



2019 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

North Macedonia

June 2020

Cover Photo: Members of the Beresan Youth Bank present their achievements at the 2018 Annual Civil Society Development Forum, an event organized by Ednannia with support from USAID. The Forum is the largest national platform for learning, communication, and experience sharing among nonprofit organizations in Ukraine, typically bringing together approximately 2,500 participants from the non-profit and private sectors, donor community, media, governmental bodies, and local authorities.

Photo Credit: Ednannia, Ukraine

2019 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

For North Macedonia

June 2020

Developed by:

United States Agency for International Development

Bureau for Democracy, Conflict and Humanitarian Assistance

Center of Excellence on Democracy, Human Rights and Governance

Acknowledgment: This publication was made possible through support provided by the United States Agency for International Development (USAID) under Cooperative Agreement No. AID-OAA-LA-17-00003.

Disclaimer: The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.

ACKNOWLEDGMENTS

A publication of this type would not be possible without the contributions of many individuals and organizations. We are especially grateful to our implementing partners, who played the critical role of facilitating the expert panel meetings and writing the country reports. We would also like to thank the many CSO representatives and experts, USAID partners, and international donors who participated in the expert panels in each country. Their knowledge, perceptions, ideas, observations, and contributions are the foundation upon which this Index is based.

LOCAL PARTNER

Balkan Civil Society Development Network (BCSDN)

Kristina Naunova

Biljana Spasovska

Emina Nuredinoska, Macedonian Center for International Cooperation (MCIC)

PROJECT MANAGERS

FHI 360

Michael Kott

Eka Imerlishvili

Alex Nejadian

INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW (ICNL)

Catherine Shea

Jennifer Stuart

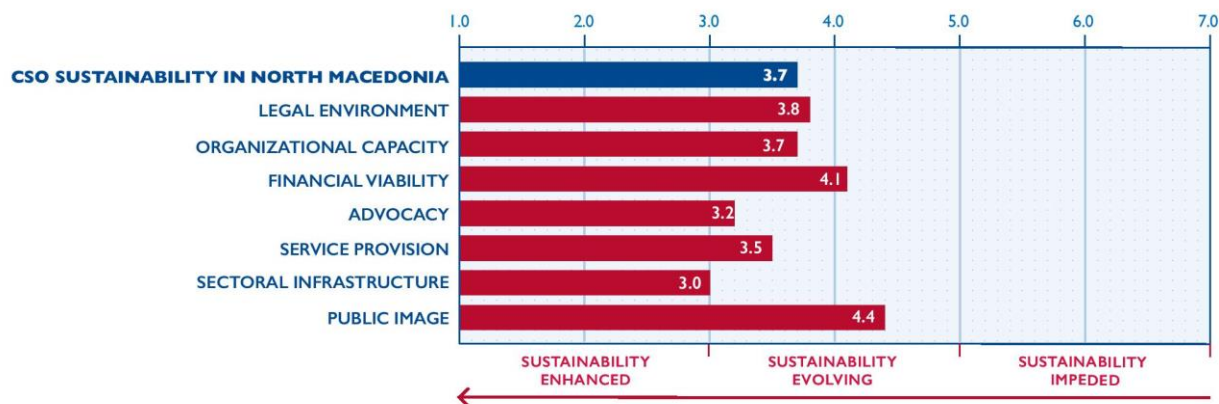
EDITORIAL COMMITTEE

Erin McCarthy, Asta Zinbo, Michael Kott, Jennifer Stuart, and Tamás Scsaurszki

NORTH MACEDONIA

Capital: Skopje
Population: 2,125,971
GDP per capita (PPP): \$14,900
Human Development Index: High (0.759)
Freedom in the World: Partly Free (63/100)

OVERALL CSO SUSTAINABILITY: 3.7



According to the Prespa Agreement, which was signed in June 2018, the Republic of Macedonia would change its name to the Republic of North Macedonia, thereby resolving a long-standing dispute with Greece. Consequently, in January 2019, the parliament approved a constitutional amendment that officially changed the country's name. The new name took effect in February 2019.

The Prespa Agreement paved the way for processes to join the North Atlantic Treaty Organization (NATO) and negotiations to enter the European Union (EU) to begin. In February 2019, the twenty-nine member states of NATO signed an accession protocol with North Macedonia that will lead to the country becoming the thirtieth member of the alliance. In October 2019, however, France demanded that the European Council introduce a new process for EU enlargement, and thus vetoed the commencement of formal EU membership talks with North Macedonia and Albania. This caused disappointment in the country and uncertainty regarding the country's future with the EU.

Overall CSO sustainability improved in 2019, with slight improvements noted in nearly all dimensions of sustainability. Improvements in the legal environment were attributed mainly to the implementation of fiscal benefits and policies introduced by the Ministry of Finance in December 2018. Financial viability improved with a modest improvement in the availability of different domestic sources of funding. However, CSOs continue to face major challenges to their financial sustainability, including their high level of dependence on foreign funds. CSOs engaged successfully in policy-making processes, and many of their initiatives were accepted by the authorities, contributing to an improvement in advocacy. CSOs had increased scope and capabilities to provide services, and the infrastructure supporting the sector was strengthened with growth in CSO coalitions and some intersectoral partnerships. The public image of the civil society sector also improved slightly, although there were a few cases of negative reporting on CSOs in the media. Organizational capacity remained stable.

The number of registered CSOs increased in 2019, with data from the Central Registry of North Macedonia (CRNM) indicating that there were a total of 15,476 registered CSOs as of June 2019, up from 14,291 CSOs in 2018. However, challenges related to the precision, usefulness, and timeliness of the data regarding the civil sector available from CRNM persist.

LEGAL ENVIRONMENT: 3.8

The legal environment governing CSOs in North Macedonia improved slightly in 2019, mainly due to the implementation of laws and policies enacted in late 2018. In addition, some minor positive changes were introduced to the legislation affecting CSOs in 2019.

LEGAL ENVIRONMENT IN NORTH MACEDONIA



Under the 2010 Law on Associations and Foundations (LAF), the registration and operation of associations and foundations remains widely accessible, quick (completed within a maximum of five days), and cost efficient (less than EUR 50). The LAF continues to provide a clear framework regarding organizational governance, reporting obligations, and other aspects of CSOs' work. Companies are exempted from paying registration fees to CRNM, and some CSO representatives filed a request to the authorities in 2019 to exempt CSOs as well. The authorities had not yet decided on this matter at the time of writing. In contrast to previous years, there were no noted cases of state harassment against CSOs in 2019.

In 2019, several positive changes were made to the legal framework that affect CSOs. In May, the new Law on Free Access to Information from Public Character was passed. The law will enable CSOs to undertake their activities more efficiently by enabling them to access relevant public information in a timely manner for free. The Law on Prevention and Protection Against Discrimination, also adopted in May, improved the legal framework and instruments to promote and improve equality and prevent discrimination in the country. This is especially beneficial for CSOs working in the field of human rights and equality.

The only negative legal development in 2019 was proposed amendments to the Law on Freedom of Assembly, which would have restricted public gatherings by requiring a higher number of people (fifty instead of twenty) in order to have a protest and limiting the places where protests could take place, as well as the times when protests are allowed (from 6 AM to 11 PM). After a strong reaction from CSOs, the draft law was withdrawn.

In December 2018, amendments to the Law on Profit Tax were adopted, according to which CSO income (with the exception of profits earned through economic activities) is no longer subject to profit tax. These changes began to be implemented in 2019.

CSOs' access to funding did not change in 2019. CSOs face no legal restrictions to their ability to access various resources, including through income generation and economic activities. As legal entities, CSOs may compete for government procurements. They are also free to organize fundraising campaigns and allowed to accept funds from foreign donors.

The Law on Money Laundering and Financing Terrorism, which was adopted in 2018, includes all CSOs in the high-risk category of legal entities, especially in terms of donations from high-risk countries. According to the law, all legal entities, including CSOs, need to declare their "real owners" and keep data about these "owners" in a certain manner, which has created problems for CSOs' operations. CSOs report that they have experienced long processes to open bank accounts, and some organizations have been denied bank services because some of their transactions have been flagged as suspicious.

CSOs can access legal assistance from local experts, such as the Macedonian Young Lawyers Association (MYLA). Through the EU-funded program Legal, Advocacy and Sustainability Support to Local CSOs, for instance, MYLA provided legal assistance to approximately twenty CSOs regarding amendments to their statutes and other similar legal actions in 2019. The National Resource Center, which has offices in Skopje, Stip, and Gostivar, also provides legal assistance to CSOs in the country.

ORGANIZATIONAL CAPACITY: 3.7

Organizational capacity did not change significantly in 2019, although there were some positive developments in terms of constituency building as CSOs increasingly represent the needs and interests of their beneficiaries and citizens. As a result, individuals increasingly recognize CSOs as mechanisms through which they can achieve their rights. This was demonstrated, for example, by the increase in membership of CSOs focused on environmental issues and the rights of the lesbian, gay, bisexual, transgender, and intersex (LGBTI) community in 2019.

CSOs have limited access to institutional support, although there was some improvement in this regard in 2019. The Civica Mobilitas program, funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by the Macedonian Center for International Cooperation (MCIC), has provided institutional grants to CSOs since 2014, awarding forty-eight institutional grants during the period 2014-2018, and fifteen in 2019. In 2019, the Delegation of the EU (DEU) awarded nine operational grants to CSOs for the first time.

Strategic planning practices in the civil society sector did not change in 2019. According to *Report on Transparency and Accountability of CSOs*, issued by MCIC in 2019, two-thirds of CSOs have strategic plans. The development of strategic plans is largely driven by donor priorities and expectations.

CSOs' internal management structures did not change in 2019. According to the *TACSO Report on the State of the Enabling Environment and Capacities of Civil Society 2019*, CSOs' internal management practices are inadequate, with many organizations lacking a clear division of roles for their constitutive bodies.

The CSO staffing situation worsened slightly in 2019. According to data acquired from CRNM, the number of people employed in the sector decreased from 1,900 in 2018 to 1,645 employees in 2019, representing just 0.29 percent of total employment in the country. Ongoing emigration from the country and a lack of qualified people are seen as some of the factors contributing to this decrease.

CSOs still face administrative barriers to developing volunteer programs, and even more challenges when it comes to accepting and working with foreign volunteers. In addition, individuals and state institutions still view volunteering as a path towards permanent employment, rather than an altruistic activity. According to the *Youth Study North Macedonia 2018/2019*, published by the Friedrich Ebert Stiftung Office in Skopje, 80 percent of young people (ages 14 to 29) have never volunteered. Only 4.1 percent of those who had volunteered did so with an NGO, while 3.3 percent volunteered at a youth organization. According to the Charities Aid Foundation's 2019 World Giving Index, which aggregates data for the past ten years, an average of only 8 percent of respondents in North Macedonia reported that they have engaged in volunteer activity over the past decade.

The state of technical advancement within CSOs remained largely the same as in 2018, with most CSOs having access to the internet, as well as state-of-the-art technical office equipment. Although a growing number of CSOs have webpages, social media remains the primary method for reaching wider audiences.

ORGANIZATIONAL CAPACITY IN N. MACEDONIA



FINANCIAL VIABILITY: 4.1

The financial viability of the CSO sector improved slightly in 2019 due to a modest improvement in the availability of different domestic sources of funding. However, the sector still faces some long-term financial challenges.

In general, larger CSOs have access to longer-term funding from a few donors, while the majority of CSOs depend on one or two donors for short-term funding. CSOs continue to rely heavily on foreign donors for funding. According to the *Monitoring Matrix on Enabling Environment for Civil Society Development - Country Report for North Macedonia 2019*, 68.1 percent of surveyed CSOs receive funding from foreign donors. Meanwhile, domestic funding levels—although growing—are still insufficient.

The level of foreign funding did not change notably in 2019, although several programs were initiated or expanded during the year. A new phase of the Civica Mobilitas program began in 2019; the program will award CHF 3.5 million (approximately \$3.6 million) in grants over a four-year period. At the end of 2019, DEU awarded operational grants to nine organizations that work in the areas of anti-discrimination, environment, justice and rule of law, anti-corruption, education, and counter-violent extremism. In order to address key priority reforms, in 2019, USAID refocused the Civic Engagement Project to support CSOs and institutions in three key areas: rule of

FINANCIAL VIABILITY IN NORTH MACEDONIA



law, anti-corruption, and transparency. Other donors, such as the British Embassy, the Embassy of the Kingdom of the Netherlands, and some smaller bilateral donors, are also still present in the country.

According to the government-issued *Analysis of the financial support for associations and foundations from the Budget of the Republic of North Macedonia 2019*, the total amount of central government funding budgeted for all nonprofit organizations in 2019 was approximately EUR 12 million, approximately EUR 1 million less than in 2018. The Ministry of Labor and Social Policy and the Agency for Youth and Sport distribute the largest amount of funding to CSOs. The Ministry of Labor and Social Policy budgeted over MKD 151 million (approximately \$2.6 million) for the financial support of associations and

foundations in 2019. Furthermore, the government enacted a Decision on Distribution of Revenue from Games of Chance and Entertainment Games in 2019 to fund the national organization for disabilities and its associations, associations fighting against family violence, and the Red Cross of North Macedonia. With this decision, MKD 70 million (approximately \$1.2 million) was allocated. In addition, the Agency for Youth and Sport adopted a Rulebook on Procedures and Criteria for Awards, which it developed in consultation with CSOs.

CSOs' fundraising capacity continues to be limited. The Law on Donations and Sponsorship in Public Activities provides tax incentives for individuals and companies that make donations or engage in sponsorships; however, as procedures to claim these benefits are incredibly burdensome, they have had little effect on individual and corporate donations. According to the Charities Aid Foundation's 2019 World Giving Index, which provides aggregate data from the last ten years, an average of 29 percent of respondents in North Macedonia have donated money to charity.

There are some positive signs in terms of philanthropy development. For example, an increased number of companies sought partnerships with CSOs through the matching services of Association Konekt in 2019. In addition, under the project Changes for Sustainability, implemented by Association Konekt from 2017 to 2019, CSO grant recipients successfully obtained additional local support and further developed some partnerships with other sectors (including businesses, public institutions, and media) as well as initial models for local fundraising.

The extent to which CSOs engage in income-generating activities did not change significantly in 2019. CSOs generate some income by providing trainings, conducting surveys, offering specialized knowledge or expertise, or selling products. According to the *Monitoring Matrix*, 41.1 percent of surveyed CSOs are engaged in economic activity.

CSOs' financial management improved slightly in 2019. As a result of strict donor requirements for audits and donor financial policies, CSOs have improved their financial management practices and increased their transparency. According to MCIC's *Report on Transparency and Accountability of CSOs*, 78 percent of CSOs prepare financial plans and 60 percent have financial and administrative manuals.

ADVOCACY: 3.2

CSO advocacy improved in 2019 as a result of the government's enhanced responsiveness towards the activities and opinions of civil society.

The Council for Cooperation with and Development of Civil Society, which was established in 2018, continued to promote cooperation and dialogue with the government and to encourage the further development of the civil sector in the country. The Council consists of thirty-one members, including sixteen CSO representatives and fifteen civil servants. It was very active in 2019, with ten sessions focused on policies relevant for CSOs, such as public funding and CSO involvement in EU negotiation processes.

In 2019, CSOs noted a higher level of engagement in decision-making processes and collaboration both with local municipalities and central government bodies. On the local level, CSOs contributed to the creation and adoption

of several initiatives and policies, including the Tourism Development Strategy in Prilep; Youth Strategy in Kriva Palanka; establishment of a system for evaluation of municipal officials in Sveti Nikole; and Strategy for Sustainable Economic Development of the Municipality of Shtip.

On the national level, CSO representatives contributed their expertise and knowledge as members of working groups that prepared various laws and policies, including the Law on Prevention of Corruption and Conflict of Interest, Law on Prevention and Protection Against Discrimination. There are also more examples of municipal governments delegating responsibility for services to CSOs. For example, Bitola Municipality delegated responsibility for Bitola Culture Summer to Youth Cultural Center, and legal clinics that collaborate with CSOs have been delegated to provide legal aid under the Law on Free Legal Aid.



CSOs were also at the forefront of advocacy around issues like environmental protection, anti-discrimination, and the rights of the LGBTI community. For example, environmental CSOs initiated several protests calling on the government to take measures to reduce air pollution. After the parliament unjustifiably delayed the adoption of the Law on Prevention and Protection against Discrimination for eight months, approximately 100 associations, unions, foundations, and networks of CSOs joined together to publicly request the urgent adoption of the law. These efforts ultimately resulted in the adoption of the law in May 2019. The National Network Against Homophobia and Transphobia organized the first-ever Pride Parade in North Macedonia in June 2019. More than a thousand LGBTI activists from the country and the region, as well as representatives from the government and embassies, members of parliament, and public figures, took part in this event.

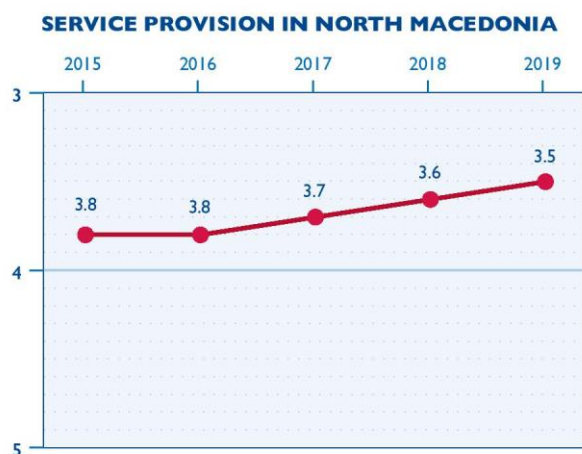
The improved lobbying efforts of CSOs contributed to changes in the Law on Termination of Pregnancy and the Law on Public Procurement (in which the government accepted forty recommendations from CSOs). In addition, the proposed Law on Lobbying was withdrawn after CSOs expressed their opposition to it. The proposed law would have required CSOs and civic movements to register as lobbying organizations or lobbyists, which would have prevented them from communicating directly with decision makers, except at public meetings. In addition, the proposal would have imposed financial burdens on CSOs that would have to hire lobbyists to represent them if they did not have the capacity to register as lobbying organizations themselves. In addition, CSOs that registered as lobbyists would likely lose a large number of donors, many of which explicitly ban funding for lobbyists.

In 2019, CSOs continued to advocate for a better legal and fiscal environment to promote their sustainability. In May, MCIC organized a national conference focused on the public funding system for CSOs. The prime minister and the minister of justice attended the conference and committed to improving the system of public funding for CSOs. Foundation Open Society Macedonia (FOSM) signed a memorandum of cooperation with the government on this matter and prepared a new analysis. The process of reforming the public funding system for CSOs is expected to continue in 2020.

SERVICE PROVISION: 3.5

CSO service provision improved slightly in 2019 due to the increased scope and abilities of CSOs to actively provide services in a variety of fields. Social services still account for the greatest percentage of CSO services.

Under changes to the Law on Social Protection that were adopted in May 2019, citizens' associations can now provide community services. As a result, many CSOs have increased their provision of services. The Ministry of Labor and Social Policy, for example, supported new CSO projects in the field of social protection in 2019. These projects include services to homeless children; psychosocial support for children at social risk; and access to safe shelter for victims of gender-based violence based on sexual orientation and gender identity. There are also more examples of municipal governments delegating responsibility for services to CSOs. For example, Bitola Municipality



delegated responsibility for Bitola Culture Summer to Youth Cultural Center, and legal clinics that collaborate with CSOs have been delegated to provide legal aid under the Law on Free Legal Aid.

Civil society was slightly more responsive to the community in 2019, engaging in more initiatives that respond to public interests, especially in the areas of environmental and social protection. For example, the citizen initiative Don't be Garbage (Ne bidi gjubre) organized several events throughout the country to pick up garbage and clean up public spaces. CSOs distribute and offer their publications to other organizations, relevant government institutions, and academia free of charge. CSOs generally provide their services without discrimination.

The government does not sufficiently recognize and respect the role of CSO, even though many CSOs deliver services that are the responsibility of the state. CSOs also provide free expertise to the government and institutions in areas such as public procurement and anti-corruption. Apart from the Ministry of Labor and Social Policy and the Ministry of Health, which have long traditions of contracting with CSOs to provide services, government institutions generally do not engage in this practice.

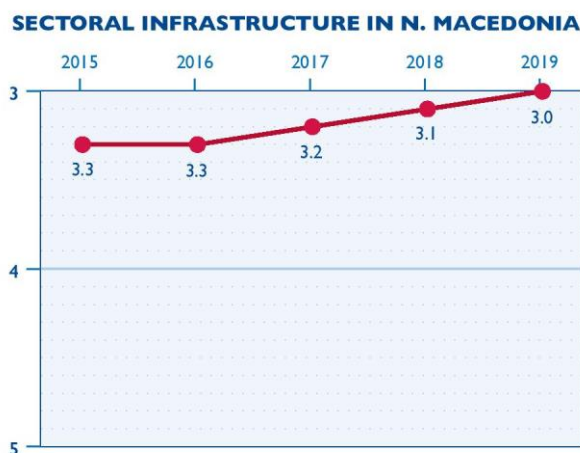
SECTORAL INFRASTRUCTURE: 3.0

The infrastructure supporting the CSO sector improved slightly in 2019, primarily due to growth in CSO networks and coalitions and CSOs' partnerships with other societal actors, as well as increased availability of training.

With EU funding, MCIC manages three resource centers in Skopje, Shtip, and Gostivar, while FOSM supports two centers in Struga and Strumica. In 2019, these centers provided more trainings, capacity building, information sharing, and logistical support. Several local organizations and programs provide financial support to CSOs.

According to the *Network Identification Survey Report* issued by the Civil Society Resource Center, there are sixty-nine active CSO networks in North Macedonia. The USAID-funded Civic Engagement Project supported three networks that involve a total of thirty-four CSO members: the CSO Anti-Corruption Platform, the Coalition for Fair Trials, and the Fiscal Accountability, Sustainability, and Transparency (FISCAST) Network. New grants from Civica Mobilitas are expected to stimulate the development of additional platforms.

CSOs are increasingly willing to cooperate, communicate, and coordinate with each other in order to achieve results and avoid duplication of activities. Positive examples of cooperation in 2019 include the announced establishment of the Register of Online Media Sites, which was created through the joint efforts of CSOs, and the support that Network 23 provided to the network for anti-discrimination during its protest in front of the Assembly of North Macedonia regarding the adoption of the new Law on Prevention and Protection Against Discrimination. The CSO Anti-Corruption Platform, in cooperation with the Ministry of Justice and members of the government and parliament, prepared the new Law on Prevention of Corruption and Conflict of Interest, which was adopted in January 2019. However, there is still a lack of coordination between donors, which results in the duplication of the work of some CSOs. There is also still not a mechanism to systematically transfer knowledge from bigger and more experienced CSOs to newer CSOs. There is also room to address the relative levels of power between CSOs within networks to avoid certain CSOs dominating networks.

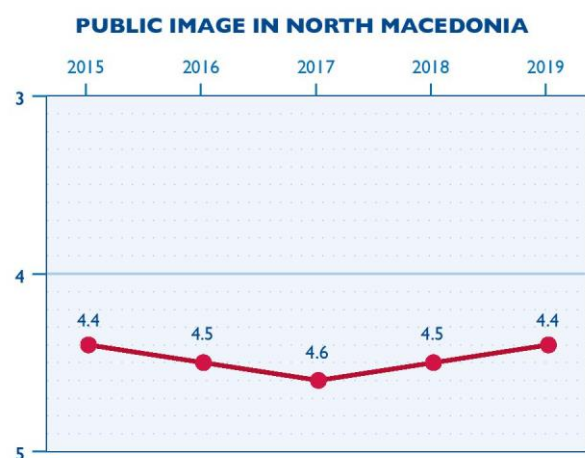


In 2019, the availability of training increased. National and local CSOs had access to numerous, cost-free trainings around the country, with participants selected through open and transparent processes. With support from foreign donors, several larger organizations such as MCIC, FOSM, MYLA, Konekt, Institute for Democracy Societas Civilis (IDSCS), and CCC provided training on a variety of topics relevant to CSOs' work, including good governance, institutional development and organizational strengthening, public relations, fundraising, transparency and accountability, networking, anti-corruption, anti-discrimination, and EU accession.

The level of intersectoral partnerships also improved somewhat during the year, with civil society proactively engaging the business sector. For example, Association Konekt continued to enhance cooperation within the Club of Responsible Businesses, which brings CSOs and companies together to conduct activities of common interest. In a positive example of collaboration with academia, FOSM piloted a new program focused on rule of law with a newly founded research center and other organizations.

A multi-stakeholder Advisory Group on anti-corruption was formed as part of the project Enhance Integrity and Reduce Corruption in State and Private Business Sector, implemented by CCC in partnership with Association Konekt and the Association of Tax Advisers of the Republic of North Macedonia. The Advisory Group consists of twenty members, including representatives of the Chamber of Commerce and other business associations, international organizations, government officials, and CSOs. In general, however, CSO partnerships with the government are still limited.

PUBLIC IMAGE: 4.4



The CSO sector's public image improved slightly in 2019, although there were still a few cases of negative media reporting towards CSOs.

Media coverage of CSOs has improved compared to previous years and is now generally positive or neutral. CSOs now recognize media as a mechanism through which they can react to developments in the country and be heard by institutions. Media recognizes the expertise of CSOs, as indicated by the increased number of civil society representatives invited to take part in informative programs and political TV debates. However, the emergence of a criminal case in which the head of the Special Public Prosecution, a public TV figure, and two businessmen are the main suspects negatively affected the public image of CSOs because one of the suspects

allegedly created a humanitarian CSO in order to conduct criminal activities. This scandal resulted in some negative media coverage, both national and international, about CSOs' work in general, but especially regarding the potential criminal misuse of humanitarian CSOs.

The public perception of CSOs improved slightly in 2019. According to MCIC's publications, in 2019, 45.8 percent of respondents indicated that they trust non-governmental (civil society) organizations, especially those working on social care, environment, human rights, and women's and gender issues, an increase from 43.4 percent in 2018.

The government's perception of the sector has also improved moderately from previous years and the government increasingly views the civil sector as a partner and supporter of its policies. The business sector is still rather indifferent towards CSOs, but businesses increasingly indicate that they are ready to collaborate and form partnerships with CSOs.

CSOs generally inform the public about their activities through their social media pages. In 2019, CSOs' collaboration with journalists improved due to the generally positive environment and narrative, reduced antagonism towards CSOs, and increased trust from citizens.

Self-regulation within the sector did not change notably in 2019. In 2018, the EU supported a project to promote CSO accountability. In 2019, the project, which is implemented by MCIC and the Balkan Civil Society Development Network (BCSDN), provided support to seven organizations and networks to improve their

policies, procedures, and resources for transparent, accountable, fair, and non-discriminatory financial support to CSOs; strengthen the organizational capacity, transparency, and accountability of CSOs; and raise awareness of good governance and self-regulation of the civil sector. According to MCIC's *Report on Transparency and Accountability of CSOs*, a vast majority (89 percent) of CSOs prepare financial reports and 83 percent develop narrative reports. However, almost one-third of the CSOs that prepare these reports do not share them with the wider public, despite the fact that this is a legal obligation under the LAF.

Disclaimer: The opinions expressed herein are those of the panelists and other project researchers and do not necessarily reflect the views of USAID or FHI 360.

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov