is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over seven years (2014-2020) – in addition to the private investment that this money will attract. It promises more breakthroughs, discoveries and world-firsts by taking great ideas from the lab to the market. It will combine all research and innovation funding currently provided through the Framework Programmes for Research and Technical Development, the innovation related activities of the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT).²²

Creative Europe Programme - is the new framework programme for the cultural and creative sectors for the 2014-2020 Multi-Annual Financial Framework (MFF)[1]. The Creative Europe programme aims to support the European audiovisual, cultural and creative sector. The different funding schemes encourage the audiovisual, cultural and creative players to operate across Europe, to reach new audiences and to develop the skills needed in the digital age. By helping

²¹ <http://ec.europa.eu/social/main.jsp?catId=1081&langId=en;>

²² <http://ec.europa.eu/programmes/horizon2020/>

European cultural and audiovisual works to reach audiences in other countries, the programme will also contribute to safeguarding cultural and linguistic diversity.²³

COSME - is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 - 2020 with a planned budget of EUR 2.3 billion. SMEs are the backbone of Europe's economy, providing 85% of all new jobs. The European Commission aims to promote entrepreneurship and improve the business environment for SMEs to allow them to realize their full potential in today's global economy.²⁴

Other international donors

Swiss Agency for Development and Cooperation (SDC) has been an important supporter of citizens' participation and civil society development since 2006.

The **Community Forums Programme** is a model of citizens' participation in the decision making process at local level in Macedonia. The programme is funded by Swiss Agency for Development and Cooperation and implemented by Forum Coordination Unit, in cooperation with municipalities and Association of the units of local self-government of the Republic of Macedonia - ZELS.

Since 2006, in total 105 forum processes in 59 municipalities are implemented (Project, Thematic, Inter-municipal and Budget) with around 100 projects funded by SDC and Municipalities implemented in the communities during 2006-2014. During the process many trainings and networking meetings are organized with over 600 trained participants and OG, 37 certified moderators, and over 50 trained co-moderators. In 2010 the Community Forum was institutionalized and incorporated in the Statutes of the Local Self-government Units following a recommendation by ZELS. So far, 59 municipalities have incorporated the Forum in their statutes. Currently, the exit phase of the programme is being implemented (Budget forums) and it will last until April 2017. The total budget of the programme is around 10 million CHF.

The new phase of the **Civil Society Support Facility Macedonia (CSSF Macedonia) i.e. Civica Mobilitas** is implemented in the period 2014-2018 with a budget of 7.7 million CHF by NIRAS-Denmark, Macedonian Center for International Cooperation (MCIC) and SIPU Sweden. Overall objective of Civica Mobilitas is social change in Macedonia, including better cooperation among CSOs and between CSOs and the authorities, reflects the expectations, problems, needs and priorities of the citizens.

Civica Mobilitas is consisted of three components:

Component 1 - Assisted, Networked, Learning: includes a Helpdesk; National, regional, thematic, and ad hoc forums; Facilitation to CSOs providing guidance on articulating, planning and preparing social initiatives; and Mentoring of CSOs that wish to improve their performance;

Component 2 - Grant Scheme: includes Institutional Grants; Action Grants (Action; Information, Communication, Outreach; Research and Development; Monitoring, Evaluation and Reporting); Small Grants (Small Action Grants, Fellowship Grants, Internship Grants); and Ad Hoc Grants;

²³ More at <https://ec.europa.eu/programmes/creative-europe/about>;

²⁴ More at http://ec.europa.eu/growth/smes/cosme/index_en.htm;

Component 3 – Research: includes research into: Good Governance, Decentralization, and Social Change; Civil Society Index (CSI) and its applicability for institutional development and organizational strengthening; the transversal issues gender, inter-ethnic relations and migration.

Up to the end of 2015 Civica Mobilitas awarded 16 institutional grants, 15 action grants, three specific action grants, nine small action grants and five ad hoc grants in total value of 1,8 million Euro. By the end the program is expected to deliver more than 200 grants. Self-assessment for CSOs was developed for inspiration and guiding organizations – applicants for institutional grants to discover organizational and institutional gaps and to formulate ideas for organizational development.

The Program's target groups are associations and foundations as well as media, scientific research institutes, trade unions, employers' organisations and non-formal group of citizens. Within a period of up to four years, Civica Mobilitas aims at reaching a "critical mass" of 100 CSOs, supported by institutional and action grants, that actively engage in achieving positive social changes in Macedonia. This critical mass may help bringing about consensus on the direction and contents of key social reforms.

USAID - USAID is implementing **Civil Society Project** through the local partner Foundation Open Society Macedonia (FOSM). The total budget of the programme is 5,3 million US dollars and it includes grants for CSOs and capacity building programme. Objectives of the programme are to stimulate civic activism and participation at national and local levels, to support CSOs to conduct monitoring of government actions, to advocate, and to provide input into public policy and to establish sustainable mechanisms for regular and ad-hoc CSO cooperation and mobilization on democratic reform issues²⁵.

In the last two years, FOSM issued two calls and allocated 41 grants amounting to \$1,273,960: 14 grants for CSOs acting as democracy hubs, 13 grants for oversight and advocacy, and 14 grants for joint actions of partnerships and networks of CSOs. The programme will be implemented until August 2016.

In May 2016, USAID issued a request for proposals under Activity for Civic Engagement (ACE). The purpose of this contract is to support Macedonian civil society through strengthening the influence of CSOs and sustained youth engagement. The indicative budget for this five year project is between seven and 10 million US dollars.

USAID Macedonia **Anti-Corruption Program**, started on June 26, 2013 and will last for 39 months, until September 30, 2016. The goal of the program is democratic Macedonia free of corruption. The program included in-depth analysis of the state of affairs and dynamics regarding corruption in all spheres of social life in Macedonia, enhancing the civil society capacities to fight corruption, developing mechanisms for civil monitoring of policies, measures and reforms. Monitoring the transparency of the policy making processes and state budget spending, as well as providing possibility for all interested stakeholders to be informed, consulted and included as partners in these processes. One of the main objectives was raising awareness and informing the citizens on specific anti-corruption problems. The program is implemented by the local partner MCIC. The total program budget is \$671,109.

²⁵ <http://macedonia.usaid.gov>

U.S. Embassy in Macedonia is running small grants programme whose purpose is to award small grants for specific projects that support the development of democratic institutions in the Republic of Macedonia. The U.S. Embassy in Skopje supports innovative projects focused on community outreach and development. Grants are awarded to the individuals and non-governmental organizations to provide educational, economic, and cultural opportunities for citizens of Macedonia. The Democracy Commission Grants Program awards grants to Macedonian non-profit and non-governmental organizations and independent media for projects that support the development of democratic institutions in the Republic of Macedonia.

Open Society Foundation in Macedonia are implemented mainly through its local foundation Open Society Macedonia, or directly through the Soros office in Budapest. International programmes²⁶ available to CSOs include:

1. Think-tank fund supports independent policy centres that help strengthen democracy by identifying and analysing policy options, advocating for their adoption, and consulting with governments. The fund provides institutional and project grants in Central and South Eastern Europe. The fund complements its grant making by developing activities to enhance networking among think-tanks and to build their capacity to conduct research and use their findings and recommendations in advocacy.

2. Roma Initiatives grant with the goal to foster and promote the principles of democracy, accountability, human rights, gender equality, and active Roma leadership and participation in public affairs. The Roma Initiatives Office works with a broad range of civil society partners to promote alternative images of Roma communities and culture, to repudiate racism, and to foster intercultural dialogue.

3. The Open Society Public Health Program supports marginalized populations to fight discrimination and protect their fundamental rights. The program aims to build societies committed to inclusion, human rights, and justice, in which health-related policies and practices reflect these values and are based on evidence.

4. Women Rights Program - Through grant making, advocacy, capacity and coalition building, and organizing meetings and exchanges, they support efforts to strengthen access to justice, protect women's sexual and reproductive rights, and promote economic advancement.

Central government funding sources

Central government funding in Macedonia continues to be a potentially significant source of financial sustainability for CSOs. This situation is a result of the lack of political will to implement legal reforms to promote the transparency of the already existing decentralized distribution of direct budget funds.

The legislation and policies that concern the central government funding sources for CSOs does not meet the real needs for sustainability. Additionally, it is not fully implemented in practice. There is still no legally binding act adopted (the preparation started at the end of 2014), i.e. the draft decision which will standardize and increase the transparency of the distribution of the

²⁶ www.soros.org

funds from the budget intended for associations and foundations²⁷. Most of the direct budget funding that comes from budget line 463 – “Transfers to Nongovernmental Organizations”, i.e. 42% according to the rebalance²⁸ of the budget of the Republic of Macedonia for 2015 was indented for political parties.

There is a decrease in central government funding of CSOs in comparison to 2014. The decrease is 5% and is calculated based on the existing data derived from the Final Accounts of the Budget of the Republic of Macedonia for 2014²⁹ and the Rebalance of the Budget for 2015, for the budget line 463 – “Transfers to non-governmental organizations”. Still, there is a lack of information regarding public funding for CSOs, since from the Budget more detailed data, can not be obtained, such as: what are the sub-budget lines of the 463 – “Transfers to NGOs”, which CSOs are recipients and the amount they received. Also, there is a lack of data regarding all the phases of the public funding process for CSOs (programing, distribution, decision-making, monitoring, evaluation, etc.)

The amount of the funds that were granted via the budget line 463 (approximately four million Euros) is significantly lower compared to Croatia, Serbia and Bosnia and Herzegovina, and quite insignificant if one takes into consideration the total annual revenue (more than 80 million Euro) of the CSOs³⁰. The granted projects are short-term (one year) and institutional support is available only for several organizations.

For the period of 2004 to 2014³¹, the average amount of the disbursed funds from budget line 463 – “Transfers to NGOs” is approximately MKD 250,000,000 (EUR 4,065,000) on annual level. The amount has not had any bigger differences in the course of the years, i.e. the amount of the state funds intended for CSOs. According to the final financial report on the budgets for the period of 2004 to 2014, there is a high average usage of the budget line 463, claiming that 91% of the planned amounts were spent.

According to the final financial report on the budget for 2014³², the spending of the budget item 463 was 93%, - MKD 241,741,138 (EUR 3,925,000). The share of the budget line 463 in the 2014 budget was 0.14%. There has been no final financial report published for the 2015 budget so that the spending can be analysed; still, based on the rebalance of the budget, the planned funds for the item 463 were MKD 342,007,000 (EUR 5,549,000). With the rebalance³³ there were changes in the allocation of the funds to be disbursed via item 463. Within this item, the funds of the Ministry of Justice were doubled, as prior to the rebalance they were MKD 85,000,000 (EUR 1,380,000) and after the rebalance MKD 145,000,000 (EUR 2,350,000) were allocated. Another significant allocation is seen in the funds of the Ministry of Culture which grew from MKD 4,688,000 (EUR 76,000) to MKD 7,688,000 (EUR 125,000), the share of item 463 in accordance with the 2015 budget is 0.16%.

²⁷ Oggenovska, S. (2016) Monitoring matrix report on enabling environment for civil society development 2015, Macedonia. [Internet] Skopje, MCIC. Address: <http://goo.gl/4avuqc> [Accessed on: 31.5.2016]

²⁸ Changes and Additions to the 2015 Budget of the Republic of Macedonia (2015) Address:

<http://62.220.196.22/ext/material/details.aspx?Id=f60856e7-9c01-44c8-95da-568178acd55b> [Accessed on 21.03.2016]

²⁹ Final Financial Report of the 2014 Budget of the Republic of Macedonia (“Official Gazette of the Republic of Macedonia”, no. 108/15)

³⁰ Oggenovska, S. (2016)

³¹ Ibid.

³² Final Financial Report of the 2014 Budget of the Republic of Macedonia (“Official Gazette of the Republic of Macedonia”, no. 108/15)

³³ Changes and Additions to the 2015 Budget of the Republic of Macedonia (2015)

The spending of budget funds via item 463 as a percentage of the total spent budget has a decreasing trend, starting from 0.30% in 2004, being halved in 2014 to 0.15%. Although the total budget of Macedonia has an increasing trend, the funds planned for item 463 are continuously planned and spent in an approximately same amount at annual level, which influences their decrease in the share of the total budget, because they do not grow proportionally³⁴.

A significant part of the funds coming from games of chance and entertaining games (more than one million Euro) remain granted to organizations known in advance as determined by a government decision as well as having additional limitations. Only seven or eight associations or alliances have multiyear and institutional support; following a Government decision they receive funds from games of chance and entertaining games revenues amounting to MKD 66,000,000 (EUR 1,070,000)³⁵. The support is on annual level and with a predictable amount and one could say that this is a multiyear, as well as institutional support, because the funds are intended to Programme activities of the organizations rather than any specific activity.

Local government funding sources

The Law on Units of Local Self-Government provides for allocation of portion of the municipal budget for support of CSOs. Pursuant to this, in practice majority municipalities have budget line for CSOs. Nonetheless, in most cases the amount is not more than 1% of the municipal budget³⁶.

As it was previously noted, allocation of funds for CSOs can be implemented through open call, but also direct initiative and upon request sent to the Mayor or the Municipal Council, and the Council makes a decision. Generally, there is no unified system, application procedure and clearly defined criteria for allocating funds to CSOs from the municipal budget.

According to the CSOs survey results, 32% of CSOs had income from local self-government and/or regional administration, and this percentage points out that the local funds are much more significant source for CSOs than central government funds (24%). Additionally when it comes to non-financial support, only 12% of CSOs have received in-kind contribution from local government in the past year, while most of the organizations (82%) did not receive that kind of assistance.

Private and corporate giving

Local support is not developed yet (individual and corporate donations), because of the ineffectiveness of Law on Donations and Sponsorships in Public Activities (LDSPA)³⁷, lack of communication and cooperation between the businesses and CSOs and lack of interest among the businesses and initiative by the CSOs³⁸.

LAF³⁹ enables the organizations to generate revenues from individuals and enterprises. The crucial legislation in stimulating the domestic support should be the LDSPA⁴⁰, which stipulates tax

³⁴ Oggenovska, S. (2016)

³⁵ Decision for Distribution of the Revenues from Games of Chance and Entertaining Games in 2015 to Finance the Programme Activities of the National Associations of Disabled, Their Associations and Their Union, Associations for Combating Domestic Violence and the Red Cross of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia", no. 196/14)

³⁷ Law on Donations and Sponsorships in the Public Activities ("Official Gazette of the Republic of Macedonia", no. 47/06, 86/08, 51/11, 28/14 and 153/15)

³⁸ Oggenovska, S. (2016)

³⁹ Law on Associations and Foundations ("Official Gazette of the Republic of Macedonia", no. 59/10 and 135/11).

⁴⁰ Law on Donations and Sponsorships in the Public Activities ("Official Gazette of the Republic of Macedonia", no. 47/06, 86/08, 51/11, 28/14 and 153/15)

benefits for grant providers for project of public benefit. According to Article 13 of LDSPA, it is stipulated that individuals have the right to decrease their tax for the amount of the donation, but not more than 20% of the annual tax debt of the donor, and not more than MKD 24,000 (EUR 390). The enterprises can use tax benefits amounting to 5% in case of a donation and 3% in case of a sponsorship. Although, LDSPA was changed, it still did not have any essential changes with respect to stimulating donations, and the implementation of the law in practice remained non-functional, especially with a long and complex procedure for confirming the public benefit of a project.

In practice, according to the CSOs survey results, 22% of the CSOs claims that their income comes from citizens' donations, while 28% of the income was donated through private companies operating in the country. The low percentages of private and corporate giving are supported by the findings of the research that was conducted by Konekt⁴¹ which indicates that LDSPA is not effective in stimulating donations. Its regulations are first of all significant for the companies that give large donations, but not for the everyday donations. The real effect of the law is that it pushes the small donations into the informal area and discourages the bigger donations that cannot be done informally. The analysis indicates that there is a very limited communication between CSOs and business sector, largely as a result of the lack of initiative on the side of CSOs. The CSOs that are included in mobilizing funds from the business sector do not do that in a strategic, systematic and continuous way. Also, it is stressed that a significant part of the business sector is not interested in corporate philanthropy.

According to another analysis of Konekt (2015) regarding the LDSPA, its full functionality is hindered as a result of: inconsistency of the key terms and terminology used in the law; long and complicated administrative procedure; determining public benefit about the specific donation/sponsorship instead of the recipient; the law not being related to the public benefit status stipulated in LAF; there is no difference between profit and non-profit recipients of donations and sponsorships; restrictiveness with respect to cross border philanthropy; unproportioned demands to submit reports and control donations/sponsorships; etc. Additionally, when approximating the LDSPA with the Law on Misdemeanours⁴², the amounts of the fines and the responsibility of the persons have been increased.

Another analysis of the Centre for Tax Policies⁴³, shows that the tax expenditures based on tax stimulations for donations and sponsorships in the public activities are minimal and there is a room for further stimulation of the donations and philanthropy in the country by broadening the regulations on tax stimulations in the legislation. According to the analysis, the tax stimulations of individuals do not provide essential support to the philanthropic activities taking into consideration the surrounding, economic growth and the overall trends in the economy and the non-profit sector.

Data on the number of registered individual taxpayers who donated to CSOs is not available. The percentage of corporation's taxpayers which donated to CSOs is not available in Macedonia, and

⁴¹ Karajkov, R. (2015) Research of the Views, Beliefs and Practices for Resource Generating and Cooperation between the Civil Society Organisations and Private Sector [Internet] Skopje, Konekt Association. Address: <http://goo.gl/XV2JHI> [Accessed on 01.02.2015]

⁴² Law on Civil Responsibility for Misdemeanour and Defamation ("Official Gazette of the Republic of Macedonia", no. 143/12)

⁴³ Smilevski, B. (2015) Analysis of the Expenditures and Benefits from Tax Stimulations in the Law on Donations and Sponsorships in Public Affairs. [Internet] Skopje, Konekt Association. Address: <http://goo.gl/XV2JHI> [Accessed on 01.02.2015]

cannot be calculated since there is no data publicly available on the number of corporations taxpayers that donated to CSOs.

Data on the number of individuals and enterprises that have used the tax can be obtained on annual level via various bodies of state administration: MJ, MF and PRO. The latest available data are from 2013. According to them, the number of individual donors for 2013 is 72, while the number of legal entities that requested tax alleviation on the basis of a donation is 538, from which 468 have been approved.

1.3. Government mechanisms and policy framework for civil society and government cooperation

The legal framework for cooperation between the government and CSOs is not fully set and there is a gap between the existing policies (strategic documents) and their implementation in practice⁴⁴. There is no political will, and there are no budget allocations to implement the 2012-2017 Strategy for Cooperation of the Government with the Civil Sector⁴⁵ which stipulates a total of 52 measures, out of which only two have been fully implemented⁴⁶. The primary body for facilitation of the cooperation between the CSOs and the government is the Unit for Cooperation with the Nongovernmental Organizations which faces difficulties to achieve full functioning, with respect to the fact that there are no budget funds intended for its functioning and it is hierarchically dependent on the General Secretariat of the Government of the Republic of Macedonia. Despite the fact that at the end of 2014 there was a draft decision prepared for establishment of a council, certain parts were changed in the final version which was commented and they were against the principles of representativeness and legitimacy, which was followed by a reaction of 75 CSOs, and it led to freezing the procedure for adoption of the decision⁴⁷.

Unit for Cooperation with Non-governmental Organisations

The Unit for Cooperation with Non-governmental Organisations was established in November 2004 under the Sector for Policy Analysis and Coordination within the General Secretariat of the Government, and commenced its work in March 2006. The Unit continued with their regular activities, in conditions of lack of allocated budget funds intended for its independent functioning. Unit's hierarchical positioning within the General Secretariat of the Government of the Republic of Macedonia has influenced its ability to establish a proactive communication and become closer to the CSOs. The Unit promoted its new web site in 2015, which has been prepared in order to improve its functionality and information sharing with the CSOs. A contact list with information on the network of public servants in charge of cooperation with the civil sector (contact points) is published on the web site of the Unit. The list contains two public servants per each of the 15 ministries, one of which is a deputy member (only three ministries have one public servant each), and only the Ministry of Health does not have a responsible person in charge. Apart from the ministries, three other state institutions (SEA, SIOFA and AMS) have nominated two persons each

⁴⁴ Ogenovska, S. (2016)

⁴⁵ Government of the Republic of Macedonia (2012) Strategy for Cooperation of the Government with the Civil Society (2012-2017) [Internet] Skopje, Government of the Republic of Macedonia. Address: <http://goo.gl/vv3xNg> [Accessed on 01.02.2016]

⁴⁶ Ogenovska, S. (2015). Policy Brief: Report on the Implementation of the Strategy for Cooperation of the Government with the Civil Society, June 2012-December 2014 [Internet] Skopje, MCIC. Address <https://goo.gl/i5vQyy> [Accessed on 01.06.2015]

⁴⁷ BCSDN and MCIC (2015) Demand for changing the procedure for election of members of the council from the civil sector and election of the president of the council in the draft decision for establishment of a council for cooperation between the government and the civil sector [Internet] Skopje, BCSDN. Address: <http://goo.gl/BIQ2ba> [Accessed on 21.03.2016]

as responsible for cooperation with the civil sector. The trend of lack of communication⁴⁸ between the CSOs and the Unit, as well as the lack of its recognition (familiarity with the existence and mandate of such body) has continued.

In 2015 there was progress in the establishment of the Council, as the key institution for development of the civil society and cooperation with the government. At the end of 2014, there was a draft decision prepared for establishment of a Council for improving the cooperation, dialogue and stimulation of the development of the civil society and consultations were held. After the consultations, the initial text of the draft decision was changed in January 2015 and it introduced problematic regulations that prevent the establishment of a Council in accordance with the principles of representativeness and legitimacy. The new draft decision stipulated a special committee established by the Government to conduct a procedure for selection of members of the Council from CSOs, instead of it being done by the CSOs themselves. Additionally, the President of the Council who is supposed to be a representative of the civil society was stipulated to be selected by the General Secretariat of the Government of the Republic of Macedonia, while his deputy would be appointed by the Council. 75 CSOs reacted to these changes in the initial text of the draft decision, with specific demands and proposals, after this the procedure was frozen and after one year, there has been no information on the progress of the document and possible establishment of the council.

Strategy for Cooperation

The Strategy for Cooperation of the Government with the Civil Sector 2012-2017⁴⁹ is the key strategic document for development of the civil society. Monitoring of its implementation indicates that there is a particularly low implementation of the key measures for development and sustainability of the civil society. Half (48%) of the planned measures in the Strategy have had no progress. Great progress has been noted in 10% of the measures, while a significant progress has been seen with 13% of the measures. With 13% of the measures there is a partial progress and with 12% there is a small progress. Only two measures (out of 52) have been fully implemented⁵⁰. Despite the fact that the Strategy covers the period until 2017, according to its Action Plan, almost all measures were planned to be implemented by the end of 2014. State institutions that stand out when it comes to the number of implemented measures within the Action Plan are the Unit for Cooperation with NGOs and the Ministry of Labour and Social Policy. The implementation of the Strategy continued without allocated budget funds. The problem with not recognizing and not implementing the Strategy by the public servants within institutions is partially due to the lack of clearly designated persons in charge on the measures for which their institution is responsible⁵¹. The report on the Strategy implementation is coordinated and prepared by the Unit and annually is published on Unit's web site. The reports of the institutions which carry out the measures do not always match the planned activities.

The inclusion of CSOs in the implementation of the Strategy is at a low level. CSOs are not proactive, if not explicitly noted as carriers of the measures, they should be aware of the importance of the measures within the Strategy that are of key importance for their functioning.

⁴⁸ Oggenovska, S. (2016)

⁴⁹ Government of the Republic of Macedonia (2012) Strategy for Cooperation of the Government with the Civil Society (2012-2017) [Internet] Skopje, Government of the Republic of Macedonia. Address: <http://goo.gl/vv3xNg> [Accessed on 01.02.2016]

⁵⁰ Oggenovska, S. (2015). Policy Brief: Report on the Implementation of the Strategy for Cooperation of the Government with the Civil Society, June 2012-December 2014 [Internet] Skopje, MCIC. Address http://www.balkancsd.net/old/images/stories/15042015_Policy_brief-impl_of_Strategy.pdf [Accessed on 01.06.2015]

⁵¹ Oggenovska, S. (2016)

Local self-governments

In local self-governments the most common approach for structuring communication and cooperation with CSOs is through the appointment of a person responsible for cooperation with CSOs who often in his/her description of the work has other responsibilities⁵². Exception to this is the City of Skopje with a separate Unit for Cooperation with CSOs.

The most commonly practiced forms of cooperation of the units of local self-government (ULSG) with CSOs are: financial support for projects; involving CSOs in the preparation of strategic documents of the municipality and in various working groups; and providing working premises for CSOs daily operation. Most ULSG have a register of organisations operating in that municipality.

However, majority of the municipalities does not have a planned approach to cooperation with CSOs and human resources allocated to such task. This is confirmed with the analysis⁵³ of 17 municipalities, which showed that 71% of these municipalities do not have a strategy for cooperation with CSOs. Specific strategic documents on cooperation exist in few municipalities which are mainly urban. The most frequent reasons for the nonexistence of strategic document are lack of finances (30% of the surveyed municipalities) and insufficient human resources (24%).

At the local level, there are a few examples of CSO-government cooperation⁵⁴. For example, the City of Skopje, in cooperation with the Volunteer Center, Civica Mobilitas, Ministry of Labor and Social Policy, festival Taksirat, and Youth Cultural Center from Bitola, organized an NGO and volunteering fair in December 2015.

1.4. Government (local and national) institutional capacities for involving civil society

The foundations for the involvement of CSOs in policy making and preparation of laws are elaborated in a number of documents, including the Constitution of the Republic of Macedonia⁵⁵, the Law on the Government⁵⁶, the Law on the Organization and Operation of the State Administration⁵⁷ and others. Also, a number of by-laws govern this issue: Rulebook of the Government⁵⁸; the Code of Good Practice for the Participation of the Civil Society in the Policy Making Process⁵⁹; and Methodology for Regulatory Impact Assessment⁶⁰. However, despite the binding provisions, the experience with the implementation of the mechanisms for increasing the participation of citizens and CSOs is rather diverse.

⁵² According to „Overview of the legal frame and practices of cooperation and involvement of CSOs in decision making on local level”, (MCIC, June 2011), 53% of the municipalities have appointed person for cooperation with CSOs

⁵³ „Overview of the legal frame and practices of cooperation and involvement of CSOs in decision making on local level”, MCIC, June 2011.

⁵⁴ USAID (2015) Sustainability Index of the Civil Society Organisations (draft report)

⁵⁵ Constitution of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 59/2000).

⁵⁶ Law on the Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 59/2000,12/03, 55/05, 37/06, 115/07, 19/08, 82/08, 10/10, 51/11, 15/13 and 139/14).

⁵⁷ Law on the organization and operation of the state administration (Official Gazette of the Republic of Macedonia, No.58/00, 44/02, 82/08, 167/10 and 51/11).

⁵⁸ Rulebook of the Government (Official Gazette of the Republic of Macedonia, No. 36/08).

⁵⁹ Code of Good Practice for the participation of civil society in the policy making process (Official Gazette of the Republic of Macedonia, No. 99/11).Rulebook of the Government (Official Gazette of the Republic of Macedonia, No. 36/08).

⁶⁰ Methodology for Regulatory Impact Assessment (Official Gazette of the Republic of Macedonia, No. 107/13).

The institutional framework of the Government capacities for CSOs involvement in their activities indicates an increase from 2.88 in 2014, to 3.00⁶¹ in 2015. In 2015 in contrast to 2014, insignificant number of changes has been made regarding the appointed person for cooperation with the civil society, a total of eight ministries responded that they have an appointed person. Only the Ministry for Labor and Social policy stated that it has a register in which the CSOs can make a registration for getting timely information. Only three ministries have a special written document (guidelines) for CSOs inclusion: The Ministry for Internal Affairs, Ministry for Labor and Social Policy and the Ministry of Informational Society and Administration. Until recently, the MLSP was the only ministry with e-procedure for the election of representatives of CSOs in conditions when the number for participation in the consultative bodies is limited. This year such an option has become available in the Ministry of Economy. A high percentage of ministries (89%) answered that the state servants received education for cooperation and inclusion of CSOs.⁶²

On a local level, the further decentralization process of municipalities raises the awareness regarding the needs for cooperation. The Ministry for Local Self-Government gave its support to the purpose of strengthening the partnerships and institutionalization of the local communities and the CSOs by organizing consultative meetings⁶³. In three regions (North-east, Pelagonia and Vardarian), the Ministry for Local Self-Government formed development networks where beside the representatives from the local municipalities, the CSOs and the business sector have its representative. Currently, development networks are being formed in all of the eight regions. With the amendments of the Law on Balanced Regional Development, it is obligatory that the representatives from the business sector, the high education institutions and the civil society sector participate in the process of policy making on local level. However, other than this there is a lack of standardized approach for municipalities to follow when they involve representatives of civil society in the decision making process.

Central Government and Ministries

In the second priority area of the Government Strategy, the need for regular and timely involvement of citizens and CSOs in public policy creation and law-making processes is recognized. However, four years after the adoption of the Strategy, only few measures were implemented, out of which, one is completely implemented - the activity related to the Open Government Partnership, and the others specifically the ones aiming to strengthen capacities of state servants have shown any progress.

One of the key measures was the Code of Good Practices for Participation of CSOs in Policy Creation, which should have introduce regular and systematic approach to involvement of CSOs in policy making. Even though, the involvement of the CSOs in the policy and law making processes is legally stipulated, in 2015 it continued to be at a low level and insignificant despite the activities for promotion of electronic consultations and capacity strengthening of the public servants, political will for involvement of the CSOs was missing.

In terms of preparation of quality laws, improvement of consultative processes and increased public involvement, two significant documents were substantially amended: Methodology for

⁶¹ The scale is from 1 to 5 (1 being the lowest, and 5 being the highest score)

⁶² Sazdevski, M., Gjuzelov B., Ivanovska, N. (2016) Government mirror report for 2015. MCIC

⁶³ Government of the Republic of Macedonia (2016) Report on the implemented measures and activities from the Strategy for Cooperation of the Government with Civil Society (2012-2017), in 2015 [Internet] Skopje, Government of the Republic of Macedonia. Address: <http://goo.gl/MGpFbw> [Accessed on 31.5.2016]

Regulatory Impact Assessment⁶⁴ and Guidelines on How to Proceed with the Work of the Ministries in the Process of Conducting Regulatory Impact Assessment⁶⁵. Despite the binding provisions and improved standards for the inclusion of the CSOs, the provisions were not observed by the relevant ministries. The results from the Government Mirror Report 2015⁶⁶, showed that the ministries do not publish most of the draft laws on electronic register of regulations (ENER) portal, they have failed to observe the phases of consultations according to the Regulatory Impact Assessment and in 39% of the draft-laws the ministries did not respect the minimum deadline for consultations (10 days).

The new single electronic register of regulations (ENER)⁶⁷ was launched on December 25, 2014 with technical and contents improvement (automatized minimal deadlines for consultations, timers for informing about the deadline for commenting on an open draft regulation, automatically published comments). According to the Parliament report⁶⁸, 339 draft laws had been adopted in a shortened procedure, without previous consultations via ENER, while 194 draft amendments of the Law on Misdemeanours were made in two days, including laws crucial for the functioning of CSOs.

The e-democracy⁶⁹ portal is another tool used by the Government to increase the public participation in decision making. However, its utilization is minimal especially by the CSOs. According to the Government Mirror Report for 2015, only 11% of the ministries published the information for draft-laws on the web pages such as ENER and e-democracy, while 89% of them are using other forms of informing the public such as direct meetings, promotional events, press-conferences, workshops and etc.

Other documents also confirm that the public is not involved in the policy creation processes and according to the Unit's report on Code implementation⁷⁰, only two ministries reported that they had organized public debates; Ministry of Agriculture Forestry and Water Economy (MAFWE) held eight, and Ministry of Environment and Physical Planning (MEPP) held five public debates. The other ministries did not give examples of public debates, the frequent practice was consulting the public via ENER and web sites, holding meetings, and occasionally formation of working groups.

The percentage of laws/bylaws, strategies and policy reforms effectively consulted with CSOs cannot be obtained, due to the lack of available data. However, if we take into consideration from the desk analysis that just in one year (2015) the Parliament of Republic of Macedonia reviewed 848 draft laws, enacted 606, out of which 541 were proposed by the Government and the Ministries which should be published for consultation on ENER, out of them only 88 (16%) were published for electronic consultation on ENER. Having in mind this, it can be concluded that there is a low percentage of effectively consulted legal and policy documents with CSOs.

⁶⁴ Methodology for Regulatory Impact Assessment ("Official Gazette of the Republic of Macedonia" no. 107/13)

⁶⁵ Guidelines for the ministries on the way to proceed in the process of regulatory impact assessment ("Official Gazette of the Republic of Macedonia" no. 106/13)

⁶⁶ Sazdevski, M., Gjuzelov B., Ivanovska, N. (2016) Government Mirror Report for 2015. MCIC

⁶⁷ www.ener.gov.mk

⁶⁸ Parliament of the Republic of Macedonia (2016) Report on the Work of the Parliament of the Republic of Macedonia for the period 01.01.2015-31.12.2015. [Internet] Skopje, Parliament of the Republic of Macedonia. Address: <http://goo.gl/c2cSdm> [Accessed on 21.03.2016]

⁶⁹ <http://www.e-demokratija.gov.mk/>

⁷⁰ Government of the Republic of Macedonia, General Secretariat of the Government of the Republic of Macedonia (2015) Information on the implementation of the project "Cooperation of the Government with the Civil Sector" (January-June 2015) and the implementation of the Code of Good Practices for Involvement of the Civil Sector in the Policy Making Process [Internet] Skopje, Government of the Republic of Macedonia. Address: <http://goo.gl/md9iI0> [Accessed on 21.03.2016]

In 2014 the second Action Plan for Open Government Partnership was adopted for the period 2014-2016. From the beginning of 2015, the Ministry for Information Society and Administration began with the preparation for the third Action Plan for the Open Government Partnership 2016-2018 that involved considerations all of the relevant stakeholders. In 2015, the seven working groups within OGP continued to work, with citizens taking equal participation in the , despite the fact that they are formally nominated by the Minister of MISA, still interested CSOs can nominate their representatives and in general, regardless of the numerous challenges of the overall mechanism, there is CSOs satisfaction from participating in the working groups.

The CSOs survey results confirm that even though the legislation concerning consultations with CSOs regarding draft laws/bylaws/strategies and policy reforms is set, this is not respected in practice.

Firstly, there is an adequate access to information since most of the CSOs (68 %) responded that they have adequate access to information, while 32% stated that they do not have it. There is a legal obligation to publish draft laws on the Internet and drafts are regularly published, but there is no sufficient time to comment (minimum 15 working days) according to almost half (47%) of the CSOs responded that they do not have sufficient time. Another important finding is that there is no selection and representativeness/diversity of working groups and over half (56%) of the CSOs disagree with the statement that the mechanisms for dialogue are open. there is a legal obligation for institutions to publish feedback regarding the consultation process. This is not respected in practice. According to the CSOs survey results, 11% of the CSOs responded that the public administration provided detailed enough feedback, and consultancy results were easily available to all parties, then 49% of the CSOs responded that there was some feedback and some consultancy results published, while 41% of CSOs responded that there was no feedback.

Local government

The Law on Local Self-Government⁷¹ foresees several forms of participation in the decision making process on the local level: civic initiative; citizens' assembly; referendum; complaints and proposals; public tribunes; surveys and suggestions. Although formally these possibilities exist, in practice there are differences in each of the municipalities. There are positive examples of civic participation in few municipalities where public debates were organised, meetings of the municipal council were open, participation in various committees was enabled; committees on gender issues were established in 10 municipalities; and regular meetings with CSOs. However, often the positive practices are motivated by external stakeholders (mainly donors) and they are carried out as a one-off event. It is a challenge for to have this practice to become systematically applied as a regular practice of the local self-government.

Apart of the inconsistent practices of participation in decision making, additional problem are the various expectations and perceptions, while ULSGs are of the opinion that the CSOs are not proactive, the CSOs perspective is that ULSG do not create sufficient possibilities for participation or are doing it only pro-forma.

⁷¹ Law on Local Self-Government ("Official Gazette of the Republic of Macedonia", no. 5/02)

1.5. Public perceptions and support of the civil society and its various segments

Public perception of the civil society remained at stable level. The survey on Trust in Macedonia (MCIC, 2015), shows moderate decrease of the trust of citizens in civil society (47,3 %) comparing with results from 2013 (54,2 %), but it is still on the level of the previous years (2006-2010) and it is one of the most trusted institutions. In addition, associations and foundations have the trust of the half of the citizens (50, 5%) in 2015.

Just over half of the public (53%) have trust in CSOs, while half of them (50%) have perception that CSOs are committed to solve problems. This trust has increased in comparison to the IPSOS public survey results from 2013 when 47% of citizens had confidence in NGOs, and 46% believed that NGOs are trying to solve the societal problems. However, somewhat lower percentage of CSOs respondents, 47% consider that people trust CSOs, while almost half of the representatives of CSOs (49%) consider the people mainly not trusting CSOs. Also, the percentages of the general population regarding confidence in CSOs and their commitment to solve problems is quite close, it confirms that both are connected, and as the general trust has risen, the perception of commitment to solving key problems in society of CSOs has also progressed.

The population believes that CSOs in Macedonia are active in fighting problems in the following areas: Education; Rights of Women; Children and Youth Rights; Human Rights; Culture and Art; Social Policy and Humanitarian Activities; and EU integration. The citizens consider that the following topics are most relevant for the people in Macedonia: Education; Rights of Women; Children and Youth Rights; Employment; Security; and Human Rights.

Recognition and approval of the civil society⁷² is even higher when talking about specific sectors and organizations. Organizations dealing with the issues related to children, youth and students earned citizens trust of 65%; organizations for/of persons with disabilities 62%; women and gender issues 61%; elderly (57%); education, science and research (57%), social care and humanitarian (56%); and environment organizations 55%.

The media environment continues to be restricted and polarized, leaving little space for the CSOs to present their work⁷³. Public attacks, hate speech, and smear campaigns against critical CSOs and activists by pro-government media increased during 2015. Many of these attacks concerned organizational finances, staff salaries, and the personal life of activists. At the same time, journalists contact CSOs for their experiences and expertise in areas of increasing media interest, such as social inclusion, poverty, or public health. In some cases, media coverage of these issues prompted state institutions to take action to address problems. Except for several non-profit media outlets, journalists are not aware of the role of CSOs in society. Watchdog organizations have more developed public relations, but only with media that is open to criticism of government's actions and policy. Another interesting finding is the trust of businesses in civil society. Konekt's⁷⁴ research demonstrates that businesses only have a modest level of trust in CSOs: one-third of companies trust CSOs, one-third are neutral, and one-third do not trust CSOs.

⁷² Nuredinoska, E., Stojanova, D. (2016) Trust in civil society-draft version: MCIC

⁷³ Ognevska, S. (2016)

⁷⁴ Karajkov, R. (2015) Research of the Views, Beliefs and Practices for Resource Generating and Cooperation between the Civil Society Organisations and Private Sector [Internet] Skopje, Konekt Association. Address: <http://goo.gl/XV2JHI> [Accessed on 01.02.2015]

2. CSOs' ORGANISATIONAL CAPACITIES

2.1. Types of organisations, size and presence

Data on the CSOs are collected by a number of institutions in Macedonia, with certain limitations in their approach. A key institution is the Central Registry of the Republic of Macedonia which provides the registration of associations and foundations in accordance with the LAF. These data are not publicly accessible, and the access to them is charged. The State Statistical Office of Macedonia is the state administrative body which is responsible for collection, processing and publishing statistical data on demographic, social and economic features of the Macedonian society. Because the State Statistical Office does not segregate precisely the different types of organizations registered in accordance with the LAF, the data that it publishes cannot be used⁷⁵. Thus, the number of active associations and foundations cannot be precisely determined, and the total number of registered organizations in accordance with the Central Registry does not reflect the real situation. This is primarily due to the non-updated registration documents on the specific features of the organizations, as well as not clearing the remains of the past registration system which results in an unrealistically high number of organizations.

According to the available data from the Central Registry, there is an increase of registered CSOs (associations and foundations). The registry contains 14,245 organizations in 2015, as opposed to 2014, when there were 13,656. Active organizations can be considered those that have submitted annual financial reports or gave a statement that their income was lower than 2,500 EUR, and there are 3,938 of those, i.e. 1,388 organizations have submitted their final financial reports and 2,550 have only submitted a statement/decision.

CSOs are not evenly distributed across the regions in the country. Most of them are concentrated in Skopje region, including the most developed ones. In 2014, 39% of associations and foundations were registered in Skopje region with 8.7 organizations on 1,000 residents. With the exception of Pelagonija region (13%), in the other six regions there are less than 10% of the CSOs⁷⁶.

The number of employees in the CSOs according to the data of the Central Registry for 2015 is 1,990 and there is a trend of increase compared to 2013, when it was 1,839 or to 2014 when it was 1,897. The number of employees in CSOs in 2015 was 0.28% of the total number of employees in Macedonia. Most of the people in the civil society organizations are involved via temporary contracts. The small number of employees indicates that there is an unsustainable human resource basis which the civil society organizations can and should develop⁷⁷.

Just above half of the CSOs (52%) believe that in general CSOs in Macedonia are not sufficiently present in public, and remaining 38% believe that the CSOs presence is just right. Among those who consider presence of CSOs in public as insufficient, half of CSOs (50%) believe that the key reason for this is insufficient interest of the media in Macedonia to report on CSO activities, and 43% believe that the CSOs are responsible or that they are not working sufficiently on increasing

⁷⁵ Ognevska, S. (2016)

⁷⁶ Ognevska, S. (2015) Monitoring matrix report on enabling environment for civil society development 2014, Macedonia. [Internet] Skopje, MCIC. Address: <http://goo.gl/WefN3o> [Accessed on: 31.5.2016]

⁷⁷ Ognevska, S. (2016)

their presence in public. Still, the media informed about stories on cases of social inclusion, poverty, health care, etc.

2.2. Human resources and technical skills

Laws and policies are mostly applicable to CSOs as any other employer and they do not reflect the specific features of the CSOs' work and the impact the regulations have on them⁷⁸. The majority of CSOs in Macedonia are insufficiently funded to employ the full-time staff, relying mainly on the part-time or temporary staff and volunteers, usually engaged to carry out short-term projects⁷⁹.

The key institution with regards to employment statistics for CSOs, is the Central Register of the Republic of Macedonia (CRM) which enables registration in accordance with the LAF. However, the data referring to associations and foundations is not publicly available, and access to them is charged. Another important shortcoming is the lack of data on the part-time employees in civil society sector, as the majority of CSOs employ staff through different types of contracts (part-time, consultants, short-term) which are not captured by official statistics. Most of the people in the CSOs are engaged through the temporary contracts.

According to the IPSOS CSOs survey results, the 65% of CSOs have stated that their employees are employed full time, while 35% are part time, with average 3.2 employees per organization. Namely, 29% of the CSOs in Macedonia are engaging volunteers, and there is a certain raising trend of engaging volunteers (32% of the CSOs are engaging more volunteers in 2015). Very few CSOs, mainly large and well-established fully professional CSOs employ staff in full accordance with the Labour Relations Law covering full social insurance and health benefits.

Having in mind that the sector has an unsustainable human resource basis, still two thirds (64%) of the CSOs in Macedonia claim that they succeed to keep talented associates, being the lowest percentage in the region. However, CSOs in Macedonia consider themselves more effective when it comes to attracting new people, 76% stated that they have succeeded.

Plan for development of human resources aimed at attracting and keeping talented associates have low percentage of CSOs (16%), while just over half of them stated that they don't have this plan (51%). The remaining third (32%) responded that they are currently preparing the plan.

2.3. Type of activity (e.g. service delivery, advocacy, self-help etc.) and sector of operation

The civil society organizations in 2015 mainly acted in the area of good governance (democracy, human rights, rule of law), education, science and research, environment, and culture.

Apart from the traditional activities that continued to be implemented by the civil society organizations in 2015, the non-formal association and assemblies were also a practice form of advocacy. The civil society has shown a potential for maturation, and this was visible continuously throughout the year asking for accountability from the institutions and their equal involvement with the other political actors in finding a way out of the crisis. Various organizations have confirmed their professionalism and humanitarian role by undertaking and leading the process of

⁷⁸ Kusinikova, N., Mircevski, V. (2016) Analysis of the Public Policies on the Employment Environment in the Civil Society Organizations: Civil Sector – Invisible Employer. [Internet] Skopje, Konekt association. Address: <http://goo.gl/7EXQOh> [Accessed on 01.03.2016]

⁷⁹ Oggenovska, S. (2016)

safe transit of refugees through Macedonia. In Macedonia, CSOs activities are aimed at wide range of target groups. Apart from the numerous organizations raising awareness and advocating on issues, there is an increase of youth alliances and informal association.

The education is the most important topic for the citizens of Macedonia (86%), and level of CSO activity in this area is perceived as the highest 60%, together with the rights of women. Situation is similar with the topic of children and youth rights and their problems which were ranked as second topic of importance (84%), followed by employment (83%). If all examined areas are observed, we see that differences between the areas are slight in terms of perception of CSOs activity.

CSOs are active service providers and their services are well accepted⁸⁰. They offer a broad scope of services which are partly not provided by the state at all, or are partly provided by the state institutions, but the efforts of the CSOs build up on those of the state institutions. In Macedonia, many CSOs provide services in various areas via different activities: holding day care centres for people with disabilities; SOS lines for helping victims of domestic violence; homeless points; centres for basic medical check-ups; training for teachers through different education levels; provision of free legal aid and similar. The characteristic for 2015 was the humanitarian support for refugees and migrants provided by CSOs, and different initiatives and individuals on daily basis at the border crossings and working with children. Additionally, the CSOs organized activities that are of great benefit and are not available with the state institutions: trainings for usage of computer tools for people with disabilities; implementing Programmes in the non-formal education area including environmental education; debate clubs; scouts and other activities.

CSOs were quite active in legislation amendments on different issues in 2015 such as the laws regulating part-time and honoraria-based work (actions included: protests, signature collections, appeal and analysis); students' movement: campaign that led to the adoption of amendments to the Asylum Law in June 2015; initiative for changes in tax laws regarding CSOs; etc.⁸¹

CSOs increasingly came together on issue-based platforms and ad hoc coalitions to pursue their advocacy objectives during 2015. For instance, the Platform of CSOs against Corruption as well as Network 23 pressured institution to investigate possible crimes revealed in wiretapped conversations, and advocated for complete transparency in the negotiations to resolve the political crisis in Macedonia.

2.4. Strategic strengths

Half of the organizations (52%) responded that they have developed a strategic plan, out of which only less than half (40%) managed to conduct fundraising according to their strategic plan's budget.

The majority of smaller organisations with low budget do not practice strategic management, even the developed organisations do not use strategic management to a full extent. Organisations are focused on strategic planning only, they are less directed towards strategy implementation, and they pay the least attention to evaluation of strategies. Strategic thinking is not done in an established strategic management system involving all stakeholders, but mostly on ad-hoc basis

⁸⁰ Bliznakovski, J., Petrushev, H. (2015) How to Improve the Involvement of Civil Society Organizations in Service Provisions? – Policy Brief. [Internet] Skopje, IDSCS. Address: <http://goo.gl/KIVfj> [Accessed on 01.03.2016]

⁸¹ USAID (2015) Sustainability Index of the Civil Society Organizations (draft report)

and based on experience, intuition and the leadership skills of the organisation's management. However, there are few organisations with strategic plans where they define their long-term programmes and organisational objectives. Instead of long-term programming and organisational planning, organisations are more focused on external relations and implementation of ongoing activities. Furthermore, if there are systems of project cycle management, they are not used to contribute to the broader perspective of the organisation, but they are mainly focused on writing proposals and implementing projects. From an organisational point of view, due to the general lack of human resources, there are rarely established systems for short-term and long-term planning, monitoring and evaluation etc.

Due to the most organisations' dependence on limited short-term project financing and accompanying uncertainty, it is extremely difficult for CSOs to devote energy and resources to determine their long-term future and strategic planning.

The minority of organisations that have strategic plans face challenges in the strategy implementation due to many problems. This is understandable given that the plan is only desired state and reality contains challenges and assumptions.

Special area where CSOs experience problems, but of strategic importance is fundraising. This issue is one of the most problematic, and CSOs rarely plan the needed funds for the long term. The fundraising is done on an ad hoc basis and only occasionally planned fundraising activities occur. However, the capacity for fundraising is limited and the funds come from a small number of homogenous sources. There are many reasons for this: generally unfavourable context for fundraising; inappropriate fundraising approaches of CSOs; lack of fundraising strategies; and inadequate capacities for implementation of the selected fundraising approaches.

2.5. Analytical capacities

Analytical capacities are insufficiently developed among the civil society organization. Indication of this are the IPSOS CSOs survey results which show that using adequate argumentation and analysis is not developed for achieving advocacy goals, if we have in mind that 23% of the CSOs always use analysis and/or research results for their advocacy activities, than 22% frequently use, 30% sometimes and 17% use rarely, while 8% never use analysis and/or research for achieving advocacy goals.

However, in the past year CSOs were clearly addressed as experts in the resolution of the political crises especially by the international community, when it comes to monitoring policies and providing solutions. The expertise of the numerous CSOs in the course of 2015 was crucial with respect to following and analysis the state of affairs and proposing improvements in the key areas determined by the Urgent Priority Reforms for the Republic of Macedonia and the recommendations of the EU expert report⁸².

2.6. Relationships with other stakeholders, including networks and coalitions, social partnership with business sector and media

CSOs can freely network in the country and abroad (establish and be members in various types of networks) without limitations. The legislation does not stipulate limitations or sanctions for

⁸² Ogenovska, S. (2016)

informal association either. A group of citizens can join and work without limits without needing to be formally registered⁸³.

According to TACSO network identification survey⁸⁴, approximately 60% of CSOs stated that they were members of one or more networks. In Macedonia, there are 60 networks which are operational and they are mostly active in the following sectors: human rights; civil society development; and democracy and rule of law. More than half of the networks are registered according to the LAF, and 75% of them are registered in the Skopje region. All of the respondents are working on a national level, while almost third (26%) on an international level.

Observed in general, CSOs in Macedonia perceive CSOs networks efficient and they are pointing out the advantages and benefits of participating in CSOs networks. CSO efficiency greatly increases with participation in local, national and international CSO networks. The attitude of CSOs in Macedonia on efficiency of CSOs networks is generally positive. According to CSOs in Macedonia national (64%) and international networks (68%) are more efficient than the local networks (42%). Between the scale of very efficient and mainly efficient, almost half of the CSOs believe that the networks are efficient: the national networks (54%); and less for international networks (51%).

As major advantages of CSO network membership, the CSOs point out the opportunity for joint projects, activities, cooperation and assistance (44%), as well as the opportunity for access to and exchange of information (35%). They point out the opportunity for exchange of experience and knowledge as valuable (28%).

It is substantial that the general population is informed about the CSOs activities. Just over half of general population (55%) stated that they are informed, out of which almost half (48%) are very well informed, while 22% are somewhat well informed and 23% are not informed at all. When asked about the sources of information regarding the CSOs and their activities, the respondents answered that most of the information are from the media (65%); almost half of them get their information on the social media (49%); friends (21%); and relatives (12%).

The citizens have mostly negative evaluation regarding the cooperation between the CSOs and the government, almost third (33%) considers it mainly bad and 20% very bad, and 39% mainly good.

Despite civil society's clear community orientation, it is poorly supported by the public and there is a low level of active participation by citizens (11%) in the local CSOs. To this contributes the fact that the environment in the media continued to be limited and polarized, with little space for CSOs to present their work⁸⁵. The usage of the traditional access to media by CSOs continues, by press releases and press conferences. Many CSOs, especially the informal initiatives, use social media to generate support and call upon action on certain issues.

2.7. Material and financial stability

The sustainability continues to be a key challenge, and this is confirmed by the financial indicators that concern the civil society organizations. Most of the organizations (65%) have submitted only

⁸³ Ibid.

⁸⁴ Chaushoska, J., Stojanova, D. (2016) Civil Society Organisations' Perception on Networking: Descriptive Report of the Network Identification Research in the Republic of Macedonia. Skopje, MCIC and TACSO.

⁸⁵ Oggenovska, S. (2016)

a statement/decision to the Central Registry of Republic of Macedonia, which means that their budgets are under MKD 153,750 (EUR 2,500), other indicators are the small number of employees in the civil society organizations and finally, their financial dependence on donations and grants⁸⁶.

The Central Registry also has data on the total revenues and expenditures of the organizations. The total revenues of the CSOs for 2014 were MKD 5,013,688,061 (EUR 81,523,383), and most of the funds (68%) are from donations and grants, followed by other income of 20%. Therefore, according to the data there is a dependency of the organizations' survival on donations and grants. The total revenues of the civil society organizations make 0.96% of the national GDP for 2014⁸⁷.

The total expenditures of the CSOs in Macedonia were MKD 3,704,224,522 (EUR 60,226,397), "other expenses" are the biggest item there (59%), covering items such as payment transactions fees; key transactions for direct activities; interest on loans and borrowings; insurance payments; per diems and travel expenses for business trips and others. The expenditures for salaries and expenses related to them make 16%, of expenditures for temporary and short term jobs, while honoraria make 13%, and revenues for assistance, donations and other expenditures are 12%. It is worth mentioning that all revenues that concern salaries/honoraria and personnel within the CSOs make almost a third (30%) of the total expenditures⁸⁸.

There are different reasons for the occurrence of "surplus" funds between the revenues and expenditures of the organizations. Part of the projects that are implemented by the organizations last for several years and it can cause a registered inflow of funds in a year, and expenditures in the next year. Other sources of revenue (economic activities, membership fee, etc.), which can also contribute to the generation of surplus in the given year; in accordance with the non-profit principle, the organizations use this surplus for the goals that are stipulated in their statute, including the transfer to the following years.

The majority of the organizations have annual budgets less than 2.500 EUR, with concentration of the funds among the smaller number of "bigger" organizations.

The diversification of financial sources and high percentage of CSOs with foreign sources of financing are the key problems in the domain of financing CSO in Macedonia. According to the IPSOS CSOs survey, almost half (44%) of the CSOs responded that they had income from EU funds and other foreign private or state donors in the past fiscal year. The analysis of the structure of financing shows that the CSOs are largely dependent on international donors (44%). The rest of the sources of funding in 2014 for the surveyed CSOs were: 42% members' fees; 32% local self-government/regional administration; 30% own economic activity; 28% private companies; 24% government/ministries/state administration bodies; Members' donations 23%; 22% citizens; and 12% public companies. The general conclusion is that the non-profit sector in Macedonia is mostly dependent on donations and grants, and engages much less in economic activity or has developed any other modes of funds collection.

There are some constraints of the existing system of state funding in Macedonia, namely the amount of funding, transparency of the procedure and adjustment of the support models, and it has its challenges. Public funding of CSOs in Macedonia in comparison to year ago indicates a

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ Ibid.

decrease (37% of the CSOs share that position), and 19% of the CSOs have stated that there is an increase in the public funding.

2.8. Organisational sustainability

According to the CSOs survey results, 42% of CSOs representatives in Macedonia consider that organizations within the sector adapt to donors priorities and collect means for other activities not in line with their strategic plan, 38% consider that organizations are mainly sticking to their mission, while according to 21%, organizations in the sector are mainly following their strategic plan. However, when they are asked about their organizations, CSOs representatives consider themselves more to be following their strategic plans compared to other organizations in the sector. The data shows that 58% consider that they mainly follow their strategic plan when they are collecting funds, while 27% responded that they mainly follow their mission, and only 14% adopted to donors` priorities.

Half of the organizations (52%) responded that they have a developed strategic plan, out of which only less than half (40%) managed to fundraise according to their strategic plan`s budget.

There is a significant gap of how CSOs perceive themselves to be conducting the decision making process in their organization compared to other organizations in the sector. The vast majority (94%) of CSOs stated that they work in compliance with the prescribed laws and rules of the organization, over two thirds (69%) of the CSOs consider others to be doing the same.

Again when observing the organizational management within the CSOs regarding the decision making process there is a significant discrepancy of what CSOs consider their practice and other organizations in the sector. Namely, 22% CSOs responded that decisions are made by key individual or top management, however when asked about other organizations, 40% of them consider that key individual or top management makes the decisions. Almost half (49%) responded that decisions are made in consultation with employees, and 44% think that this is the case in other organizations.

As every organization is formed based on an internal act (Statute), in Macedonia CSOs representatives stated that 80% have defined an obligation to inform the members, managerial or supervisory board, most of them (94%) have an obligation to inform the members of the organization, than the founders of the organization (88%), and the managerial board (88%) about their work.

Publication and accessibility of the CSOs documents is a key element when building trust with different stakeholders. Majority (72%) of the CSOs stated that the statute of the organization is accessible to broader public. A third (32%) state that they have rulebook, but it is not accessible to the public. Majority (78%) of CSOs in Macedonia stated that they publish the results of their work in some way.

Over two thirds (65%) of the CSOs in Macedonia have stated that the Annual Activity report is accessible to the public and published in some way, and this is applicable for the financial reports (67%). However, when the CSOs are asked to evaluate other CSOs from the sector, only 33% of them consider other CSOs to be publishing annual reports in some way, and 32% to be publishing financial reports. The percentage of publicizing is lower (44%) for the financial statements that are audited, and the perception of the CSOs for other CSOs is much lower, only 23% of CSOs consider others publishing audited financial statements.

Most of the organizations (67%) claim that the projects are evaluated only in order to determine the efficiency and draw a lesson for further projects. Over a third of the organizations (33%), stated that the project evaluation is usually done pro forma. Furthermore, 85% of the CSOs stated that they have established system for the assessment of efficiency for the implementation of the projects, while the percentage is lower for the implementation of the strategic plan (61%). The situation is similar when it comes to evaluation of the performance of the employees (54%).

Although significant percentage of CSOs report that they systematically evaluate the performance of their activities, number of CSOs in Macedonia which practice internal evaluation exceeded by far the use of external evaluators. Somewhat over a third (32%) of the CSOs use the services of external evaluators when they evaluate the realization of conducted projects, while 14% stated that external evaluator is evaluating implementation of organization's strategic plan, and only 8% outsource external evaluator for evaluation of employees' performance.

3. CONCLUSIONS

3.1. Summary of strategic issues of relevance to the TACSO project in Macedonia

MCIC was selected to be TACSO Resource Center in Macedonia. This new partnership has started in mid-October 2014, since when MCIC has started hosting TACSO at its Skopje office. Close cooperation between MCIC and TACSO staff members is envisaged to ensure sustainability of project functions and services following TACSO's completion in 2017.

Over a year after MCIC and TACSO partnership started, the significance and recognisability of TACSO services has continued. According to the CSOs survey results, the high majority (80%) of CSOs are familiar with the type of services TACSO offers to the civil society organizations, making Macedonian TACSO office leader in the region (second is Albania with 67%).

Half of the organizations' (52%) respondents said that they have used the TACSO services in the past 12 months. Almost three thirds (58%) of the CSOs have heard that since October 2014 TACSO Resource Center is operational, and this again is leading in the region. Over one third (37%) of CSOs knows that MCIC is the resource center of TACSO in Macedonia, again scoring the highest percentage in the region.

There is a positive attitude toward TACSO Resource Centers in all of the countries in the Western Balkans and Turkey. The situation is similar In Macedonia, where there is a high level of trust and credibility for the TACSO by MCIC Resource Centre. High majority of CSOs (88%) claim that MCIC is one of the most relevant organisation for the civil society development. The percentage is similar for MCIC being a leader in capacity building (86%) and for promotion of civil dialogue (83%). Also 81% of surveyed CSOs perceive MCIC as being one of the leading organizations that contribute to enabling environment for the work of CSOs.

Vast majority (91%) of CSOs consider that MCIC is transparent and accountable in its work. Also there is positive attitude towards MCIC relationship with other actors, such as: 75% of CSOs consider that MCIC is neutral towards other actors of civil society, 81% consider it being open with all organizations, 76% to be supportive to organizations in need and 85% cooperative to other organizations.

CSOs in Macedonia consider attending consultations (26%), collecting and sharing data as expert organizations (23%) and providing suggestions (18%) are the three most important roles CSOs can undertake to contribute to the EU progress report.

3.2. The civil society environment

- LAF is not fully functional because certain bylaws have not been adopted (public funding, public benefit status, tax benefits).
- LAF limits the possibility of association for minors and persons without working ability, and it also stipulates higher sanctions for the individuals in charge than for the organizations, which is not in line with best practices.
- The legal framework for freedom of assembly is in line with the international standards. Still, the 2015 amendments of the Law on Police which introduced four new means for

dispersing a crowd and video recordings from gatherings can be a potential threat for the right of peaceful assembly.

- The tax legislation still does not support the functioning of the CSOs, but puts them in an equal position with the profit making entities (Law on Personal Income Tax, Law on Donations and Sponsorships in Public Activities), and in some regulations they are even in a less favourable position than them (Law on Profit Tax).
- The legislation and policies that concern the direct budget financing of CSOs do not meet the real needs for sustainability. Additionally, it is not fully implemented in practice. There is still no legally binding act adopted, the preparation of the draft decision which will standardize and increase the transparency of the distribution of the funds from the budget intended for associations and foundations, started at the end of 2014.
- Most of the direct budget funding for CSOs comes from the budget line 463 – Transfers to Nongovernmental Organizations. According to the rebalance of the budget of the Republic of Macedonia for 2015, 45% was intended for political parties. The period for which the funds are granted (one year) and the type (projects and institutional support available only for several organizations) of grants are not supportive to the organizations.
- A significant part of the funds coming from games of chance and entertaining games (more than one million Euro) remains granted to the organizations known in advance as determined by the Government's decision as well as having additional limitations.
- International donors' funds for CSOs mainly refer to EU funds (IPA, EIDHR, and Community Programmes) and the programmes for support of the civil society of the Swiss Development and Cooperation Agency (SDC) and USAID, which provide project, ad-hoc and institutional grants.
- The legal frame related to volunteering is fully set. Nevertheless, it still has challenges in its practical implementation (difficulties in issuing volunteer cards, long and complex procedure on organizing volunteer work with foreign volunteers). In Macedonia, there is lack of statistics when it comes to volunteers and volunteering hours.
- The CSOs have trust from the citizens, but it still needs to work on citizens' participation. Socio-cultural context is still burdened by low level of public trust in general, lack of support and low participation of citizens. Public support and participation in civil society is still on a low level and the volunteering is a concept which is still poorly accepted.
- There is no political will, and there are no budget allocations to implement the 2012-2017 Strategy for Cooperation of the Government with the Civil Sector which stipulates a total of 52 measures, out of which only two have been fully implemented. Despite the fact that at the end of 2014 there was a draft decision prepared for establishment of a council, certain parts were changed in the final version for commenting and they were against the principles of representativeness and legitimacy, which was followed by a reaction of 75 CSOs, and it led to freezing the procedure for adoption of the decision.
- Over half (56% - 339 out of 606 enacted) of draft laws were adopted in a shortened procedure in 2015 without opening consultations with the stakeholders while 194 draft amendments of the Law on Misdemeanours were made in two days, including laws crucial for the functioning of CSOs. Despite the improvement of ENER and trainings for the public servants, there is still a big degree of deviations (39%) from the minimal deadlines for consultations with ENER.

3.3. CSO organisational capacities

- There is a general trend in all of the aspects of assessing the organizational capacities of the civil society organizations, that there is a significant discrepancy between the self-perception of CSOs work, and their perception of other CSOs from the sector. CSOs consider themselves to be better in all the issues that define a developed organizational capacity, however they have much lesser opinion on the capacities and the work of other CSOs;
- The number of CSOs registered in the Central Registry in Macedonia has increased. Civil society in Macedonia embraces a diversity of organisational types at widely differing stages in organisational development. Apart from the traditional activities that continued to be implemented by the CSOs, the non-formal association and assemblies were also a practice form of advocacy. The civil society has shown a potential for maturation, by asking for accountability from the institutions and their equal involvement with the other political actors in finding a way out of the political and humanitarian crisis;
- CSOs continue to operate with unsustainable human resource basis. The number of employees in the CSOs according to the data of the Central Registry for 2015 is 1,990. Even though, CSOs in Macedonia consider themselves (76%) effective when it comes to attracting new people, two thirds (64%) claimed that they succeed to keep talented associates, being the lowest percentage in the region;
- The expertise of the numerous CSOs in the course of 2015 was crucial with respect to following and analysis the state of affairs and proposing improvements in the key areas determined by the Urgent Priority Reforms for the Republic of Macedonia and the recommendations of the EU expert report. However the usage of adequate argumentation and analysis is still insufficiently developed for achieving advocacy goals;
- CSOs show weakness in their external communications and relations with stakeholders including developing relationships with members, constituencies and citizens; citizen involvement in civil society; mobilizing support from the business community and individuals; public communication; using and cooperation with the media, creating positive public image and trust;
- The financial sustainability continues to be the key challenge for most of CSOs, having in mind their dependence on international donors and lack of diversification of sources. Additionally, CSOs still lack proper capacities in areas such as fundraising from domestic sources (individual and corporate giving), tax incentives, economic activities, preparation of applications for EU funds and project management, cooperation with business sector etc.;
- Regarding internal organisation, greater number of CSOs has insufficient organisational development and management i.e. lack of strategic focus and management; short-term and project focus; inattention to institutional development and organisational strengthening and sustainability; lack of professional staff; insufficient accountability; and weak financial management. CSOs are often without functional formal organizational structure in which a governing body provides strategic oversight and holds the organization to its mission and vision in the long run.

3.4. Recommendations for the project work plan

Civil society environment

- Monitoring and improving the Law on Associations and Foundations. Establishing inter sectoral group for monitoring and implementing LAF, which would look into the possibilities of facilitation of the possibilities for association of underage persons` and persons without legal capacities. Also, amendments in the part for sanctions, so that the amount of fines for individuals responsibility does not exceed the responsibility of the CSOs. Changes in the Penal Code. An initiative is needed to change regulations in the Penal Code that define the representatives of the associations and foundations as officials, and thus also withdraw the responsibility for abuse of official duty;
- Withdrawing the new regulation of the Police Law (four new ways for breaking a crowd and video taping of gatherings). Full and non-selective application and respect of the freedom of assembly by the institutions and police, especially in the cases of peaceful assembly. It is necessary to strengthen the capacities of the institutions and police to use proportional force to introduce public order and peace;
- The Ministry of Finance should take into consideration the submitted draft amendments to the Law on Personal Income Tax and the Law on Profit Tax and to prepare appropriate changes in the laws. The Ministry of Justice should establish a working group with members of CSOs which would follow the implementation of LDSPA and will take into consideration the challenges set to its functionality;
- Full reform of the system of financing of CSOs by the state is needed. In a participatory process, adoption of a quality draft decision that will contain procedures and criteria for distribution of funds and non-financial support (to follow the Code) that should be followed;
- Changing the Law on Volunteering in order to lower the responsibility for misdemeanors, while in practice MLSP should standardize the procedure for issuing volunteer cards, as well as review the possibility together with MIA to simplify the procedure for organizing the work of foreign volunteers, especially in conditions of humanitarian support to the refugee crisis;
- Renew the Government pledges for cooperation and development of the civil sector by revising the current Action Plan of the Strategy for Cooperation of the Government with the Civil Society which ended in 2014, in a participatory process and allocate finances from the budget of the Republic of Macedonia to implement the activities stipulated in the Strategy, for all state institutions in charge, After revising the Action Plan, include CSOs as implementers of the measures;
- Change the latest text of the draft decision for establishing a Council taking into account the CSOs proposals. Continue the process of finalizing the text of the draft decision by including the civil society and efforts to establish and enable functionality of the Council for development of the civil society;
- State institutions should respect the legal obligations to involve CSOs in the policy and law making processes and respect the non-binding documents (Code, RIA Guidelines) that define the participation of the stakeholders.

CSOs' organisational capacities

- There is a continuous need for improving organisational capacities in areas such as: strategic planning, implementation and monitoring, fundraising in relation to strategic focus, public relations; mobilising citizens' participation and voluntarism; transparency and accountability; reporting and presenting results and impact, retaining and developing human resources;
- Capacities of CSOs should be strengthened in order for them to be able to harness the potential of alternative funding sources, besides the international donors funding (economic activities, cooperation with businesses, fundraising, state support, etc.) Also, CSOs should be supported in their efforts to apply for and implement EU funded projects;
- There is a need for capacity building of CSOs regarding policy creation and law-making processes, as well as making evidence based advocacy. Also CSOs should be further strengthened to be able to participate and contribute to the programming of EU funding and other consultations related to EU integrations;
- The needs of the emerging grass-root and non-formal initiatives and movements, should be further analyzed and supported;
- CSOs need constant access to relevant and timely information, advice, resources and tools. Also it is very important to provide space for sharing experiences and practices among well-developed CSOs and less-developed local organisations will be of particular benefit for increasing their capacities.

Annex 1. Methodology for the Needs Assessment

The Needs Assessment exercise was implemented through methodology combining desk research, results from the two TACSOS surveys, and in-depth interviews with beneficiaries implemented by IPSOS.

The Needs Assessment covered the following key areas:

- CSO's environment
- Organisational capacities of CSOs

The desk research gathered and studied all relevant information, dominantly using the data from the Monitoring matrix report on civil society development 2015 Macedonia, situation analysis, policy documents, and country specific literature.

Key source of information for the Needs assessment was the data derived from the two surveys, one of the CSOs (216 respondents) and the other of the general population (1000 respondents) conducted in Macedonia. The CSOs survey data was collected in the period February – April 2014 and the method used was CATI. The data for the general population survey was collected in the period February – April 2016 and a combined method was used - F2F, CAWI, CATI.

During the needs assessment process, different stakeholders with in depth interviews were consulted. Interviewed were representatives from government unit for cooperation with CSOs, donor community and international organisations and civil society organizations. Interviews were conducted in a structured manner with guidelines developed in advance.

The IPSOS project team has prepared integral report from the conducted individual interviews and the two surveys. Findings from the desk-research and the IPSOS surveys and interviews are summarised in the Needs assessment report.

Based on the Needs Assessment report, project work plan should be developed that corresponds to the project components.

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The Law on Associations (2009) defines not-for-profit associations as “voluntary and non-governmental organizations established for achieving and enhancing joint objectives and interests which are not prohibited by the Constitution or other Legal Provisions”. It also recognizes a number of specific types of organizations for inclusion in a broader definition of civil society. The registration process for associations is simple and decentralized with possibilities for a CSO to register in only few days and on-line. Maximum number of days needed for registration of CSOs is five. The registration costs are maximum (i.e. Belgrade) approximately 50 EUR. Registration of grass-roots CSOs is not mandatory, but the framework does not provide clear definition of grass roots CSOs. Unregistered organizations can freely operate and can receive financial support.

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This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of SIPU International and Consortium Partners and can in no way be taken to reflect the views of the European Union.



Technical Assistance for
Civil Society Organisations
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This project is funded
by the European Union

