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Final Report

on the individual project *"NGOs as a Source of Great Potential in Society's Further Development"* by Natasha Gaber
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Summary

The spectacular rise of the number of NGOs in Central and Eastern Europe emerged as a result of the released democratic energy that tended to satisfy the current citizens' needs and at the same time to compensate the up to that moment missing pieces of society tissue. The new role of the NGO sector was heavily influenced by the socio-political processes that occurred at the end of the eighties and in the nineties, which were an important social and political turnpoint for the countries of the region. All these countries needed significant time to build different shapes of civic and democratic institutions together with the new values of plural democracy, civic society and market economy. NGOs have been the most powerful in hard political conditions and it is crucial to be allowed to exist further, especially in regimes where the system has not been released from the authoritarian ruling methods. Through NGOs citizens are allowed to participate in public life in a much closer way, since their culture and way of living is maintained and the contact is much more lively and direct. Development of this domain is treated as one of the main indicators of a country's democratization, since it is felt that through NGOs is allowed strengthening of market economy, system transparency and the rule of law. At the beginning of the decade have been established many NGOs whose primary goal was to protect human rights (basic human rights, minority rights, rights of women etc.). Other domains of activities at present vary largely depending on new specific society and social problems, unemployment, lack of appropriate health care, impoverishment etc. NGOs in this respect fitted everywhere where the state mechanism could or would not intervene in covering or satisfying existing needs. In many countries they took the leading innovative role in finding alternative ways of achieving and articulating citizen's goals or interests.

The Republic of Macedonia belongs to the general group of Central and East European countries, and being positioned in very specific and influential economic and political crossroads, can be used as a very interesting example of NGOs model of development. Following the process of social transformation that occurred in other countries experiencing the same difficulties, as a result of new pluralistic tendencies in the last decade in the Republic of Macedonia are formed various new types of NGOs, that correspond to different spheres of interest. Their creation took place at the same time when the process of dismantling of the Socialist Federative Republic of Yugoslavia occurred, imposing new dynamics in interests' articulation and behavior. At the beginning of the nineties, Macedonia has found itself in a very delicate position internally and externally, with a high degree of risk for direct involvement in armed clashes that emerged in other parts of the former country.

One of the characteristics of the Macedonian NGO sector is that apart of the other interest driven motive for associating, a number of NGOs have been organized on ethnic basis. It is important to keep in mind that the population in the Republic of Macedonia is ethnically heterogeneous, so there are some specific needs of ethnic minorities that must be addressed. On the other hand due to the different nature of problems existing among some ethnic minorities¹ the best way to deal with those issues was to create NGOs that would make the special effort to fight the difficulties that particular group was facing. Because of the moment when the breakup of the big "conglomerate" NGOs has occurred while on the field appeared this kind of NGOs, there might have been a certain political coloring in the first wave of establishing some of them. But due to the need of further democratization of society, and because at present the responsibility of improving the situation regarding these ethnic groups is transferred to these organizations, the essence of emerging of these NGOs is positive. It turns out that the sensitivity of the interethnic relations issue in the country has thus affected the sector, by stimulating the creation of many ethnic minorities' NGOs, which at the same in the long run time might be proven to be a very convenient way to locate partners for collaboration on various programs.

Since NGOs are the catalysts for society's development, there is a necessity to focus on which society segments they might be active in Macedonia. The country has three major problems: the question of unemployment, how to achieve efficient functioning of the political system and how to build a democratic society that will encompass and integrate minorities in it. Therefore, long term aims would be: peace promotion, strengthening the civil society component and help to those in need. Areas where NGO development should be prioritized would be: help for the rural areas in the country and rural (village) development, then efforts to generate employment, helping vulnerable and disadvantaged groups, development of civic society and culture. Selection of priorities should be closely connected to these issues that are the most crucial from the point of view of groups of population in need. Greater participation by the citizens will improve the quality of life and will contribute to taking part in the decision-making process. Especially groups or individuals that do not have a status or the skills to take part in decision-making, should be urged to participate through this method.

¹ The problem of tradition, poverty etc.

"NGOs as a Source of Great Potential in Society's Further Development"

Introduction

The spectacular rise of the number of NGOs in Central and Eastern Europe emerged as a result of the released democratic energy that tended to satisfy the current citizens' needs and at the same time to compensate the up to that moment missing pieces of society tissue. The new role of the NGO sector was heavily influenced by the socio-political processes that occurred at the end of the eighties and in the nineties, which were an important social and political turnpoint for the countries of the region. All these countries needed significant time to build different shapes of civic and democratic institutions together with the new values of plural democracy, civic society and market economy. NGOs have been the most powerful in hard political conditions and it is crucial to be allowed to exist further, especially in regimes where the system has not been released from the authoritarian ruling methods. Through NGOs citizens are allowed to participate in public life in a much closer way, since their culture and way of living is maintained and the contact is much more lively and direct. Development of this domain is treated as one of the main indicators of a country's democratization, since it is felt that through NGOs is allowed strengthening of market economy, system transparency and the rule of law. At the beginning of the decade have been established many NGOs whose primary goal was to protect human rights (basic human rights, minority rights, rights of women etc.). Other domains of activities at present vary largely depending on new specific society and social problems, unemployment, lack of appropriate health care, impoverishment etc. NGOs in this respect fitted everywhere where the state mechanism could or would not intervene in covering or satisfying existing needs. In many countries they took the leading innovative role in finding alternative ways of achieving and articulating citizen's goals or interests.

This work is aiming to define the most adequate and favorable ways NGOs can develop, especially having in mind the new "Eastern and Central European" context. Comparatively speaking, transitional processes have shown completely different economic and social conditions, inherited situations and political climate that differ in every country separately. Therefore NGOs have followed various paths of development and experienced a variety of working conditions. These circumstances were affected by the specific country's tradition of NGO relations with society, the state, the government and other political and economic factors.

The Macedonian Experience

The Republic of Macedonia belongs to the general group of Central and East European countries, and being positioned in very specific and influential economic and political crossroads, can be used as a very interesting example of NGOs model of development. Following the process of social transformation that occurred in other countries experiencing the same difficulties, as a result of new pluralistic tendencies in

the last decade in the Republic of Macedonia are formed various new types of NGOs, that correspond to different spheres of interest². Their creation took place at the same time when the process of dismantling of the Socialist Federative Republic of Yugoslavia occurred, imposing new dynamics in interests' articulation and behavior. At the beginning of the nineties, Macedonia has found itself in a very delicate position internally and externally, with a high degree of risk for direct involvement in armed clashes that emerged in other parts of the former country. At that moment started the mobilization and activities of many NGOs towards the achievement of the following urgent goals: opposing the participation of Macedonian soldiers into the war clashes in the frames of JNA³; protests for their withdrawal from JNA; seize of their further mobilization; and withdrawal of the Macedonian police forces from Kosovo. At the same time efforts have been made about informing and initiating the recognition of the country, and her democratic processes' stabilization. This was a time when the danger of war was very realistic, so the hardships through which went other parts of former Yugoslavia served as an example to avoid. Mentioned NGO activities served as a common denominator for all society groups to express their will to influence political decisions, which were so crucial at that time. The relative immunity and patience towards strong nationalist movements, in spite of economic damages and pressures have proved the civic maturity of the people, and with them of the NGO's.

When this turbulent period ended, the next phase of NGO's further action demanded creation of new qualities and practical goals, useful for the realization of various needs. The common unifying elements that spontaneously have integrated all the movements continued to exist, but with lesser intensity. NGO's activities are now aimed towards their narrower field of interest (for example ecology, human rights, humanitarian aid, women's rights, social rights, promoting specific ethnic and cultural characteristics, etc.), and in engaging public opinion to create a particular attitude towards those problems. Current projects have achieved a turn towards developmental projects instead of humanitarian ones (considering the country's circumstances). The reason is that the country is not among the ones having accelerated economic development, and that NGOs are in a moment of restructuring and adjusting themselves in the new, increasingly severe market conditions. Like other similar countries, the gap between rich and poor was deepened, the global market is making its pressure, moral crisis is felt, complex religious and political relations are present. The intention of these projects is to stimulate the further development of NGO sector, especially in the field of services, which may be the future employment opportunity for many people.

² This would comprise the more "recent" type of NGOs like the ones directed in the field of human rights, or environment protection, NGOs that represent branches of larger and more influential NGOs existing in older democracies, etc.

³ JNA- Yugoslav People's Army. It used to have soldiers from every former Yugoslav republic, but when the conflict started it became a clash between military JNA structures from one side and the armed forces of the republics that wanted to break out. Macedonians felt that they should not take a side or be involved or killed for this matter.

At present the palette of domestic NGOs is divided in several larger groups⁴: children's NGOs (protection of the rights of the child); quite a number of environmental NGOs; numerous women's organizations⁵; health promotion NGOs; NGOs working with the aged; many student and youth organizations; NGOs promoting the interests of handicapped persons; humanitarian NGOs⁶; NGOs for promotion of human rights and civic initiatives; and some other organizations with various specialized interests. This list corresponds to what can be understood as "classical" NGOs, and here one should add other associations that are protecting and promoting the field of their professional interest. In the country are also active international or foreign NGOs, which are mainly active in the fields of: developing democracy, rule of law and civic society; humanitarian activities; protection of environment; developmental programs in areas of agriculture, small business, etc. The total number of NGOs in Macedonia according to the records of the Ministry of Interiors (where registration was done until recently) moves in something between 2-3.000 organizations, with local branches included. Since the new NGO law has not been passed yet, there are some organizations that exist in paper, but practically they have "died out" by activities. The new re-registration that would follow, will give a clearer situation about currently active organizations, that are willing to work in future. Practically, they are the future target group to which this work is dedicated.

The special role of minority NGOs

One of the characteristics of the Macedonian NGO sector is that apart of the other interest driven motive for associating, a number of NGOs have been organized on ethnic basis. It is important to keep in mind that the population in the Republic of Macedonia is ethnically heterogeneous, so there are some specific needs of ethnic minorities that must be addressed. On the other hand due to the different nature of problems existing among some ethnic minorities⁷ the best way to deal with those issues was to create NGOs that would make the special effort to fight the difficulties that particular group was facing. Because of the moment when the breakup of the big "conglomerate" NGOs has occurred while on the field appeared this kind of NGOs, there might have been a certain political coloring in the first wave of establishing some of them. But due to the need of further democratization of society, and because at present the responsibility of improving the situation regarding these ethnic groups is transferred to these organizations, the essence of emerging of these NGOs is positive. It turns out that the sensitivity of the interethnic relations issue in the country has thus affected the sector, by stimulating the creation of many ethnic minorities' NGOs, which at the same in the long run time might be proven to be a very convenient way to locate partners for collaboration on various programs. NGOs should play the role of

⁴ Address book of Non-Governmental Organizations in Macedonia, Fourth Edition, Macedonian Center for International Cooperation, Skopje, 1997

⁵ Territorially organized and most of them broken down on ethnic lines

⁶ Again, some of them broken down on ethnic and religious lines

⁷ The problem of tradition, poverty etc.

mediators, promoters of ideas and to stay able to implement policy and be accountable for the money given to them. They are able to ensure wide participation by the population in order to carry out the action. It is important to make people learn that they can make things work by themselves and to empower them to succeed that.

We therefore find NGOs working to empower Roma people, helping them get better education, working with them on health issues, and so forth. In this area should also be mentioned the activities of Albanian minority NGOs, that are working to combat illiteracy among ethnic Albanian women, organizing health education (especially in rural areas), etc. NGOs are also working on small business development, providing low-interest loans to start-up companies that are having as a goal to empower vulnerable groups.

Women NGOs

Since in the country up to 1990 existed only one big encompassing women's organization, which partition in the years that followed was perceived painfully. The creation of new organizations and their breakup along ethnic lines at first looked as a disintegration process. On the other hand, regarding the ethnic, linguistic, cultural, social and other differences existing in the country when women's rights are in question, it would be logical to have different needs. Today's situation represents a hybrid of positive achievements which women had from the previous system and which are lost with the new economic situation and the strong comeback of traditionalism. Some groups have very specific problems and it was felt that themselves should be more active in the field and work with their population. That drew some attention to the actual achievements and the success (or not) that these women have with the battle of their own group's problems. Here should be especially mentioned the Roma and Albanian women's organizations. Roma women are fighting against poverty, illiteracy, adolescent marriages or high birth rate in order to empower their population. The Albanian NGOs make the efforts to emancipate or at least make the life of the village women more bearable, by health education and special health services, by fight against illiteracy, organizing sewing courses etc. Out of the regular "political" representation as an NGO of a concrete minority, the situation imposes a moral task to work and achieve results which is the actual essence of these organizations' existence. After calming down political passions, came the moment in which the actual work of which changes in conscience and mentality of the female population is expected can be visible. In addition, there should be a general national strategy upon which all women NGOs in the country would comply, in order to fight for political accomplishment of their rights and freedoms.

Other than these organizations there are women's NGOs focusing on concrete and narrowly articulated interests of special categories of women, like: single mothers, women who have been ill with malignant disease, establishing humanitarian organizations, professional interests' organizations etc⁸. A special accent should be

⁸ In the last several years women NGOs have been active against domestic violence, by organizing an SOS line at first for women, but now also for children.

given to minority women's NGOs that are dealing with specific problems existing in their environment⁹. The aim is to develop gender consciousness and to diminish sexual inequality and to enforce women's autonomy. Women should learn how to lobby in order to achieve changes in the legislature.

The future empowerment of women's NGOs should comprise: basic education for managing the NGO, learning the know-how, how to prepare and apply for a grants, how to implement a project, how to manage accounting, etc. Especially important is to support programs that stimulate employment of women (loans).

NGO Relation with the state

The relation of NGOs and the state can be multidimensional and goes both ways. On one hand, state is able to offer significant opportunities for NGOs willing to meet national development priorities. The reason behind this is that voluntary organizations can often provide public goods and services more efficiently, with higher quality and lower costs than government agencies can. There are many demands on the government, especially concerning the social field (humanitarian, social care institutions, people in need, etc.) which often burden both the budget and administration. Given the current situation in the country, state organs are sometimes incapable of suitably meeting all these needs. Filling these gaps is a natural and important role for NGOs. Much of the burden and obligation that state structure has to be put to, through this sector may be relieved by giving the responsibility to more specialized or interested segments of population, that would try to handle their priority problems the best they can. Maybe this may also prove to be a better and more efficient way to attract fundraising. The idea of government funding NGOs for particular projects is not yet practiced in our country, but it seems that it is a solution that can be accepted for practical reasons by the authorities.

Of utmost importance for this is the estimation whether governments are helping or hindering (discouraging) further NGO development a particular country. Either can be achieved through the law regulating this area, and by the taxes which the state might or might not impose. By applying different measures, the sector can always be stimulated or limitations can be imposed, to direct or change the domain of activities, to support them or not by giving budget money, to allow access to other various funds, to demand financial control etc.

There are some NGOs that partly get budget funding for their activities. Relations with the state for them have been easier, partly because they derived from the old system, so they were considered privileged. The reasoning is the government's estimation that this NGO's existence is of great necessity and importance to society in general. Direct political support and involvement are not done by them, but the scope was to popularize the existence of the Republic of Macedonia, because of the known past and present political obstacles of the country's affirmation. NGO's work was

⁹ Activities of Albanian women NGOs: sewing courses for women from rural areas; health education for women in rural areas in order to raise the health conscience of women in rural areas; training for gender sensitivity.

facilitated by allowing them to travel, communicate and popularize their ideas among related NGOs abroad. At present, money that have been given to these NGOs have started to decrease, because the number of those organizations who pushed to get some financial help increased, but at the same time the available amount of budget money for this purpose has remained the same. Other NGOs have been struggling on their own to survive economically and proceed with their activities.

General estimation is that the NGO community has had relatively little success in establishing strong cooperation with the government. Non-formal channels do exist, but they are left on individual level without being established as a necessary practice in the process of policy making. Governmental officials do not take the role of NGOs very seriously and do not consider their advice so important, and on the other hand, NGOs still have to develop a significant role in the public's perception. At the governmental level, ministries occasionally ask for comments on draft legislation, but this does not appear to be a regular practice. Most NGOs are usually unaware of the details of a developing proposal, so public participation occurs through other means such as education efforts, protests, meetings with officials, and non-formal legislative initiatives.

On the other hand, strengthening of confidence from the citizens towards the state and the appropriate functioning of the political system has an important impact over the work of NGOs. Therefore, there should be a special service within the frames of the state administration, which would be officially in charge for NGO contacts. Another solution would be to persuade ministries to have a contact person for NGOs within the area that is closely related with the common field of interest. NGOs have always put an accent on mutual interest and collaboration with the state, without direct involvement into NGOs work, in order to allow the society to benefit more with synchronized, but actions of different nature.

NGOs and Lobbying

Since countries in transition are in the process of shaping new laws referring to different areas of life, it is natural that lobbying is a very important dimension of NGO activity.¹⁰ Public participation in decision-making should be both on local and national level, so NGOs will have to learn how to exercise and articulate their interest. It is not expected that all NGOs would be active in public participation efforts, however because of their dominant position within the community, some NGOs

¹⁰ In the first real success of the NGO community in using legal methods for public participation in environmental decisions, an attorney with the Skopje-based NGO OPSTANOK successfully argued before the constitutional court that the permit for a business center which was to be built in a park in the center of Skopje should be invalidated because the government had not followed the law's requirements for public hearings on proposed changes to urban plans (the permits are apparently considered changes to the urban plan). In another case, a citizen used the public notification and hearing requirements to challenge changes to the urban plan of the city of Bitola, and citizens have also used the urban planning law to challenge permits for a gas station and a refugee shelter, and in each case the constitutional court has annulled the permit.

should formulate the strategy and give it to other individual NGOs assistance for their efforts.

NGOs apply the above methods to promote public participation at a number of levels of decision-making, ranging from basic public awareness to contribution of actual proposals that become legislation. In this direction communication with legislators should be increased, by initiating meetings with Members of Parliament, to put pressure on both national and local governments to allow them to be present in decision-making meetings. NGOs sometimes enjoy some success at a relatively high level of participation, when writing their own draft legislation and submitting it in a non-formal way. They are increasingly successful at raising public awareness of problems through educational efforts or through publication of their own newsletters or journals.

Strategy of Further NGO Development

Since NGOs are the catalysts for society's development, there is a necessity to focus on which society segments they might be active in Macedonia. The country has three major problems: the question of unemployment¹¹, how to achieve efficient functioning of the political system and how to build a democratic society which will encompass and integrate minorities in it. Therefore, long term aims would be: peace promotion, strengthening the civil society component¹² and help to those in need. Areas where NGO development should be prioritized would be: help for the rural areas in the country and rural (village) development, then efforts to generate employment, helping vulnerable and disadvantaged groups, development of civic society and culture. Selection of priorities should be closely connected to these issues that are the most crucial from the point of view of groups of population in need¹³. Greater participation by the citizens will improve the quality of life and will contribute to taking part in the decision-making process. Especially groups or individuals which do not have a status or the skills to take part in decision-making, should be urged to participate through this method¹⁴.

Project criteria should be: relevancy (activities and strategies in accordance with the mission), effectiveness (whether goods and services really satisfy the needs of target groups) and efficiency (whether input is used in an economic way for delivering goods and services). Programs are intended to help, maintain and secure normal living conditions of those who are beneficiaries. With an accent to the support of the creative and productive potential of people, programs can cover concrete projects in accordance with the principle of "self-aid".

¹¹ Especially the advancement of employment of women, minorities and vulnerable groups.

¹² Promotion of human rights, improving interethnic relations, protection of women's rights, environment, health issues etc.

¹³ In Macedonia partly internal and partly inherited factors of negligence and marginalization are at stake for rural areas, women, ethnic minorities, the aged and pensioners, handicapped and those who are kept in social institutions.

¹⁴ That would be the way to overcome their marginalization.

Government might have little money to give for all these areas and many priorities, so NGOs should learn how to take advantage of all the opportunities they can find. With few exemptions, all in all the sector at this moment does not dispose with large sums of money. Most of these activities are still done on voluntary basis, not having in mind that some of the activities are better performed by employing educated and trained professionals for better effects. One of the possibilities might be the micro-credit line, which will stimulate the production initiative among people¹⁵. Benefits are multiple, due to further strengthening of NGO institutions which are fitting to the structure of a democratic state and market economy. At present there are initiatives in this direction, but if we wish to deeply influence the change in society, efforts should be planned on a longer term. The need for small loans program line is big and it is expected to increase in the future¹⁶. Small and medium size businesses have larger difficulties in approaching the financial market, because the banking system at present does not offer favorable terms¹⁷. These loans should combine several aspects, so often when priority plans are made, they are directed in helping certain groups of population and areas coincide: focus is on projects initiated and lead by rural women, or poor periurban minority groups, self-employed people, or those who have small firms, if possible in rural areas; persons belonging to vulnerable groups etc. Other important elements for the contract would be defining the optimum amount for a loan, to measure the project's sustainability and to anticipate risks. Main weakness is the insufficient variety of ideas coming from the NGO side. If this process develops wider and further it would be advisable to create business clubs where can be performed training or consulting services for those interested to start up a business. Mutual transfer of experience can be very helpful to make interested people realize what they do by themselves.

Village development initiatives can always comprise programs for small loans for any kind of production initiative¹⁸. They are viewed as a mean to maintain further survival of villages. By economic support of ethnically mixed areas interethnic communication is going to be strengthened. Lower interest rates and more beneficial conditions for obtaining a loan can be established for those initiatives that are interested in employing women, disabled or persons belonging to vulnerable groups. Of crucial importance is to stimulate persons coming from these groups to start a

¹⁵ Programs for project loans should be diverse. Examples taken from MCIC loans' program: production of carton packaging (employment of 4 persons out of which 3 are women); mobile separation production unit (work with stone) employment of handicapped; blacksmiths workshop (loan to Romas); production of car filters, children furniture (in all women are employed).

¹⁶ "Opportunity" is one of the organizations helping the establishment of small businesses. So far small loans' line is given to projects involving at least two fully employed persons.

¹⁷ Banks in the country are giving short term loans. Yearly the interest for savings in denars is 10-13% and 20% for loans.

¹⁸ Some of the MCIC loans' program for village development: loans for fish breeding (involved unemployed people from the region); production of briquettes (environment friendly project, employed jobless persons); plastic packaging production unit; ice-cream factory, production of food and training for that purpose; beekeeping loans, radio communication in villages.

business initiative on their own and especially to help them getting the proper know-how and information how to do it.

Other huge problem when the Macedonian village is in question is the problem of water supplies, because in some villages the situation is really critical. The East and Central part of the Republic has the worse problems with the drought and scarce water supplies, having 10 years of catastrophic drought. Many of the inhabitants are currently unemployed workers (when periurban villages are in question) or they are already registered as receivers of social help. As a natural consequence, migration has been a continuous process in these villages. By very active involvement of serious NGOs¹⁹, this problem has started to decrease, although there are still many villages that need help in this respect. Naturally, projects of this kind, which involve large amounts of money should satisfy the criteria of technically performable, economically justifiable and financially applicable projects. Benefits are multiple, due to money collecting and personal involvement of the villagers, thus having initiative and motivation. Indirectly, with this is improved the position of the village women, and people are getting education about the maintenance of the water system.

There is still a necessity of funding small project initiatives coming by many NGOs. These money are usually requested about help about taking part in conferences or seminars, in strengthening of administrative capacities of NGOs²⁰, getting information, taking part in training courses, publishing newsletters for a certain period of time, having NGO staff computer education, project managing education, institutional development, training of trainers, etc.

Many of the Macedonian NGOs need further training in order to perform their activities and projects in a more relevant manner. In this respect it's important to learn how to design, construct, develop and realize a project. NGO representatives should be trained about the basis of institutional development, organizational models, program strategies, animation and how to increase NGO membership. Education in

¹⁹ In 1997 the Macedonian Center for International Cooperation has had 17 water supply projects in total of 16.773.328 Macedonian denars. Water was given in 39,1% villages where ethnic minorities live. The whole amount of money for the project was never covered. The point of stimulating villagers to improve their condition is to make the villagers active and to take part in the project with their own contribution (be it building material or working hands), in order to make the feel of property (ownership) and through that to influence the institutional development of the village community. Villagers organized that way may start other initiatives and solve other existing problems by themselves. In order to realize the project, villages have created council, and have shown motivation and participation. They have helped in the technical performance of the pipe lining, and have been educated of how to use water resources, how to maintain the water supply system etc. This type of programs was also applied in villages with old or small water capacities. From the period January-July 1997 out of the total number of beneficiaries 28% are Albanians, 4% Turks, 37% Bosniacs and 3% Serbs. The age structure shows that 30% are less than 18 years of age, 36% are between 18-25 years, 21% are between 45-60, and over 60 are 13%.

²⁰ For example, in Strumica is helped the creation of an agricultural information system. There was an exchange of information about the movement of prices and quantities of agricultural products in the country. Eight cities were covered: Skopje (2 markets) Strumica, Veles, Bitola, Ohrid, Stip and Tetovo. Data were publicly put or read in the local radios.

this respect shall play an important role, because still there is no clear notion among people about wide sector possibilities, having in mind only the existing NGOs in the country.

Sometimes NGOs transform or change their field of activity only because certain donors are directing their money on projects for specific purposes (i.e. protection of environment), which not always coincides with the primary purpose of establishing that particular NGO. The efficient part would be that this could be a way of creating a developmental policy in a country, by dedicating or directing money for specific purposes, be it from foreign or domestic donors. Interethnic collaboration can be established through this measure, if people belonging to different ethnic groups can find common economic interests. A more harmonized and joint approach to this point should be initiated, with collaboration of other potential grant giving institutions.

Social care institutions are one of the areas that needs attention: mental hospitals should be reconstructed and new equipment as well as training programs should be provided for the staff; reconstruction of rehabilitation centers; adequate equipment for disabled and handicapped; organize special workshops and production units for mentally retarded children; etc.

Romas are one of the marginalized groups that need special attention. So far there are programs that deal with the problems this group is facing, but it is evident that more efforts should be made in this direction. This group is dealing with the worse socio-economic problems and unemployment, having substandard places of living. Romas are the ones who are frequently migrating in other countries seeking for better living conditions. NGO projects and activities are very important in offering relief or improving the situation of this group. So far, there have been programs on providing education opportunities for Romas²¹, operationalization of Roma humanitarian organizations, organizing seminars about human rights, about Roma cultural and linguistic characteristics, emancipation of Roma women.

Although there is a NGO resource center in the capital, there should be strengthened the development of regional centers out of Skopje. These centers are able to represent sector the best they can. A good, educated team working at the center could would have the skills to train and help NGOs. Offices should offer legal service and practical advice, computer courses, courses for institutional development etc. Information network should be enhanced in order to develop a modern and well-organized resource center: NGO address book, NGO bulletin, library, access to Internet etc.

There are many areas where NGOs can be active. They may be involved in the work of professional or trade associations (consultant, training, technical development assistance); they can promote tourism or ecology tourism; present the range of services NGOs can provide etc. Also, they can make a difference in their local community by contribution for development of efficient services: water supplies, heating, roads, parking places. Always can be present specialized working groups in the frames of the administrative (executional) power. They can offer professional

²¹ Distribution of school materials, school equipment, schoolbooks.

training and novelties and have exclusive right to give certificates for authenticity. Business information can be obtained in a form of service, to create information center for potential business partners, to print materials (catalogues, books, brochures, yearbooks, periodicals, newsletters), to offer legal economic and technical help, personal infrastructure for hiring etc.

Developed NGO sector guarantees: freedom of speech and associating; stimulating pluralism of interests and tolerance in a society; promoting larger social stability and the rule of law; shall ensure greater efficiency because NGOs know their field of interest and their local community. Although viewed by the severe market rules not-for-profits do not justify their activities (market failure), still this is exactly the reason why NGOs should cover these areas in order to cover needs that do not have their market justification, but they are necessary. Needless to say that NGOs represent an indirect stimulation of market economy, by creating stability in a society.

Public opinion on NGO activism

What would be the level of interest to nongovernmental activism can be empirically proven through the results obtained by the nationwide poll performed by the Institute for Sociological, Political and Juridical Research²². On the question "What would be the best way to achieve your goals?", 16% replied that they would try to be active in the frames of the nongovernmental sector, 47% of the polled replied that they would try to do it through taking part and participate in the government of the country and 13% of the respondents would place their efforts out of the system's institutions. Undecided were 24% of the polled population. The age group from 30 to 39 years more than the average frequency would prefer to take part in the decision-making through the state institutions (54%). When in question the participation in the nongovernmental sector and the activity in this area, age groups, sex, ethnicity, the sector of employment (be it private, state or mixed) do not show different tendencies than the given average. Certain differences are noticed in categories of people living in families with higher income, because they show somewhat greater interest in the nongovernmental sector and activities²³. The other lower income categories move in the general average lines. Nongovernmental activities are more attractive to people who by profession are clerks (20%) or managers (22,45%). These two groups also show enhanced support for participation in official institutions (51% and 52% respectively), the same as students (58%). It is sure that the educational factor plays a crucial role in the obtained tendencies. The group of high educated respondents more than the average are keen in achieving their goals through NGO activity (24%). Also NGO activity is more popular among the city population (19%), in comparison with the village population (11%), although differences are not very radical.

²² Performed in May 1998, by request of the International Republican Institute. The sample was 1400 citizens of the Republic of Macedonia, of all age groups, ethnic and religious backgrounds, education level etc.

²³ Those with income from 15-18.000 denars- 21% and those over 18.000 denars- 19%.

NGO Presence in the Daily Press

An analysis has been made of the frequency and nature of references to NGOs in daily newspapers. In general it is noted that public consciousness about NGOs is growing, since many major newspapers and electronic media have a special correspondent responsible for covering NGOs. NGOs are more and more present in public life. In fact it depends of the up to date trend in society, and the NGO activity which might correspond to the importance of the problem at that point of time. It also depends on the pressure a certain NGO is making to the public about that issue. There are articles that go deeper into substance instead of just superficially report about a certain issue or event. These articles mostly refer on some NGOs for which the article is dedicated, or the journalist refers to some NGOs that through their activities correspond to the context of the problem which is touched in that specific article. Trends have been followed through 1997 and 1998 Most frequented topics are: protection of environment, humanitarian help, human rights, women, conflict resolution, youth and students, children, civic initiatives, health and the aged. Only from January to September 1997 there were 336 articles about NGOs and their activities. Further analysis continued, showing the maintenance of the positive trend in 1997²⁴. Commentaries and critiques by media about NGO activities may serve as a corrector and as a good reason for NGOs to analyze and think about their work. By disseminating information, target groups may also be reached more easily and transparency is better achieved.

Polling on Priority Programs

In order to locate priority needs and programs for the future period, have been consulted 441 NGOs in the country, having the structure shown on the table below. As one can see, many of the organizations are women's organizations (104). If viewed by ethnic structure there is quite a number of Roma organizations (5,2% mainly humanitarian or developmental NGOs). Most organization's seat is in Skopje²⁵.

Groups ²⁶	W	E	SY	HU	HA	C	H	HR	OP	R	Tot
Gender structure											
Women	104	30	27	16	4	8	4			13	206

²⁴ Macedonian Center for International Cooperation, "Analysis for the presence of NGOs in the daily newspapers", for the period January-March, April-June, July-September and October-December 1997, Skopje. Have been analyzed daily newspapers "New Macedonia", "Dnevnik" and "Flaka e Vlazerimit". "Flaka e Vlazerimit" is printed in Albanian language. January-March in total 182 articles on the topics: students, youth, ecology. "New Macedonia" had 90 articles, "Dnevnik" 68 and "Flaka e Vlazerimit" 24. Environment protection was also frequently mentioned, because of current activities of ecological NGOs and in connection with the announcement of taking part into the National Ecology Action Plan. Again are present women's issues, human rights, health, humanitarian help, etc. In the period April-June there were 86 articles: "Nova Makedonija" had 50, "Dnevnik" -17, "Flaka e Vlazerimit" 19.

²⁵ Data are taken from the NGO Newsletter of the Macedonian Center for International Cooperation, Number 7, November-December 1997

²⁶ W-women, E-ecology, SY- Student and youth, HU- humanitarian and developmental, HA- handicapped, C-children, H-health, HR-human rights, OP-old persons, R-rest.

Men	1	79	81	43	9	2	1	5	2	12	235
Ethnic Structure											
Albanian	4	7	3	13						1	28
Macedonian	87	95	95	26	11	9	4	5	2	20	354
Roma	5	1	1	16							23
Serbian	8	6	6	4	2	1	1			1	29
Vlachs	1		3							3	7
Territory											
Skopje	12	14	29	13	5	2	2	2	1	9	89
>90000	11	10	2	2						1	26
60-90000	6	6	1	1		1				1	16
30-60000	7	5									12
<30.000	11	10	1								22

The investigation was accomplished in 1997²⁷ and the sample included NGOs, local communities and social institutions. Out of all the priority sectors for further development according to the poll most of them were emphasizing the need for strengthening civil society, fight against drugs, AIDS, village economic activities, small and medium size business, health. Medium frequency of recommendations for development were given for protection of environment, village communal infrastructure development, women, handicapped. Lesser recommended sectors were: human rights, ethnic minorities, media. Looking at these results, one should bear in mind that the outcome presented is a reflection of ideas NGOs have at present. In-depth analysis can be done by considering NGOs thoughts, but at the same time by implementing other experiences and ideas which are not practiced yet in our country. Also, it was expected that results were influenced by the profile of polled organizations.

Not-For-Profit Sector Legal Framework - the Macedonian Case

If NGOs have legal and administrative framework in which they function well, they can become important factors for building social consensus about the needs of the market economy. They are able to work with the citizens and put pressure over the government in order to fight against corruption and to provide important information about the types of economic and political initiatives which most probably would be successful.

Connecting the needs with the experience that already exists in older democracies, one could often meet somewhat different terminology which exists between the Anglo-American and the European approach. The term not-for-profit organization (NFPO) brings rather vague understanding from the European point of view. Non-governmental organization (NGO) is the wide accustomed term in both Eastern and Western Europe. The substance of both terms would be to describe an organization whose purpose is not to gain profits and not to distribute in case profits

²⁷ Report on investigation of middle-term planning, Macedonian Center for International Cooperation, Skopje, September 1997

are created to any person controlling the organization (directors, board members etc). The idea is through these sources of money to achieve maintaining the sustainability of the organization, in order to proceed in realization of the goal because of which that organization is established. In the European context this main element is present, but the legal form would be either an association or a foundation. This main division can have different modalities in various countries where sub divisions are present and explained. Usually these specificities are connected with a certain tradition or culture in particular countries, but sometimes they result from the intensively imposed social needs in the country in question.

Some of the countries of Central and Eastern Europe are still in the process of adopting new drafts concerning NGOs, while others are estimating the practical experience of the already adopted laws on this sector. If we would like to have a general overview of the not-for-profit situation in the Republic of Macedonia, one should always bear in mind the specific social and political circumstances that were inherited from the previous political milieu. Conditions that have formed the idea of existence of various and specialized interests and needs "peep" out from some of the political ideas that were raised during the period of self- management in former Yugoslavia.

The old "Law for Social Organizations and Associations of Citizens"²⁸ from 1990 was making a distinction between social organizations and associations of citizens by having as basic criteria the range of interest that motivates individuals to associate. But it must be stressed that the distinctive idea derives from the previous political system ideology. In the case of associations of citizens, an association was initiated in order to satisfy "common interests, needs and goals"²⁹. It was viewed as "coordinator between general (anticipated) interests and individual needs of the working people"³⁰. Aims could have been professional, cultural, scientific, artistic, sport, social, humanitarian etc. The voluntary dimension was stressed and encouraged, in order to take active part into society life. Part of these ideas, although derived from a concrete ideological background, still later represented a broad base that would later on facilitate people in better and easier articulation of their interests³¹. Social organizations were supposed to meet wider social interests while associations of citizens were meant to satisfy personal and common interest (smaller scale). The wider scale was influenced by the former Yugoslav selfmanagement ideas of articulating people's interests through organizations that did not present political

²⁸Journal of Socialist Republic of Macedonia, Saturday, 21 April, 1990 Skopje, number 13. This law was valid on the whole territory of former Yugoslavia, having all former Republics accept it separately.

²⁹ Political Encyclopedia, Savremena Administracija, Belgrade, 1975, p.1091

³⁰ Political Encyclopedia, p.1091

³¹ Like all democracies in transition, our country has also faced the problem of transforming certain organizations that were registered, formed and functioned in accordance with the old provisions. No need to say that due to the present Law and the understanding of the old system terminology, organizational hybrids emerged, that have nothing to do with the present understanding of the sector and the new conditions. So, changes have occurred among NGOs even before institutional and legal changes were meant to happen.

power directly, but the society itself with all its groups and interests. Through this method the Yugoslav model had the ambition to be different from other countries in Central and Eastern Europe, by putting the accent of people's associating by affiliation and voluntarily. "Social organization" was a general term³² that signified "socio-political" organizations of the previous system, like the: "Communist League of Yugoslavia, the Socialist Alliance of Working People, the Yugoslav Federation of Labor Unions, the Veteran's Federation, the Youth League" etc. These organizations have played important role in executing political power, primarily the Communist Party, and had influence on the composition and election of "state and selfmanagement organs". This ideology was meant to fit in a different political surrounding and to serve as a sort of "depolitization" of interests in order to perhaps prevent their appearance in a form of priorities in the frames of different political parties. Following this line of logic later, under this Law were registered all political parties that took part at the first multiparty elections in 1990, although it was not supposed to meet that purpose.

The 1990 Law used to serve for registering different types of organizations in the past, but practice has shown that there is a necessity of creating distinctions when in question is a political party³³, or a new labor association, or a religious organization³⁴. It was also the basic one for registering political parties at the beginning of the multiparty system. Recently was put into power a new law that determined new conditions, necessary to re-register a political party³⁵.

The old Law was voted and passed by the Macedonian Assembly when still was not a multiparty one. Nevertheless, it made an effort to shape to some extent the basic provisions that would define this issue. From the very start the Law itself was lacking many elements, that would bring more precision and secure better practical organization's functioning. Very wide and broad normative framework in this case introduced confusion about rights and duties in the sector, as well as inconsistencies and insecurities in the principles the law was trying to regulate³⁶. The coordination of the Law's provisions with the other laws that treat the financial aspect of the activities, was not at all achieved (it can even be described as chaotic). Also, there was no law in

³² Encyclopedia of Law, Savremena Administracija, Belgrade, 1979 p.247

³³ Political parties are at present registered by other, special law that is in effect starting from 1995

³⁴ In order to register a religious organization, the request is given to the Government, which decides after previously having the opinion of the Commission for Religious Questions. Some regulations referring to this question exist in a special law from 1977

³⁵ One of the new elements was the number of party members (the law creator wanted to stimulate political parties' enlargement) that was determined to at least five hundred.

³⁶ Macedonia had great interest of giving more flexible provisions for allowing the registration of foreign humanitarian organizations, that did not have to fulfill some requirements even according to their domestic law, that on the other hand were required by the Macedonian one. For example, the humanitarian organization CRIC from Reggio Calabria, under Italian law does not need to be registered at the courts where the organization's seat is. This formal question did not allow the organization to be formally registered in the Republic for quite a while, although it was performing its activities freely during that time. The humanitarian nature of their work was never put into question, the problem was solely formal. "New Macedonia" 12 January 1995, page 4

the Republic of Macedonia that would regulate and refer to the term "foundation", a fact that made some organizations' work very hard in particular circumstances, although there in practice was confirmed help and great level of acceptance of those organization's activities within the country³⁷.

Independence in NGOs work and aim's realization were guaranteed, and at the same time they were requested to function in accordance with law and the Constitution. Naturally, organizations were defined to have the status of legal persons, from the moment of their inscription in the Register.

Legal Initiative Survey Results

Before the new Law for Citizen's Associations and Foundations was introduced, for reasons of locating the current problems of the sector, in 1997 a survey has been conducted among existing NGOs³⁸. The MCIC address book contains a list of 195 foreign and domestic NGOs that work in the Republic of Macedonia that are very active (without taking under consideration the branch organizations). The survey was meant to be as a sort of situation monitoring in order to implement adequate solutions in the new draft law. The most important outcome was that all organizations felt the necessity and stressed that it is high time to have the old law changed and adapted to new circumstances.

Registering experience among NGOs varied a lot. Some of NGOs thought that the procedure itself is not so slow, while the rest were complaining on exactly the opposite,- the organ in charge was fulfilling its duty in a very slow manner³⁹. Some organizations needed up to 30 days to finish the procedure, while others needed more than that period, sometimes much more⁴⁰. There was an obvious confusion among the polled NGOs about what elements should or should not be regulated in the Statute except the ones that are already taxatively mentioned in the Law. Regarding the overgeneralized approach of the Law and the lack of more precise regulations about many practical aspects of this sector, the conditions themselves give a lot of dispositions to the organ in charge to demand clarifications and amendments that do not have to correspond to real legal needs⁴¹.

³⁷Typical example of this kind is the Soros foundation in Macedonia, which at the beginning was not able to be customs exempt for the goods that were meant to be imported in the country. The question was about medical equipment, computers and other goods that were supposed to be given to schools as teaching materials.

³⁸ The survey on Macedonian NGOs was realized by the Macedonian Center for International Cooperation

³⁹ Here should be mentioned that according to the old Law registration was carried out at the Ministry of Interiors, which from its side (according to the opinions given by officials from that Ministry) would gladly transfer this duty to the courts.

⁴⁰ Remarks that were made by the organ in charge were mainly concerning necessary corrections of the Statute and global adjustments to the existing Law.

⁴¹ This does not mean that the organ in charge (Ministry of Interiors) was misusing its position, but the lack of adequate regulation, had left this field on the disposition of the moment. Also we should add that sometimes the organ was not doing its job on time. Namely, there were complaints that the acts

All the polled organizations expressed their opinion that they should no longer be registered at the Ministry of Interiors. Instead, they should register at the Court in charge where their seat is. They suggested that maybe a special service for that purpose should be opened there. Some of them suggested the necessity of having a special state organ that would deal with the sector's work, functioning, legal help and registration. All organizations stressed that they were absolutely free in performing their activities and work. No organization said that they are subdued to interference or influence by some exterior factors.

So far, most of the organizations did not have problems with the current laws in their financial functioning. But this general conclusion has a lot to do with the actual lack of funding (especially concerning domestic NGOs), and this is the reason why we cannot speak about significant sums of money that would be on their disposal. Consequently, income was modest or did not exist. Some organizations gave their remarks on the absurdity on taxing organizations that are funded and function by budget money. Tax exempt were a small number of organizations, and only for office equipment (more frequently this refers to humanitarian organizations). In sum, there was big dissatisfaction in regard to the legal financial non-regulation of these organizations that are playing an important social role.

Economic activity by NGOs is very rarely practiced but some changes in this direction are noticed. The trend especially develops in the efforts to engage in a working activity categories of people that are considered marginalized (blind people for example), women's organizations that are interested in giving particular types of services, or use of part of the capacities (property) that belongs to some organizations⁴².

Most organizations did not import any goods at all, and especially goods that were subjected to paying custom's duty. Still, there were many remarks and complaints about the big administrative procedure that would be necessary in the case of customs exemption. Also, there were mentioned bad experiences of NGOs being obliged to pay storage charges for goods that were sent as humanitarian help (like books for example), because of the procedural slowness of the custom's services.

NGOs have positive experience with media. Largest part of them communicates through public announcements, press conferences and interviews. Some of them have more constant collaboration with local radio stations, for example. There are organizations that have especially appointed a member for media contacts.

Paradoxically, membership of domestic organizations to foreign ones is much more frequented than official connection among domestic NGOs. Better connection, influence and various ideas (in a positive sense of promotion of new values) that already have their more direct activities and implementation abroad, are given from foreign organizations, which have their central offices in another country, mainly in

brought by the NGO were staying unchecked for a longer period of time and the remarks were superficial, provisory and non-essential.

⁴² Like hotels owned by the Scout organization for example

Western countries. This process is perceived as a way of reflecting contemporary society movements wider than the national borders of a particular state.

As final remarks, by many organizations were expressed wishes to have the legal provisions changed and make them more detailed, because the existing Law does not even nearly reflect the situation. Some of them stressed the need for financial support and know-how help, in order to be more efficient in their activities. It was stated that there is an existing immense potential of possibilities and needs that allow the sector to add into the richness of social life. Future legal solutions were supposed to create adequate conditions and climate for it.

Present Situation

Free associating is already endorsed in the Constitution (1991) of the Republic of Macedonia (Article 20), where "citizens are guaranteed freedom of association" to exercise and protect their "economic, political, cultural, scientific, socio-humanitarian, sport, professional and other interests". The Article guarantees that "citizens may freely establish associations of citizens and political parties, join them or resign from them. The programs and activities of political parties and other associations of citizens may not be directed at the violent destruction of the constitutional order of the Republic, or at encouragement or incitement to military aggression or ethnic, racial or religious hatred or intolerance⁴³". In coordination with this is Article 16, that guarantees "freedom of personal conviction, conscience, thought and public expression of thought". Here may be included the freedom of speech, public address and information, as well as the establishment of institutions for public information.

The new Law for Citizen's Associations and Foundations voted in June 1998 has harmonized the requirements with the 1991 Constitution⁴⁴. It transfers the duty of NGO registering in the courts, which have the obligation of registry transfer from the Ministry of Interiors of all existing NGOs within six months⁴⁵.

⁴³Under this provision two religious humanitarian organizations were forbidden to exercise their activities after providing that their work was mainly orientated towards religious propaganda purposes and direct involvement into country's internal political affairs.

⁴⁴ The draft bill (working text) of the Law for Citizen's Associations and Foundations was made public to all NGOs since 1996. It was debated at the NGO round table held at the Law School in Skopje, on 15 October, 1996. In the sense of introducing new principles, working methods and rules that were proved functional and are practiced in other countries, activities were aimed to popularize the idea through newspaper articles, radio programs and a round table discussion that succeeded to stir up the interest of all the interested parties and especially people involved in NGO activities. Due to the old Law which was in effect at that time, discussions were directed mostly in criticizing the old provisions, that were not allowing adequate need's development. These remarks were coming from domestic, as well as foreign organizations that are active in Macedonia. Sector people expressed their concern about the very slow and bureaucratic process of registration, which was at the Ministry of Interiors, although even state organs' representatives considered that in future it has to be done at court.

⁴⁵ At present, it is necessary for the Ministry of Justice to make clear distinction under which authority are going to be registered trade unions and religious organizations, which in fact should be under the provisions of a different law and not this one.

Article 2 states again that "Citizens may freely associate in citizen's associations or in creating foundations for accomplishing economic, social, cultural, scientific, professional, technical, humanitarian, education, sport and other rights and believes in accordance with the Constitution and the Law. Paragraph 2 defines that all organizations registered by this Law shall have the not-for-profit status⁴⁶.

It is necessary for the NGOs to arrange and protect itself from government's and other structure's influence in their work, especially from political parties. For that reason, important element for the functioning of these organization is the prohibition of political activities and the use of organization's assets in order to accomplish political parties' goals (Article 3). But yet the prohibition is not absolute, due to paragraph 2 that states: "As a political activity of paragraph 1 of this article is understood direct involvement in political campaigning or election fundraising for campaigning, as well as financial support to political parties".

Programs and activities of the citizen's associations and foundations may not be aimed at: violent overthrowing of the Republic's constitutional order, incitement and call for military aggression and enhancement of national, racial and religious hatred or intolerance (Article 4, which is taken from the Constitution of the Republic of Macedonia). Publicity in organization's work is secured in Article 9. The way of ensuring publicity it is supposed to be regulated by the Statute of the citizen's association or foundation.

Several articles of this law are dedicated to foreigner's associations that are active on Macedonian territory. Conditions for registration are similar to the other domestic NGO's in the meaning that necessary documentation has to be submitted. Article 69 states that "On the territory of the Republic of Macedonia may be founded and be active foreign and international non-governmental associations, foundations, unions, organizations and their branches, which are not-for-profit organizations." Also may be founded and be active other organizations that are exclusively funded by bilateral or multilateral donors to engage in developmental projects in the country. In order this organization to be registered, an approval is needed, which has to be issued by the Macedonian Ministry of Foreign Affairs. There is another possibility for foreigners living longer than one year in the country to be able to found a foreigner's association in Macedonia (Articles 66-68). The aims should be scientific, sport, culture or humanitarian.

The Statute (Article 20) is the highest normative act of an organization, and by the new Law it is left to him to arrange basic elements of the functioning and organization of the NGO. It has to be submitted to the court in charge for inscription, and has to fulfill several taxatively numbered criteria. The statute must specifically address issues such as: goals and tasks of associating and the manner of their achieving; form of associating and internal organization (internal organs and their rights and duties); organization's name and headquarters location; conditions that have to be fulfilled in order to allow interested persons to join as members⁴⁷; representing

⁴⁶ "Citizen's associations and foundations are not-for-profit organizations."

⁴⁷ Also their rights and duties, as well as membership cessation

the organization; the way funds are going to be used; the possibility of joining other organizations domestic or international; the way of amending the Statute; organization's cessation and handling of the remaining property. In case some elements are not mentioned in the text, or are not strictly regulated, the Law gives certain rules which are going to be applied. The aim of this approach is to secure normative coverage of all the issues, in order not to create dilemmas or confusions which were immanent to this sector in the past.

The new basis for NGOs legal regulation will impose the need of re-registering of all organizations. The time limit is six months and this can be perceived as determining of which NGOs are really active and exiting at the moment. Some NGOs exist on paper only for quite some time, and there are others that have only passive and non-interested membership.

The relation between governing bodies within the NGO's is worked out in several articles (23-31). Intention is to create a balance and adequate control between the two main organs: the assembly and the board. Mainly all organizations have similar structure, but there are some that have specific bodies or functions that are compatible with the kind of activity that particular NGO is doing. Therefore, other details in this respect are left to be solved by the organization's Statute.

According to Article 17 in order to establish an organization the law anticipates 5 adult citizens to submit signatures as founders. By this decision, the number of founders for an association has dropped from 10 (according to the old Law) to 5. The idea is to stimulate formation of small and efficient NGOs and to create a smaller, active core membership that can be self-organized and start working on new basis. If later their membership expands, that would be one of the founder's merits. New members should join by signing an application form for admission in the organization.

Basic data about the profile, interests and field of activities are summarized and kept at the Court of First Instance where the Register number is given. In order to achieve better communication among NGOs and other factors in society, the Law requests to exist one special General Register in Skopje. The Court of First Instance Skopje I is additionally in charge to have a general Register of all registered NGOs in the country. The public is allowed free access to the Register.

Economic activities (Article 7) are anticipated only when in connection with the goals and interests in accordance with the founding purpose present in the Statute. It is only mentioned that organizations may take part in revenues that are accomplished by having economic and other activity organized by themselves. Economic activities that are made by the organizations, are obliged to fulfill the conditions issued by law for performing that activity. NGOs are obliged to dispose their funds (assets) in accordance with their purpose of obtaining them.

Funds are expected to be acquired from membership fees, contributions, gifts and through other ways and to handle them in accordance with the Statute and law. Organizations may acquire things, money and material rights for achieving their goals. Members and persons in charge in the organization are held responsible about the

legality in funds handling. Members may also make control over fund's operating in a way determined by the Statute. They may also demand from the organization's organs to enable inspection over the fund's usage.

The Question of Foundations

At present there are not many national (Macedonian) foundations, because the Law for Citizen's Associations and Foundations was voted just recently (June 1998). Before that, Macedonia did not have clear legal provisions regulating the foundation as such, a fact that it did not encourage creation of foundations. Therefore, it is to be seen how many foundations are going to be registered at Court and in which areas. So far, most foundations are foreign and are working on enhancing processes of democratization in the country⁴⁸. General characteristic for all foundations working in Macedonia is that they all show sensitivity and adjust their programs to the heterogeneous needs of the country⁴⁹ (special needs of some ethnic groups, for example). Otherwise, in the past (and still existing) in Macedonia are several funds which are meant to be spent on scholarships for gifted students. They are private, made by Macedonian nationals and have been existing as funds, meaning without having the status of a legal person in order to be a foundation. With the enactment of the new Law they will probably register as foundations.

By the new legal provisions, the minimum sum required for founding a foundation is 10.000 DEM. Article 32 determines that a foundation represents assets (property) that have the status of a legal person, and whose principle aim of creation is to manage with the property it owns in order to achieve its statutory goals.

Article 33 states that "A foundation is founded by one or more founders and is usually of unlimited duration or until the statutory goals are accomplished". The founder's act must contain: the foundation's name, seat and address, the list of founder's names, their addresses or seats, the purpose for which the foundation is created, the assets reduced in cash contributed by each founder, the names of the board and council members (Article 35). The Statute should contain: the foundation's name, seat and purpose, the founder's name and address, the procedure of transferring assets to the foundation, the scope of beneficiaries if other than the public, foundation's duration if not unlimited, distribution of property in the event of dissolution, procedures for electing and recalling the board of directors, the executive committee or the supervisory organ (Article 37).

The Question of Tax Benefits

Organizations that work on not-for-profit basis should be considered for tax exemption. Through this method NGOs will allow themselves longevity and better functioning. Data show that in USA there are over 1 million entities that enjoy fiscal

⁴⁸ Organizing round tables on different topics, a bit of publishing, work with parties etc.

⁴⁹ The Open Society Institute has the following programs within the scope of their activities: arts and culture, education, media, civil society, publishing and library, East-East, Roma and an advisory group on credit program for private agriculture.

(tax) benefits, out of which 515.000 are NGOs with a public benefit status. These organizations have an annual income of 406 billion dollars in 1990, which is 7,4% of the bruto national income. Figures clearly show the importance of this domain and the amounts of money that can be mobilized for not-for-profit purposes.

Tax issues when NGOs are in question are still not harmonized even in the frames of the European union. The European Commission by its publications⁵⁰ has encouraged non-for-profit organizations active in EU to create international NGO partnerships, in order to benefit from the existing single market. Estimations are that over 50% of all NGOs would have difficulties in establishing partnerships. The reasons are fiscal barriers (21%), legal barriers (19%) and administrative barriers (29%), and that is the reason why it is asked for additional regulation that would overcome these obstacles.

Referring to tax issues in Macedonia, it must be mentioned that some elements of NGO activities may be found in different laws because of the equal treatment with other for profit entities. These laws are the Law for Profit Taxes⁵¹, the Law for Payments Turnover⁵², the Law for Property Taxation⁵³, and Customs Law⁵⁴. The Law for profit taxes allows, 3% of the total revenue that is to be treated as tax balance expenditure to be spent on for promotion, propaganda, advertisement and representation. Payments that are made for social funds (usually it is meant for humanitarian reasons) are the only ones that are also considered as tax balance expenditures. The only additional exemption are stipends that are given to top athletes of the country, donations for football, books editing etc⁵⁵. Taxes are also deductible for the amounts of money invested in backward or underdeveloped or mountainous regions in the country. Also, tax deduction is getting the amount of money invested for human environment and nature protection, as well as international sport that is of significance for the Republic.

The real tax exemption is provided only in the case of organizations for professional rehabilitation and employment of disabled persons from the domain of production and service activities, which activities are completely produced or performed in special workshops (which are under special treatment). In order to obtain this kind of status, a written application must be submitted to the organ for public revenues on the basis of adequate documentation. Exemption is allowed for products that are exclusively produced in this kind of workshops or firms that have at least 20 employees out of which 40% with psycho-physical defects. They are also obliged to sell to final consumers directly through selling places of their own (stores,

⁵⁰ Communication from the Commission on Promoting the Role of Voluntary Organizations and Foundations in Europe COM (97) 241. Alliance, vol.3, no.1 1.98

⁵¹24 December, 1993 Number 80, Page 1967

⁵²24 December, 1993, Number 80, Page 1971

⁵³24 December 1993, Number 80, Page 1976

⁵⁴2 April, 1993, Number 20, Page 401

⁵⁵Profit tax rate is 30%.

warehouses, storehouses) and to be marked with uniform trademark. This trademark is to be determined by the Government.

The Law for Property taxation provides tax exemption for buildings and land that are used for educational, cultural, scientific, social, health, humanitarian and sport aims. The exception to this rule is being made about buildings that are in economic exploitation or are rented. Under this article exempt are also the properties of religious communities and the ones that are used for performing religious ceremonies, as well as buildings that are used as their offices residence (except the ones that are used for economic purposes). Here are also mentioned buildings that serve as places for qualification, professional rehabilitation and employment of disabled persons.

Heritage and gift tax exemption are being made for taxatively enumerated humanitarian and social institutions, Red Cross branch organizations, scientific, educational, cultural institutions and religious communities for the gift that have accepted as real estate or mobile property, funds etc. (Article 17)

Customs law has provided several cases that are not subjected under the obligation to pay customs. Here are mentioned all types of printed or copied (recorded) materials from the field of culture, education and science. In the same group are listed all types of materials that are received for free from abroad, and which are intended exclusively for participants in international symposiums, conferences and similar meetings that are held in Macedonia. Except individuals like scientists, writers and artists for their personal work, as well as disabled persons for orthopedic and other appliances that are directly customs exempt, under this regulation are enumerated other type of organizations too. Speaking about scientific, educational, cultural, sport, humanitarian health, social and religious aims for protection of human living and working environment and for professional qualification of temporarily unemployed workers, customs are not paid by state organs, enterprises and other legal persons and entrepreneurs.

Same treatment is given to the goods that are not produced in Macedonia for enterprises, artist's associations and other organizations that are occupied with scientific, research, educational, cultural activity and technical culture, with cultural-artistic activity, with activities of protection of objects of cultural value, with news and editing activity or with activities on radio, TV or cinematography, as well as activities linked with sports and physical culture. The Red Cross of Macedonia is especially mentioned to be customs exempt for the goods that are imported from abroad to serve humanitarian aims. Enterprises and other legal persons are exempt for the free goods accepted from abroad, or currency too, if they are intended for eliminating consequences from elemental catastrophes (earthquakes, floods and wars), with the condition those goods to be imported during the time limit determined by the Government. The field of health is mentioned separately, having enterprises and other legal persons customs exempt for import of specific equipment, devices and instruments for health and for spare parts and consumable material for using that equipment that are not produced in Macedonia. Also, enterprises that employ disabled

persons are exempt for specific equipment, spare parts and consumable material that is going to be used for rehabilitation, employment and learning a new skill by them.

Because economic activities are not enough developed yet, there are still no allegations that there were efforts by NGOs to avoid taxes. Privatization process is still going on in the state, but up to this moment it has not touched this sector. Generally speaking we could not estimate large number of assets or property in NGO's possession, that would stimulate big interest for opening this process at this moment.

Businesses should also be included in order to develop new systems of collaboration with NGOs for creation of partnerships on a wider scale. So far, this relation has not been particularly strong, since businesses seldom volunteer to cooperate with NGOs, though they occasionally sponsor NGO activities. Especially important in this sense is to legally anticipate tax deductible donations⁵⁶, which would serve as a motivation to businesses to allocate some of the tax money for concrete purposes.

Dilemmas on VAT

When taxation is in question, one should not neglect the role of VAT in relation to NGOs. Some tax benefits must be anticipated, especially concerning NGOs which have officially obtained a public benefit status. In fact this would be the result of certain favorable state policy towards those NGOs whose work is for the benefit of the wider society. Of course, there is the necessary caution of VAT use and abuse, and some practical problems concerning its application are still open (at present there is a debate on this in The Netherlands). In general, lower VAT rate should be applied to NGOs whose primary goals would be the advancement of health, science, education, culture or those that fight against poverty (humanitarian organizations).

VAT is still not adopted in Macedonia, but it is expected that the VAT law which is in preparation to be on power from 1999. The draft is considering two taxation rates: 24% and 5%. The lower one among other things is planned to be applied on NGOs⁵⁷ for the goods and services they are offering, under the condition not to distort normal market competition. Another idea that has been suggested is to have NGOs zero rated, but this would be a matter of policy choice, since not always this alternative is found effective (due to complications being out of the system and thus being unable to refund VAT input, or too much administration and paperwork). The essence that should be kept is that NGOs should have more favorable tax treatment, together with adequate control in order abuse to be avoided. If happens that NGOs are working on projects accepted and financed by the government, there should also be a favorable tax treatment.

Public Benefit Status

The new Law does not directly address the public benefit status. Instead, in Article 12 is defined that an NGO may be confined by the state to perform certain

⁵⁶ Tax free on donor's donations to NGOs-charities

⁵⁷ Article 29 number 13 from the draft

duties based on public authorization (similar provision has the Hungarian Law). The organization is expected to fulfill several basic criteria, like: the scope and nature of activity; professional aims of the organization, satisfactory organizational capacity etc. Article 13 generally defines that associations and foundations may be tax and customs exempt in accordance with other laws that regulate that area. So far, tax benefits have not been elaborated yet. This falls under the duties of the Ministry of Finance, which should be in charge for the future determining of whether an organization should obtain a public benefit status or not. Explaining benefits from public benefit status: profit tax exemption (economic activities), property tax, sales tax, ability to receive tax deductible contributions. At this point accent should be given primarily to the need of solid legal foundation on which the sector will function.

Looking on other countries' experience, Russia has lately adopted a new tax law where the state has got the authorization to acknowledge NGOs as charity. By this principle, NGOs should comply to very severe criteria: to generate their income from voluntary donations, given by individuals or legal entities, or from passive economic activities, like investments or immobility's rent. These organizations do not have the right to sell goods, to charge for any kind of service etc. On the other hand Hungary has a new tax measure that allows taxpayers to have the right to nominate 1% of their income tax to NGOs. This is allowed only if it is in question a public benefit NGO, under the condition to have worked for at least three years without making a public debt.

Current Economic Trends

One of the most serious problems of the country is the level of unemployment. Government has introduced new measures for diminishing the number of illegal employment. For the next two years it is planned for every new employment to be released from paying social contributions for the pension fund, health insurance and employment fund. Money which are intended to cover the fund are reallocated from the budget (60 million DEM were put aside as a financial basis). After this measure has been put to power, up to the first week of March 1998 there have been officially registered 16.000 newly employed, out of which 6.000 did not fall under the new measures determined by the Government.

Population structure in the country over the age of 15- men: employed 45%, unemployed 22%, non-active 33%; women: employed 24%, unemployed 17%, non-active 59%.

	<i>Active population</i>	<i>Active population</i>	<i>Active population</i>	<i>Non-active population</i>
	Total	Employed	Non-employed	
Total	800513	512301	288213	689112
15-24	136486	35201	101285	170725
25-49	548060	375431	172629	162918
50-64	106611	93408	13203	188425
65 and more	7138	6667	471	153171
Unknown	2218	1592	626	3873

According to statistics at present there are 250.000 registered unemployed persons, out of which by the age of 24 are 94.411⁵⁸, that is 37,5% of the total. The total active population by the age of 24 is 135.787 persons, which means that 69,5% of this population is the one which is the most struck by unemployment. This population is the most absent from the production process and for that reason very frequently they migrate from the country. According to data from the 1991 census to 1994 around 80.000 persons left the country. Among them there were many persons with high education. The number of unemployed by the end of 1997 was 288.213. The official percentage of unemployment is 31% (in 1997) but IMF according to its internal analysis considers that the number is lower (somewhere between 15 and 20%). Around 60.000 are receivers of social help.

This year (1998) was established a wide front of infrastructure investments and in the near future are expected larger foreign investments in the country. Convenient characteristic of the Macedonian economy is that the taxation level is halved down (from 30 to 15%) and that the country has a cheap labor force. These two characteristics perfectly match with forcing the small and medium size business (and especially with the idea of non-taxing new employments⁵⁹). Measures will give results only if at the same time are attracted new investments and production increases. By December 31, 1997 privatized enterprises by sectors have been the following: industry 36%, agriculture 9%, construction 9%, trade 27%, transport 4%, finances 8%, craftsmanship 4%, tourism 3%.

Around 40% of state expenditures or 15% of BNP⁶⁰ are directed to covering social needs, that is towards closing the holes in social funds. According to IMF the so far 15% should be lowered down to 12% (by using the combined system of social insurance). Public expenditure in Macedonia (budget, local self-government budget, social funds and fund for roads) in the period 1994-96 was in average 47% of BNP. In absolute figures, public expenditure in 1998 will increase for more than 6% in comparison with last year, but it is diminished its presence in BNP. From 41,5% BNP in 1997, the state for its aims and functioning will spend 40,10% of BNP, which means decrease of 1,4% will occur. IMF advises that it is necessary in the period 1996-1999 to have the figure decreased to 37,7%. Estimating the present economic development phase and the economic region where Macedonia is located, public expenditure should be moving somewhere around 30% of BNP.

When creating the national economic strategy one should always bear in mind that the country has a limited market and not enough developed structure. Basis for stable economic policy can be achieved through measures that will ensure macroeconomic stability, fiscal balance and budget balance. Although favoring certain

⁵⁸ According to data from the National Bureau of Statistics published recently, the number of unemployed up to the age of 24 has exceeded the number of 100.000 persons.

⁵⁹ In small businesses working hands expenditures are present in more than 50% of expenditure structure.

⁶⁰ Bruto national product

sectors is a dynamic category, in the Republic of Macedonia as preferable sectors are considered: non-metal processing industry, machine industry and metal processing industry, chemical industry, textile industry and food processing industry.

In 1997 the gross domestic product of the country increased by 1,5% which level was quite below the planned growth of 5,0%⁶¹. In this percentage of growth of the domestic product industry has the share of 19.2% and has made only 1.3% of growth. Investments share in gross domestic product in 1997 were 17.1% and this year private sector investments increased considerably. Still, the general level of investment is low, due to insufficient accumulation, discouraging influence of banks' high interest rates and insufficient foreign capital flow. In the period June 1997/June 1998 the industrial production growth raised for 10.0%, while during the first six months of 1998 raised even more- 10,3%. The so far highest level of deflation (1,7%) was in June 1998.

Conclusions and Recommendations

NGOs can play a significant role in peace preservation in Macedonia and the Balkans through maintaining and improving communication between ethnic groups in the countries. Thus can be established a network for crisis prevention, which would have big influence upon softening the dissatisfaction and conflicts in turbulent areas. NGOs are requested to intervene when there is hatred expressed between different ethnic or other groups in the country, and to react on governmental policy in cases when human rights are violated. They are supposed to be the carriers of avant-garde ideas and behavior and they are held morally responsible for building confidence and democratic values. The goal is to build confidence between different ethnic groups, to talk about their identities and relations, to promote values like tolerance, nonviolence, solidarity and cooperation on national or local level, etc. This can be accomplished through peace education, conflict resolution and "training the trainers" programs, citizen participation, protection of women's rights and making efforts to achieve social justice.

NGOs should taking part at the calming down efforts and the free and self critical expressing of personal thought and attitudes. Their task is to give a versatile stimulus and contribution in showing the points of possible communication between the groups and developing the common basis shared by the opposing sides. Offering intellectual help and support for the effort of better conflict understanding and solving is in fact implementing a practicable and rational element at the common climate of possible ethnic and confessional euphoria. If there exists any real and sincerely expressed will for activity in this direction, it is absolutely certain that success shall not be absent.

In order mutual isolation among ethnic groups to be overcome, NGO's practical and political activities should be attached to the problems and components of everyday life. More specific, a long-term process is necessary, that would comprise the economic area (especially to tackle the unemployment problem) and improving the

⁶¹ National Bank of the Republic of Macedonia, Annual Report 1997

culture, education and infrastructure living conditions. What is more, programs that urge collaboration between different ethnic groups can be initiated. Initiating stronger regional cooperation shall help in overcoming problems with neighboring countries.

Aiming the activities toward realization of common goals could be useful for the whole community. In this sense information exchange would also help, for the adjustment towards the existing cultural mosaic, and towards mutual respect of values. Paralelly can be included institutions or organizations who's field of occupation are conflict resolution programs, summer schools and other initiatives, affecting in educating or humanitarian way upon the population. Financing activities that would engage NGOs belonging to different ethnicities, in order to enhance cooperation and communication.

It is also necessary to define the economic sectors where NGOs can be more involved, to bring innovative measures and ideas in the field of job creation, offering equal opportunities for men and women, organize actions in favor of groups in difficulty, seeking and developing international projects, have specialized training, seek new social partners and professional associations. This can be done through promotion of local development agencies, networks and partnerships, together with focusing on local development policy, notably in rural areas and urban areas in crisis. Another way would be to recruit interested persons from the vulnerable groups to become involved in the activities (disabled, long-term unemployed, young people seeking their first job, etc), or organize information campaigns aimed at fostering local demand for services offered.

Vigorous competition may be accomplished, bringing better quality in project's performance. NGO activists can be directly interested in the project's effects, encouraging volunteerism, skillfully seeking for grants, contracts or donations, presenting high quality goods and services on cost-effective basis. Tracing the real needs, responding on them adequately and on time would be the most efficient materialization of ideas and interests. Then would follow the selection of domains where ideas and activities are mostly needed, together with the plan of action and alternatives how to achieve it. This sector can potentially grow to become very powerful, solving in a much more rational way many problems that the state would spend much more time and resources to achieve the same effect. And exactly this feature is the most powerful weapon NGOs have as a factor that will enhance their longevity and further develop civil society.

NGO initiatives must take measures for empowerment of disadvantaged groups and to enhance their abilities to respond the growing needs. People should learn that they can make things work on their own, instead of waiting from a higher instance (usually the state) to take care of some of their problems. This new attitude introduces a new ideology and way of thinking, putting the citizens as a decisive factor where it is possible. Initiatives that are awarded with success may enhance the courage and self-confidence of citizens. There is no clear notion among people about wide sector possibilities, having in mind only the existing NGOs in the country. This is because if we exclude the persons already interested and involved in this sector,

there is a general lack of knowledge, experience and widely disseminated information about the potential that lies in this field.

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