

North Macedonia

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Introduction

Local self-government and questions of local democracy were not a priority for the governments of Macedonia in the early stages of its transition period (1992). By 1995 a framework of basic legislation² was in place; however major initiatives for legislating this area only emerged in 2002, when the new Law on Local Self-Government was adopted.

For a long time, local democracy was seen through the prism of the ethnic conflict (2001) and the Ohrid Framework Agreement³. This gave the process of democratisation of local communities a political connotation. The real needs of citizens were not recognised as goals of decentralisation.

Prior to 2004 the territorial organisation of the then Republic of Macedonia consisted of 32 municipalities. The new Law on Territorial Organisation of Local Self-Government (2004) provided for 123 municipalities. In 2013, the number of municipalities was reduced to 80. The relative novelty of local government can be considered a reason for the delay in decentralisation and democratisation of local communities.

About ICLD

The Swedish International Centre for Local Democracy (ICLD) is part of the Swedish development cooperation. The mandate of the organization is to contribute to poverty alleviation by strengthening local governments.

This report is part of a publication series that investigates local democracy in the 19 countries where the ICLD municipal partnership programme operates.

This report covers events up to 31 May 2019. Events occurring after this period are not considered.

With the EU Instrument for Pre-Accession Assistance (IPA 2014–2020), regional development was set as a separate goal. This contributed to the importance of local democracy in local development perspectives. The regional component of the IPA Mechanism supported: a) strengthening the capacity of local government and local institutions; b) building local partnerships; c) building platforms for greater citizen participation in the local development processes.

Civil society organisations (CSOs) took a leading role in achieving these goals. Large European grants and sub-grants significantly strengthened the capacities of CSOs, and today they represent an important resource point (in terms of human resources) in local communities. In general, 95 percent of the funding for running the CSOs

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² Law on Local Self-Government - 1995 (Official Gazette 60/94), Law on Territorial Division 1995 Law on Local Elections - 1996 (Official Gazette 49/96); Decree on the proclamation of the Law on Ratification of the European Charter of Local Self-Government (Official Gazette 23/97), the Strategy for Local Self-Government Reform, 1999;

³ The Ohrid Framework Agreement is the peace deal signed by the government of North Macedonia and ethnic Albanian representatives on 13 August 2001

comes from foreign donors (such as the EU and USAID). There are already initiatives to establish an enduring cooperation between local governments and CSOs, whereby CSOs will receive regular funding from the municipalities. There are a number of positive practices for good cooperation and solid results in providing quality public services. The city of Strumica and the city of Bitola are good examples of this. The CSO sector (albeit divided and mainly profit-oriented) has the capacity to mentor the process of involving citizens in decision-making. More efforts are needed to include the rural population (42 percent of the total population) in civic initiatives, especially women and girls in the rural population, who live in almost complete social exclusion.

General country analysis

The Constitution (Article 114) provides a broad framework for the development of local self-government. The Ministry of Local Self-Government is envisioned as a central institution with exceptional competences determined by the Law on Local Self-Government (2002). However, in reality, this ministry has shown a lack of initiative and lies in the shadow of the government's other priorities. Analyses show that municipalities have weaker cooperation with this ministry, in comparison with better cooperation with the Association of Local Self-Government Units (ZELS) (Jovanova, K., Lazarova Krstevska, M., Dalipi, L and Dimovski, M., 2014). In the structures of local governance, special competences are given to the local organisation of the City of Skopje (with special legislation). Initiatives by local communities (self-organisation of inhabitants within a neighbourhood or small settlement) are very scarce due to their marginalisation. With the 2002 Law they ceased to be legal entities or have their own budget, which reduced their capacity to take on civil initiatives. Studies show that the demands and ideas of these small autochthon

communities are not heard by the local government, which decreases their motivation for activism, and thus they lose legitimacy in the eyes of the people.

Fiscal decentralisation

The main source of funding for local communities is the central government. Thus, 60 percent of municipal budgets come from the national central budget, and this jeopardises the autonomy of local self-government. Almost 30 percent of municipalities have a liquidity problem, and municipal debt in 2017 exceeded €80 million. This meant that schools, hospitals and other public institutions could not meet the basic needs of the citizens. In order to overcome these conditions, the central government, by law, covered part of the debts.

There is a lack of fiscal management at local level, which is reflected in the inadequate planning of municipal budgets. Most of the financial resources are spent on salaries of the extensive local administration. The state owns and therefore manages significant parts of the land and the infrastructure in the country. There is an intention to transfer the right to govern from central to local level. However, corruption at the local level slows down this process.

Municipalities struggle to be financially sustainable. Although the Law on Local Self-Government stipulates that municipalities will be financed through taxes, only 4.5 percent of VAT and 3 percent of personal income tax remains in the municipalities. Public fiscal redistribution initiatives are under way, giving the municipalities the opportunity to have regular revenues necessary for the functioning of local development.

A low quality of life (poor infrastructure and poor quality of public services) is prompting mass migration of citizens from local

communities. There are currently very few professionals (such as doctors, teachers, engineers) in these areas. Uneven regional development and depopulation of agricultural regions are real problems.

Political decentralisation

Political parties play a prominent role in political life. Party dominance influences the election of mayors, who are elected according to their party merits, and not because of their personal organisational and managerial abilities. This means the local government does not draw legitimacy from the citizens, but from the political party that has stood behind it in the election. A special culture of local authority has been developed, the so-called 'local-power-holders' for whom public interest is not a priority. However, the elections are held in regular intervals and they largely observe democratic election procedures.

Furthermore, apart from elections, the law provides for other forms of citizen participation. Among them are civic initiatives to articulate the needs of citizens. This is the case in the capital Skopje, where 34 percent of the total population lives; however in other municipalities, civic initiatives are less common and generally are used to support local governments. Referendums providing direct participation of citizens in local decision-making processes are very rare and generally are advisory and non-binding.

Conclusion: possibilities and barriers for municipal partnerships

There is great debate about democratising local communities, which focuses on the following topics:

- Mobilisation of local actors and the strengthening of their capacities in using the EU instruments for pre-accession assistance. The advanced municipalities are generally located in the border zones, and they regularly use cross-border funds.
- How to achieve greater cooperation between local authorities and CSOs. We are not far from Radulovic's view that 'It seems that in the Western Balkans co-operation between CSOs and local authorities is forced' (2018). However, even if forced, such cooperation is better than nothing, given that it still creates a platform for citizen participation.
- Monitoring and accountability of local authorities. It is a completely new approach that municipalities are already beginning to adopt and apply (albeit only declaratively).⁴ Several initiatives have been taken to help small, primarily rural municipalities form web pages, and others to update their existing public data.
- Municipalities function as 'fortresses'. This refers to the closed nature of the sessions of the Municipal Council. Currently there are many initiatives and requests by CSOs to attend council meetings and to conduct public debates prior to making decisions.
- The idea for e-governance at local level is being promoted for proper information and interaction with citizens.

⁴ Since there is no specific law regulating this domain of local self-government, other regulations or by-laws apply (the Law on

Local Self-Government, the Law on Free Access to Information, and the Law on the Use of Public Sector Data).

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