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REPORT

ON THE ENABLING ENVIRONMENT FOR CIVIL SOCIETY DEVELOPMENT IN MACEDONIA 2014

Simona Ognenovska

INVOLVEMENT OF CSOS IN
PUBLIC POLICY CREATION
AND LAWMAKING PROCESSES



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OF ASSOCIATION

FREEDOM
OF PEACEFUL
ASSEMBLY

ENCOURAGING POLICIES FOR
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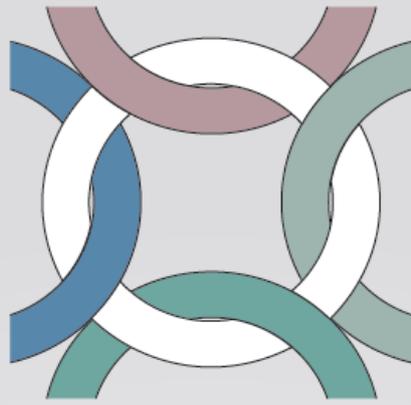
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BALKAN CIVIL SOCIETY DEVELOPMENT NETWORK



Balkan Civil Society Acquis Strengthening the Advocacy and Monitoring Potential and Capacities of CSOs

Monitoring Matrix on Enabling Environment for Civil Society Development - Country Report -

COUNTRY REPORT FOR MACEDONIA



Project funded by the European



Report on the Enabling Environment for Civil Society Development in Macedonia 2014

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List of Abbreviations

AEC – Agency for Electronic Communications
AVMU – Agency for Audio and Audiovisual Media Services
AMS - Agency for Youth and Sports
BCSDN - Balkan Civil Society Development Network
BTD – Balkan Trust for Democracy
CFCD - Central Financing and Contracting Department in the Ministry of Finance
CRM - Central Registry of the Republic of Macedonia
CSDev – Civil Society Development
CSO - Civil Society Organization
CSR - Corporate Social Responsibility
DEU – Delegation of the European Union
DG - The Directorate General
EC - European Commission
ECNL - European Center for Not-for-Profit Law
ENER – Unique National Electronic Register of Regulations of the Republic of Macedonia
EU - European Union
ICNL – International Center for Not-for-Profit Law
IPA - Instrument for Pre-Accession Assistance
LAF - Law on Associations and Foundations
LDSPA- Law on Donations and Sponsorships in Public Affairs
LEEP – Legal Enabling Environment Program
LGCEG - Law on Games of Chance and Entertainment Games
MC - Ministry of Culture
MCIC - Macedonian Center for International Cooperation
MD - Ministry of Defense
MEPP - Ministry of Environment and Physical Planning
MF - Ministry of Finance
HCHR - Helsinki Committee for Human Rights of the Republic of Macedonia
MIA - Ministry of Interior Affairs
MISA - Ministry of Information Society and Administration
MJ - Ministry of Justice
MLSP - Ministry of Labor and Social Affairs
NCDV - National Council for the Development of Volunteering
NCEI - National Council for European Integration
NGO - Non-Governmental Organization
OGP – Open Government Partnership
OSCE - Organization for Security and Co-operation in Europe
PRAG - Practical Guide to Contract Procedures for EU External Actions
PBO - Public Benefit Organizations
PRO - Public Revenue Office of the Republic of Macedonia
RIA - Regulatory Impact Assessment
RM - Republic of Macedonia
SIOFA – Secretariat for Implementation of Ohrid Framework Agreement
USAID - United States Agency for International Development
VAT – Value Added Tax
ZKK - Macedonia Civil Society Joint Consultative Committee



1. Executive Summary

1.1. About the project and monitoring matrix on enabling environment for civil society development

The Report on Monitoring the Enabling Environment for Civil Society Development is a key activity of the “Balkan Civil Society Acquis-Strengthening the Advocacy and Monitoring Potential and Capacities of CSOs” project funded by the European Commission. The report was first developed in 2013 and is the first of this kind to be published on a yearly basis in the next two years. The monitoring is based on the Monitoring Matrix on Enabling Environment for Civil Society Development (CSDev) developed by the member organizations of the Balkan Civil Society Development Network (BCSDN) with support of BCSDN executive office and the European Center for Non-profit Law (ECNL). The report is part of a series of country reports covering 8 countries in the Western Balkans and Turkey¹, which will be summarized into a regional Monitoring Report, including the findings and recommendations for all countries and a web platform offering access to monitoring data for each country.

The Monitoring Matrix is based on the main principles and standards that have been identified as crucial in order for the legal environment to be considered as supportive and enabling for the operations of CSOs. The Matrix is organized around three areas: (1) Basic Legal Guarantees of Freedoms; (2) Framework for CSOs’ Financial Viability and Sustainability; (3) Government – CSO Relationship. Each area is further divided into sub-areas. The formulation of principles, standards and indicators takes into consideration the current state of development and specifics of the Western Balkan countries and Turkey and are based on the internationally guaranteed freedoms and rights and best regulatory practices at the EU level and in the European countries.

The purpose of the matrix is to define the optimal conditions necessary for effective functioning and development of civil society as well as to provide realistic framework that would be monitored and implemented by the state and its bodies. The indicators are defined for monitoring the legislation and its application in practice, having in mind that the main challenge is exactly in the application.

¹ Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Turkey.



1.2. Civil Society and Civil Society Development in Macedonia in 2014

Civil society organizations in Macedonia continue to operate in a relatively enabling environment. The legal framework that supports and enables the functioning of civil society is solid, by guaranteeing the freedoms of association, assembly and expression. The legal framework also provides mechanisms for cooperation and dialogue between the government and civil society, and ensures the involvement of civil society in policy making and law drafting processes. *Positive change in the legal framework observed in 2014 is the exclusion of civil society organizations from the obligations imposed by the Law on Prevention of Money Laundering and Other Proceeds from Crime and Financing Terrorism.* However legal solutions are still lacking for fully enabling legal framework for the development of civil society in Macedonia that would ensure and stimulate the long-term, primarily financial sustainability of civil society.

The survey report on enabling environment for civil society development did not record in practice any direct interference of the state in the work of the civil society organizations, but CSOs point to cases of indirect pressures and restrictions.

The provisions of the tax laws relating to civil society organizations are not supportive enough. In general, civil society organizations are equal to other legal entities, such as profit generating entities. Payment of personal income tax on material and travel costs and not recognizing this tax as an eligible cost of the projects funded by the local DEU burdens the CSOs. Also the fees for contributions according to the amendments of the Law on fringe benefits in the area of mandatory social insurance, burden the work of CSOs. In 2014 civil society organizations have initiated changes in tax laws, specifically to the Law on Profit Tax and the Law on Personal Income Tax. In order to specify the provisions on tax incentives and possibility to obtain the status of public interest organization for donations that are not-contracted, if the recipient is an organization with basic activities in the domain of public interest, changes were introduced to the Law on Donations and Sponsorships in Public Activities in December 2013. However, new measures regarding the procedure for obtaining approval for public interest continued to be non-functional or very complex in practice.

State funding, including funds generated from games of chance and entertainment (lotteries) is not reformed. There is a lack of institutional support from the state to civil society organizations, as well as co-financing of EU and international projects. The state allocates approximately four million euro annually through the budget (item 463 Transfers to non-governmental organizations), but they do not suit the needs of civil society organizations (considering that the amount include trade unions, religious communities, political parties). Also the amount of money is small and is not comparable with the support given to organizations in the countries of the region (e.g. Croatia, Montenegro, Slovenia, etc.). The procedure for granting funds is insufficiently transparent in practice to allow fair distribution of funding for civil society by the state. In terms of improving transparency and establishing clear criteria for state funding, the Unit for Cooperation with NGOs in November 2014 prepared draft decision on the conditions for the allocation and use of funds from the Budget of the Republic of Macedonia for financing the program activities of associations and foundations, which was released for online consultation. Although the draft decision regulates the allocation of funds for programmatic support, the overall system of providing state funding for CSOs remained unchanged.



Essential civic dialogue on issues of importance to the development of civil society in Macedonia is still absent in practice. There is a basis for development of civil dialogue, but there is also need for institutional upgrading and practicing of public policy. At the end of November 2014, draft decision on the establishment of the Council for promotion of cooperation, dialogue and stimulating the civil society development was released for consultation, which is a step forward and indicates to the possibility of building partnerships and dialogue between representatives of the Government and civil society organizations. Modest progress in practice is observed in the existing institutions and mechanisms for cooperation between government and civil society organizations. The Unit for Cooperation between the Government and CSOs continue to function within the General Secretariat of the Government of the Republic of Macedonia but is not yet fully operational in the pursuit of its mandate as a result of the lack of independence in decision-making and its own budget to carry out its role. Also, the second Strategy of the Government for Cooperation with the Civil Society (2012-2017), after the second year of its implementation has modest progress in the implementation of the planned measures and activities (in 48% of the measures no progress had been made, and only two measures are fully implemented). A key part of the implementation of the Strategy are the two draft decisions (for establishment of the Council and Act for transparent and accountable state funding) developed at the end of 2014.

Civil society organizations are insufficiently involved in the policy making and law drafting by the state administration bodies. The standards set for the involvement of civil society organizations are not entirely respected by the state administration on one side, while the interest and initiative of civil society organizations is still low on the other side.

This dynamics and development of enabling environment for the civil society in 2014 posed more challenges:

Basic legally guaranteed freedoms

Law on Associations and Foundations is solid and progressive, hence a challenge remains to amend other laws related to it (tax laws) and bylaws, as well as consistent enforcement.

The right to freedom of public assembly continued to be significantly practiced. Efficiency and better organization and solidarity of civil society organizations in situations when they represent the common interests for the development of civil society, regardless of the method of action, are necessary. Respect of the rules for securing a peaceful rally by police and authorities, and strengthening of their capacity to provide professional security.

Informal association is becoming increasingly important, but it is a challenge to keep the originality of the initiatives and contribute to maintaining of their independence from any other stakeholder (e.g. political parties).

Framework for financial sustainability of civil society organizations

A key challenge is to reform the entire process of state funding for civil society organizations, given the lack of direct support for CSOs by the state, particularly institutional support and co-financing of international and EU projects by the state administration bodies. Especially important is to start reform of the distribution of income from the games of chance and entertainment games (lotteries). Adoption and implementation of the announced draft decision on the conditions for allocation and use of funds from the State Budget for financing the program activities of associations and foundations, is also a challenge.

The equalized role of civil society organizations with other legal entities in the provisions of the tax laws continues to be a challenge. Changes are needed in three key areas: the Law on Profit Tax, Law on Personal Income Tax and the Law on Donations and Sponsorships in Public Activities.



Although the Law on Donations and Sponsorships in Public Activities has undergone some changes in order to ensure its functionality and encouraging donations, it is necessary to monitor its implementation and its improvement.

Relationship between the government and civil society

The government and state administration bodies need to express a clear political will for the development of civil society by establishing and actively participating in the functional mechanism for dialogue with civil society.

One of the challenges in improving relations between the government and civil society is the successful establishment of the Council for promotion of cooperation, dialogue and stimulating the civil society development as a body with mixed composition. Also civil society needs to be organized with a clear goal for the development and functioning of the Council to facilitate and actively support the whole process of its establishment.

Besides establishing the Council, the Government and civil society organizations with joint efforts need to show willingness and interest in upgrading and full implementation of the existing institutional framework and strategic document for cooperation of the government with the civil society.

Timely and quality involvement of civil society in policy making and law drafting is necessary. Namely, this will be provided by fully respecting the established standards for involvement by the state bodies (especially with timely information on legislative proceedings, observing the minimum legally set deadlines for providing advice and feedback), as well as increased interest and pressure to use the right of participation by civil society organizations.



1.3. Key Findings

Some of the main findings in this report have been previously identified in the first report (2013) on monitoring enabling environment for the development of civil society. In the first area, legislation and practice related to freedom of association and assembly, the situation remains largely unchanged. The findings relating to the key issues of the second area (state funding and legal decisions on tax laws) remain again largely unchanged. The third area that examines the relationship between government and civil society organizations indicates a lack of political will for substantial cooperation despite the initial steps for the establishment of the Council for promotion of cooperation, dialogue and stimulating the civil society development. Additionally in this report the importance is placed on fully involving civil society in the preparation of laws and policies. The most important novelties in the findings of the 2014 report are the two draft-decisions of importance for the development of civil society: the establishment of the Council and regulation of the procedure for allocation of state funds for CSOs. Also important novelty is the change to the Law on Preventing Money Laundering and other Proceeds of Crime and Financing Terrorism, according to which civil society organizations were exempted from provisions that impose potential difficulties in operation and imbalances in penalties.

Although the issues that are important for the development of civil society are set out in the findings, their inappropriate implementation continues as well as the lack of political will by the relevant institutions, and for some issues there is a lack of active and organized civil society organizations. In addition, six main findings are presented, two findings for each area that was subject to monitoring, which emerged as the most important to address:

No.	Top 6 findings from the report.		
1	Law on Associations and Foundations provides a good basis for progressive legal framework for freedom of association. It is not yet fully functional, primarily due to bylaws related to state funding that have not been adopted, as well as inappropriate tax laws and dysfunctional status of public interest.	Area	1
		Sub-area	1.1
2	The legal framework for freedom of assembly is in line with international standards and continued to be practiced in 2014. However, there were daily political abuses and isolated cases of restricting the gathering venue, presence of excessive/ disproportionate presence of police force at the peaceful assemblies.	Area	1
		Sub-area	1.2
3	Civil society organizations have no tax relieves, they are equalized with profit entities in respect of tax laws and tax relieves. The procedure for obtaining status of public interest donations provided by the Law on Donations and Sponsorships in Public Activities proved to be not functional or complex.	Area	2
		Sub-area	2.1
4	State funding (including income from games of chance and lotteries) is not sufficiently developed and is not a significant source of sustainability for civil society organizations in a situation of reduced support from donors. There is a lack of institutional support for civil society organizations, as well as co-financing of EU and international projects. The draft decision on the regulation of transparency and accountability in the allocation of state funds for organizations is only one part of the necessary reform of the entire system.	Area	2
		Sub-area	2.2
5	The dialogue between the Government and civil society continues to be underdeveloped. The prepared Act on establishing the Council is a step towards improving the institutional cooperation between the Government and civil society organizations.	Area	3
		Sub-area	3.1
6	There is a lack of strict adherence to the rules for involvement of civil society organizations in policy making and law drafting by the state bodies (timely information for open consultation, respect of the legal deadline for consultation and the obligation to provide feedback on the given observations and comments).	Area	3
		Sub-area	3.2



1.4. Key recommendations

The recommendations from the report relate to amendments of the policies and legislation, but above all efforts are needed to improve the practical implementation of laws. Especially important is the solid frame for assembly and association, to be fully respected in practice. Frequent holding of peaceful gatherings as a way to influence certain policies should be fully secured and allowed by the relevant authorities and police. Tax incentives are also required as well as further enhancement of the functionality of the Law on Donations and Sponsorships in Public Activities. Reforms to the system of state funding which should ensure financial sustainability of civil society are key. Improving transparency and accountability in the distribution of state funds, is a process that should take place in parallel to the overall reform.

Cooperation and dialogue between civil society and government should be secured and promoted. One way to achieve this is through the establishment and functionality of mixed body - Council - which will consider issues of key importance for development of civil society. Additionally, existing institutional system for cooperation should be upgraded, and it is necessary to have political will for implementation of existing policies for the development of civil society and its involvement in the policy making and law drafting process.

No.	Top 6 recommendations for reform		
1	Establishing a fully functional legal framework by adopting bylaws of LAF (related to state funding) and changes in tax laws in the provisions referring to civil society organizations. Also benefits should be provided (tax relieves, etc.) for organizations having the status of public interest.	Area	1
		Sub-area	1.1
2	Full application and respect of freedom of assembly by the institutions and the police, especially in cases of peaceful assembly without prior request for approval. Furthermore, it is necessary to strengthen the capacity of institutions and the police to ensure freedom of assembly.	Area	1
		Sub-area	1.2
3	Changes are needed in tax laws (Law on Personal Income Tax and the Law on Profit Tax) and tax relieves for civil society organizations, as well as analysis of the implementation of the Law on Donations and Sponsorships in Public Activities under the new measures and improvement of its functionality.	Area	2
		Sub-area	2.1
4	Full reform of the state funding is required, and despite the project support, it is necessary to provide institutional support and co-financing of EU and other international projects of civil society organizations. The reform of the system for allocation of funds from games of chance and entertainment is key.	Area	2
		Sub-area	2.2
5	Establishment of the Council for promotion of cooperation, dialogue and stimulating the civil society development as a mixed body and ensuring its functionality. In the process of its establishment, active involvement is required by the civil society and state administration.	Area	3
		Sub-area	3.1
6	Mandatory compliance with the minimum standards for involvement of civil society in the process of policy making and law drafting by state administration bodies on one hand, more activities and joint action by civil society in these processes on the other hand.	Area	3
		Sub-area	3.2



2. Introduction

2.1. About the Monitoring Report

The Macedonian Center for International Cooperation (MCIC) is striving to contribute with one of its several long-term goals towards rooted and dynamic civil society, which is actively involved in the creation of public policies and therefore, creating enabling environment that supports the functioning and growth of civil society organizations is in the focus of MCIC activities and part of its strategic goals. The report monitored the enabling environment for civil society development in Macedonia for the period of January to November 2014. The report also reviewed the developments in the national legislation and policy making important for the development of the civil society in Macedonia. It is of particular importance that the report monitors the situation and dynamics of civil society development in practice by analyzing the key areas providing for enabling environment.

More specifically the monitoring in 2014 was carried out in three key areas through twelve core standards.

The report is generally based on analysis of secondary data, as well as gathering and analyzing data through e-questionnaire distributed to the CSOs.

The report covers the CSOs registered according the Law on Associations and Foundations (LAF), as well as the non-formal civic initiatives.

2.2. The Monitoring Matrix on Enabling Environment for Civil Society Development

The overall objective of the project is to strengthen the foundations for monitoring and advocacy on issues related to enabling environment and sustainability of civil society at regional and country level and to strengthen structures for CSO integration and participation in EU policy and accession process on European and country level.¹

This Monitoring Report is part of the activities of the “Balkan Civil Society Acquis-Strengthening the Advocacy and Monitoring Potential and Capacities of CSOs” project funded by the EU and the Balkan Trust for Democracy (BTD). This Monitoring Report is the first of this kind to be published on a yearly basis for at least the 48-month duration of the project. The monitoring is based on the Monitoring Matrix on Enabling Environment for Civil Society Development (CSDev). It is part of a series of country reports covering 8 countries in the Western Balkans and Turkey². A regional Monitoring Report is also available summarizing findings and recommendations for all countries and a web platform offering access to monitoring data per country and sub-area at www.monitoringmatrix.net.

The Monitoring Matrix presents the main principles and standards that have been identified as crucial to exist in order for the legal environment to be considered as supportive and enabling for the operations of CSOs. It underscores the fact that enabling environment is a complex concept, which includes various areas and depends on several factors and phases of development of the society and the civil society sector.

² Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia and Turkey.

This Matrix does not aim to embrace all enabling environment issues, Rather it highlights those that the experts have found to be most important for the countries which they operate in. Therefore, the standards and indicators have been

The Matrix is organized around three areas, each divided by sub-areas:

1. Basic Legal Guarantees of Freedoms;
2. Framework for CSOs' Financial Viability and Sustainability;
3. Government – CSO Relationship.

formulated with consideration of the current state of development of and diversity in the countries of the Western Balkans and Turkey. They have been drawn from the experiences of the CSOs in the countries in terms of the legal environment as well as the practice and challenges with its implementation. The development of the principles, standards and indicators have been done with consideration of the internationally guaranteed freedoms and rights and best regulatory practices at the European Union level and in European countries.

The areas are defined by key principles which are further elaborated by specific standards. In order to enable local CSOs, donors or other interested parties to review and monitor the legal environment and practices of its application, the standards are further explained through indicators. The full Matrix is available in VI. Findings and Recommendation section.

The development of the Monitoring Matrix on enabling environment for CSDev was part of a collective effort of CSO experts and practitioners from the BCSDN network of members and partners and with expert and strategic support by ECNL. The 11-member expert team spanned a variety of non-profit and CSO specific knowledge and experience, both legal and practical, and included experts from 10 Balkan countries. The work on the Matrix included working meetings and on-line work by experts, which was then scrutinized via stakeholder focus group and public consultations. The work on the development of the Matrix was supported by USAID, Pact. Inc, and ICNL within the Legal Enabling Environment Program (LEEP)/Legal Innovation Grant and Balkan Trust for Democracy (BTD).

2.3. Civil Society and Civil Society Development in Macedonia

Taking into consideration that the report dominantly refers to the organized civil society i.e. civil society organizations registered according to the LAF, in order to get insight into its characteristics data were provided from the Central Registry of Macedonia, the only state institution that manages these data.

The number of registered civil society organizations (associations and foundations) according to the data of the Central Registry of Macedonia as of December 2014 totaled to 13,656 or 6.6 organizations to 1,000 citizens. Of these 4,156 have re-registered under the Law on Associations and Foundations of 2010. If one excludes the sport associations from this number (almost 30%) there are about 1,000 active organizations in different sectors and regions in Macedonia.

The civil society in Macedonia mostly (88%) operates on voluntary basis, while small number of civil society organizations have paid staff. The current number of employees in CSOs is 1,897.

Civil society organizations are not evenly distributed across the regions in the country³. Most of them are concentrated in Skopje region, the most developed one. In 2014, 39% of associations and foundations were registered in Skopje region with 8.7 organizations to 1,000 residents. With the exception of Pelagonija region (13%), in the other six regions there are less than 10% of the CSOs.

³ Macedonia is divided into 8 (eight) regions for statistical, economic and administrative purposes (Bureau for Regional Development of the Republic of Macedonia).



Data referring to 2014 show that total of 768 organizations have been registered, while 261 organizations re-registered in the course of the year.

The civil society is still dependent on foreign donations, having in mind that the state funding for CSOs is not developed yet. The individual and corporate donations are still low, so they are not significant source of funding for the operations of civil society organizations.

Half of donor support in the past ten years went to the organizations registered in the Skopje region, but one must take into account that these funds were also earmarked for activities in other regions⁴.

According to the latest data from the Central Registry, the total revenues in 2012 amounted to about 110 million euros. Very important is the fact that the majority (85%) of organizations have annual budgets of up to 1,500 euros (less than 100.000 denars). About half of the employees and two-thirds of total revenues belong to the 100 organizations with largest budgets.

2.4. Specific features and challenges in applying the Matrix in Macedonia

The monitoring report on the enabling environment for CSDev is prepared by using the Monitoring Matrix and the tool-kit. The monitoring matrix being a complex set of areas, sub-areas, standards and indicators is almost completely suitable for monitoring and precisely reflecting the existing environment for development of civil society in Macedonia.

The monitoring report is a useful tool to provide quality data, analysis and recommendations in support of improving the national policies on civil society development and the need for drafting new ones. Additionally, the analysis of the practice provide opportunity to get insight into the drawbacks, but also the positive practices of all stakeholders in the civil society, by providing specific suggestions for their improvement. This report sets a new challenge for careful understanding of the gap between perceptions and experiences of CSOs per indicator in specific key areas. Measuring the perception was introduced in an attempt to align and provide comparability with the other countries, an issue that is still a challenge.

In the first Report, MCIC project team had very important and challenging role and managed to provide appropriate level of data that can be fed into the report prepared by TACSO based on the newly developed Guidelines for EU Support to Civil Society in Enlargement Countries, 2014-2020⁵. The last year's report also provided data on the key issues of civil society that were translated into the EU Progress Report for Macedonia for 2014.

Specific issues that need to be addressed in the following period of the monitoring, predetermined to present great challenges, are primarily related to obtaining sufficient level of information on basic features of the civil society (number of CSOs, employees, etc.) because they are not free of charge, providing sufficient information on service provision by CSOs and detailed information on transparency and accountability of the state in distribution of financial support to CSOs.

⁴ Nuredinoska E., Szadzevski M., Gjuzelov B. (2014) Corruption Assessment Report. Skopje. Macedonian Center for International Cooperation (MCIC)

⁵ EU Enlargement Directorate.



3. Methodology

3.1. Overview of the methodological approach

The monitoring of the enabling environment covered the period from January to November 2014. The methodology includes different methods of data gathering and analyzing for different set of standards as a result of their specificity in the context of the country. In the first report on monitoring enabling environment for the development of civil society in 2013, the situation was monitored according to all standards (24) and indicators (152). However, in order to focus on the key standards that faced major challenges in the 2013 report and to avoid monitoring standards that do not change on annual level, especially those relating to the legislation, the project decided the new monitoring in 2014 to cover 12 core standards in all three areas and eight sub-areas, and 80 indicators. Countries involved in monitoring, which anticipated major changes to certain standards, also monitored the remaining ones.

The report is based on information received from primary and secondary sources.

The monitoring was conducted through web-questionnaire for gathering primary data and their quantitative and qualitative analysis. Web-questionnaire (43 questions) was developed by MCIC project team. Namely, based on questionnaires from other countries in the region that conducted the study a set of open and closed questions was prepared. The project team selected the key issues and adapted them to the context. Unlike last year, the questionnaire included questions that measure the perception for some of indicators, and of course mostly contained questions exploring the experience of civil society organizations. The web-questionnaire was published on the web-site of MCIC and shared throughout the social networks such as Facebook and Twitter, and sent to a broad list of CSOs that were invited to fill out the questionnaire online. Responses from 76 civil society organizations were received⁶.

Great deal of the report is based on analysis of secondary source of data, mainly the existing legislation for the civil society, national reports and researches by the local CSOs, international organizations and state bodies, international reports and researches concerning Macedonia as well as internet portals and blogs were used.

3.2. Participation of the CSO community

Civil society was involved in the research since the very beginning of the process of reviewing and adaptation of the monitoring matrix to the Macedonian context, as well as later during the establishment of the monitoring methodology. Furthermore, especially important is the involvement of CSOs that responded to the e-questionnaire on enabling environment for civil society development (76) as well as the other representatives of civil society organizations and state bodies that attended the launch of the first report and consultation event held in November 2014. CSOs also indirectly supported the process of preparation of this report by providing secondary data obtained from their reports and researches in the areas they monitored throughout the year.

⁶ More information on the specifics of the organizations are available in Annex 1 and 2 of this Report.



3.3. Lessons-learnt

Methodological limitations

The data collection methodology was focused on two main sources: secondary and primary data collected from limited number of CSOs. The received information from the e-questionnaire was not subjected to additional examination and comparison of the actual situation and the responses from the state bodies. The findings are qualitative explanations and information, and there is no data quantification, which might be perceived as unclear monitoring of the progress of the conditions in the selected areas.

Implementing limitations

The access to information about the civil society sector is limited when it comes to national statistics on the civil society sector (having in mind that charges apply for obtaining information depending on the level of their complexity). Also acquiring primary data from state bodies (reports, documents, opinion, experience, etc.) requires additional finances and efforts, and sometimes those efforts are futile.

The participatory approach of the research extended the planned timeframe, increased the costs and the level of engagement of human resources and this will remain as a challenge for the quality and scope of the report in the next years. The use of e-questionnaire is a limitation for CSOs that are not present on the Internet. The number of questions is an additional obstacle for completing the questionnaire. Due to the sensitivity of some of the questions, which are answered online, some CSOs decide not to support their answers with appropriate examples.



4. Monitoring findings

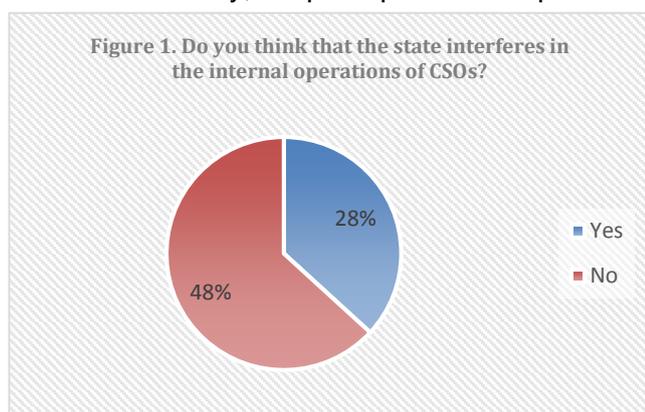
Area 1: Basic Legal Guarantees of Freedoms

Sub-area 1.1.: Freedom of association

STATE INTERFERENCE IN CSO'S INTERNAL OPERATIONS

Independence in the governance, setting, and fulfillment of the goals and activities stipulated in statutes of CSOs are guaranteed by Article 10 of the Law of Associations and Foundations⁷.

In practice, according to the questionnaire distributed for the purpose of this report, civil society organizations shared few examples of interference and numerous cases of indirect pressure in their work. Additionally, the perception and experience of CSOs in terms of state interference in their internal operations differ.

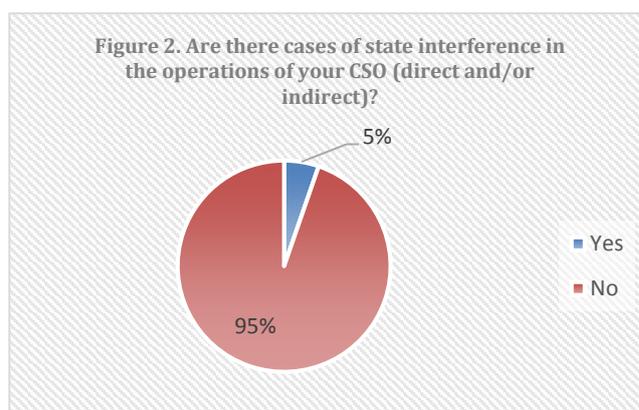


Perception of one third of organizations (37%) is that the state interferes in the internal operations of CSOs.

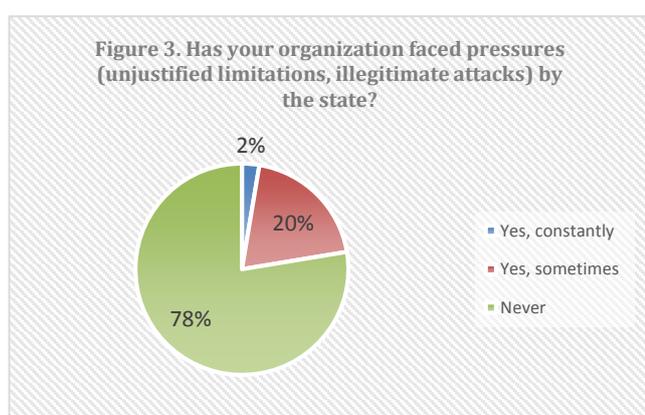
However, when organizations were asked to speak of their experience, high 95% said the state did not interfere in the internal operations of their organizations (directly and/or indirectly). Four organizations faced interference through: membership in Managing Board, developing work programs in favor of the interests of the local

government, as well as imposing conditions during the cooperation with public institutions. Besides, state interference, CSOs were asked about the pressures they faced by the state. *In practice, 22% (which is 17 out of 76) of CSOs faced pressure from the state. Two of these organizations were constantly exposed to pressure.*

Four CSOs stated different types of pressure they faced in practice: allegations at press conferences and press releases that members of the



organization as well as organizations themselves worked against the interest of the state; two other CSOs listed the illegitimate attacks in the media for criticizing the government and state institutions. Other organizations had experience with other examples of pressure: restriction of the right for submitting civic initiative, allegations for improper reporting on implemented activities related to Roma, bureaucratization of simple procedures, time-consuming court cases for slander and libel by



the governing party or state officials, the requirement for submitting contact list of the members, pressures from state servants for membership in certain association

⁷ Law on Associations and Foundations („Official Gazette of the Republic of Macedonia“ no. 52/10 и 135/11).

Certain legal decisions continued to pose restrictions in the operations of CSOs in the past period. The State Program for Prevention and Repression of Corruption (2011-2015)⁸ is a potential threat as one of the measures obliges the members of the executive bodies of associations and foundations to submit Declaration on Assets and Declaration of Conflict of Interests.

However, throughout the year CSOs were excluded from the obligation as entities to take measures and actions for preventing money laundering (development of program for prevention of money laundering and financing terrorism, disproportional fines). This is a significant novelty in the Law on Prevention of Money Laundering and Other Proceeds from Crime and Financing Terrorism⁹, which ensures unrestricted functioning of organizations. Only Article 17, paragraph 2 of this Law stipulates that the entities (authorized state bodies) should pay special attention to the business relations and transactions with CSOs.

INSPECTIONS AND OVERSIGHT TO THE OPERATIONS OF CSOs

The external control of civil society organizations is performed by inspection services, such as inspectorates, organizational units within other state administration bodies and organizational units

within the local self-government units and the City of Skopje, which are tasked with inspection responsibilities¹⁰.

The results from the questionnaire show that 30% of CSOs had an inspection by a state administration body, while 70% of CSOs did not have such experience. *In only one case, there was an excessive inspection, where the example*



refers to finding a mistake in calculating the personal income tax in the past ten years although the statute of limitation applied in this case. It is an alarming fact that the organization was inspected immediately after publicly criticizing a governmental official.

Organizations list the following state institutions that performed inspection/ visit: Administration for Preventing Money Laundering and Financing Terrorism, Ministry of Finance, State Security Office, Directorate for Protection and Rescue, Labor Inspection. Reasons for these inspections/visits were: control after registering a half-time employer, inspection of the data on members, anonymous report on suspicious activities and money laundry, etc.

⁸ State Commission for Prevention of Corruption (2011) State program for prevention and repression of corruption 2011-2015, Skopje. State Commission for Prevention of Corruption.

⁹ Law on money laundering and other proceeds from crime and financing terrorism (Official Gazette No. 130/2014).

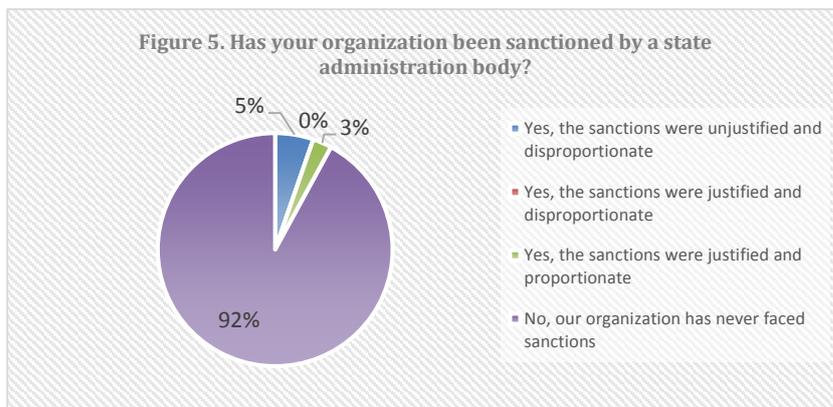
¹⁰ Miov N., (2013) Economic activities: Performing activity by a civil society organization. Skopje. Macedonian Center for International Cooperation.



Most of the organizations (92%) were not sanctioned. Six organizations were sanctioned, of which four said that sanctions were unjustified and disproportional, while according to two the sanctions were justified and proportional. The grounds for sanctioning were: mistake in calculating the personal income tax for project activities in previous years (in two cases), while the other sanctioned organizations did not give an example.

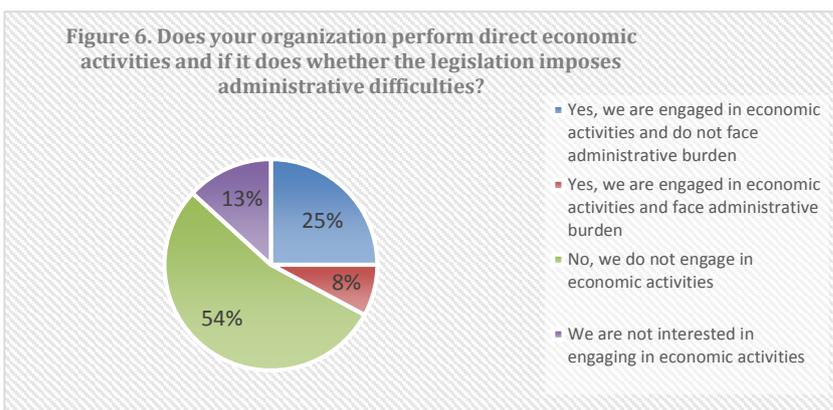
The sanctioned organizations were allowed to initiate court procedure against the sanction, except for one, when this was not an option.

Sanctions were prescribed to four of the organizations that were inspected.



SECURING FINANCIAL RESOURCES FOR CSO ACTIVITIES

The legislation allows the organizations to gather funds in different ways and from various sources in accordance with the law and the statute¹¹, such as membership fee, founding capital, charitable contributions, donations, economic activities, rents and leases, investment income, dividends, etc. Article 12 of the LAF allows the organizations to perform profit generating activities (economic activities), if the activity is related to the goals set in the statute and if the generated profit is used for fulfillment of the goals determined by the statute. The generated profit cannot be allocated among the founders, members, members of bodies, directors, employees, or any other person associated with them.



The possibility for profit generating activities (economic activities) provided with LAF is insufficiently used by CSOs and their interest is still low.

Thirty-three percent of CSOs that responded to the questionnaire have generated income from economic activities, mostly income from home visits, renting space, organization of concerts, exhibitions, sale of T-shirts, souvenirs, trainings, consultations, workshops, renting equipment and space, as well as production activities.

Of the organizations performing economic activities, most of them (76%) do not face administrative difficulties; six organizations faced difficulty regarding the requirement for fiscal cash registers, while one organization had difficulty with the reduced threshold for generating income from economic activities from two to one million denars, requiring from organizations to become VAT payers.

¹¹ Article 48, Law on Associations and Foundations (Official Gazette of the Republic of Macedonia No. 52/2010 and 135/2011).



RESTRICTIONS TO DOMESTIC/ FOREIGN SUPPORT

CSOs may freely receive domestic and foreign funds, without any legal restrictions. In practice, most of CSOs (70%) said they did not face restrictions from state institutions when receiving funds from domestic and/or foreign donors, while 24% did face some restrictions. The examples they have stated mainly indicate to the difficult procedures for utilizing the foreign support rather than to any restrictions; however the civil society organizations think they are worth to mention. Six organizations as restriction have listed the time-consuming and unnecessarily complicated procedure for VAT exemption when implementing EU projects, dysfunctional department for international cooperation in the Ministry of Local Self-Government, which disables project implementation, burdensome reporting procedures for IPA projects managed by CFCD and DEU, different interpretation of PRAG, decentralized fund management, the fee for obtaining documents from the Central Registry necessary for project application.

Sub-area 1.2.: Related freedoms

FREEDOM OF PEACEFUL ASSEMBLY

The legislation regulating the freedom of peaceful assembly mainly through the Law on Public Gathering¹² remained unchanged in 2014. Peaceful assembly continued in practice more frequently and to a great extent it was secured. Especially important example for successful exercising of freedom to peaceful gathering was the student protest in November, triggered by the intention of the government to introduce significant reforms in education without broader consultations. The success of the gathering, besides the number of protesters (at one point it was around three thousand), was also result of the professional conduct of police officers.

However, throughout the year, isolated cases of limitation of gathering space, selective detention and excessive use of police force and media attacks to the organizers of the gatherings were observed.

Civil society organizations only to a small extent use the peaceful protests as a method for fulfilling their goals and advocating for the target groups they represent. Most of the CSOs that responded to the questionnaire (84%) said they did not organize peaceful gathering i.e. 12 out of 76 organizations responding to the questionnaire have organized peaceful gathering. Four organizations said their peaceful gathering was restricted, of which two did not get any explanation, one received clear explanation and one received response just prior to the peaceful gathering without an opportunity to re-organize. These responses imply to ineffective operations of the Ministry of Interior.

The reports of the Helsinki Committee of Human Rights have indicated isolated cases of restriction of the right to peaceful assembly. The cases refer to the restriction of the right to gathering at the desired



¹² Law on Public Gathering (Official Gazette of the Republic of Macedonia No. 55/1995; 19/2006 and 66/2007).



venue during the protests in Skopje of the Association of Bankrupted Workers – UNIT by using large number of police officers¹³ as well as restriction and disabling their gathering in Kriva Palanka¹⁴.

PRIOR NOTIFICATION OF PEACEFUL ASSEMBLY

Announcing the peaceful assembly is not mandatory and according to Article 3 of the Law on Public Gatherings¹⁵ in the interests of the safety of the public meeting, the organizer may inform the Ministry of Interior on the public gathering and the measures taken for carrying out the gathering.

Practice shows that the right not to announce the peaceful gathering is used by civil society organizations, having in mind that seven organizations of all that responded to the questionnaire organized a peaceful gathering without a notice to the authorities.

USE OF EXCESSIVE FORCE

The term “coercion” as referred to in Article 80, of the Law on Police, means use of legitimate, appropriate and proportional physical or mechanical pressure, by use of means and in a manner prescribed by Law, directed towards a certain person by the police officer, only in case when the police tasks cannot be performed in any other manner¹⁶.

Additionally, according to Article 91 of the Law, while restoring public order and peace in a wider scope, the police officer is authorized to order to a group of persons to disperse, and if the group does not disperse, to use the following means of coercion: physical force, baton, chemical means, water jets, police dogs. These means may be used only upon the order given by the police officer managing the action.

In practice, in most of the cases law enforcement officers have successfully and professionally enabled the holding of assemblies, except in cases previously elaborated.

Although to a large extent, the peaceful gatherings were held without use of excessive force, certain gatherings were an exception. The first case is the gathering¹⁷ of the association of bankrupted workers – UNIT Kumanovo, during which the citizens were required to show their IDs without any particular reason, they were subjected to physical attacks, and were not warned that in case of tense and violent activities (shaking the barriers) force will be used by the law enforcement officers. The Helsinki Committee of Human Rights said that this lack of warning “leaves room for suspicion about the so called role of police officers as keepers of public order and peace or the intention was to allow the start of unrest, which could be neutralized only with use of force.”¹⁸

During the Protest against Poverty organized by CSOs in March, there were cases when the citizens were required to identify themselves as well as physical attacks¹⁹.

¹³ Helsinki Committee of Human Rights (2014) Monthly Report for Human Rights in the Republic of Macedonia, October 2014. Skopje. HCHR

¹⁴ Helsinki Committee of Human Rights (2014) Monthly Report for Human Rights in the Republic of Macedonia, October 2014. Skopje. HCHR

¹⁵ Law on Public Gathering (Official Gazette of the Republic of Macedonia No. 55/1995; 19/2006 and 66/2007).

¹⁶ Law on police („Official Gazette of Republic of Macedonia“no. 114/06; 6/09; 145/12 and 41/14).

¹⁷ Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, February 2014. Skopje. HCHR

¹⁸ Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, February 2014. Skopje. HCHR

¹⁹ Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, March 2014. Skopje. HCHR



Another case of use of excessive force was observed and one protester was detained at the protests in Gjorce Petrov municipality regarding the murder of 18-year old boy. The protests were triggered by misinformation placed in the media regarding the ethnical background of the murderer²⁰.

MEDIA ACCESS TO PUBLIC GATHERINGS

The access of media to the gatherings is to a large extent secured and is of particular importance for conveying the key message of the gathering to the wider audience. However, there were several cases this year when the media access and reporting were restricted in various ways.

The participation of media representatives was restricted at UNIT protests²¹; some media faced seizure of equipment and erasure of the recorded materials in the case of protests in Gjorce Petrov municipality²².

²⁰ Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, May - June 2014. Skopje. HCHR

²¹ Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, February 2014. Skopje. HCHR

²² Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, February 2014. Skopje. HCHR



Area 2: Framework for CSO Financial Viability and Sustainability

Sub-area 2.1.: Tax/fiscal treatment for CSOs and their donors

TAX BENEFITS FOR CSOS

The CSOs are still equal to the other legal entities when it comes to the tax regime. Tax laws with provisions that directly or indirectly affect the civil society sector (Law on Personal Income Tax²³, Law on Profit²⁴) still do not offer tax relieves and/or incentives for CSOs.

A group of CSOs started a joint initiative in 2014 by submitting draft amendments to the tax laws to the Ministry of Finance and General Secretariat of the Government of RM in October.

This year, the procedure for exemption from the value added tax was facilitated for some of the projects. In Macedonia, exempted from VAT are goods and services intended for project implementation funded on a contract basis for donation, concluded between the Republic Macedonia and foreign donors, if the agreement provides that taxes will not be paid with the received funds²⁵. In the previous procedure, suppliers were required to pay VAT in the Ministry of Finance, and then to refund it, while with the new procedure with mediation of the Public Revenue Office, special VAT free invoice is issued, thus eliminating the obligation to pay VAT.

There were changes to the Law on Donations and Sponsorships in Public Activities²⁶. The Ministry of Justice in order to increase the functionality of the law, drafted the changes without wide consultation with stakeholders, not taking into account the previous work of the working group set up two years ago to improve the law. Civil society organizations managed through communication with MJ and MF and participation in discussion in the Assembly to include certain technical proposals in the amendments to allow functionality of some of the provisions. However the substantial proposals were not taken into account, leaving the process of improving the functionality of the law incomplete and encouraging donations as a source of financial sustainability for organizations. Namely, the procedure continued to be long and burdensome, no clear criteria were set to define the status of public interest and there was still legal uncertainty to whether the donors would receive exemption²⁷.

The options for generating income from passive investment and funds are not fully utilized in Macedonia as sources of financial sustainability for civil society organizations. Only six organizations from those responding to the questionnaire generate income from passive investments. Most of them (92%) said

²³ Law on Personal Income Tax (Official Gazette of the Republic of Macedonia No. 80/93; 3/94; 70/94; 71/96; 28/97; 8/01; 50/01; 52/01; 2/02; 44/02; 96/04; 120/05; 52/06; 139/06; 6/07; 160/07; 159/08; 20/09; 139/09; 171/10; 135/11; 166/12; 187/13 and 13/14).

²⁴ Law on Profit Tax (Official Gazette of the Republic of Macedonia No. 80/93; 33/95; 43/95; 71/96; 5/97; 28/98; 11/01; 2/02; 44/02; 51/03; 120/05; 139/06; 160/07; 159/08; 85/10; 47/11; 135/11; 79/13, 13/14 and 112/14)

²⁵ Rulebook for the methods of implementation of VAT exemption for goods and services intended for project implementation funded on a contract basis for donation, concluded between the Republic Macedonia and foreign donors, if the agreement provides that taxes will not be paid with the received funds (Official Gazette of the Republic of Macedonia No. 98/14)

²⁶ Law on donations and sponsorships in public activities (Official Gazette of the Republic of Macedonia No. 47/2006, 86/2008, 51/11 and 28/14)

²⁷ Hadzi-Miceva Evans K., Surmatz, H (2014) The Operating Environment for Public-Benefit Foundations in the Western Balkans Region. ECNL and EFC



they did not generate income. As examples of passive investments they have listed: renting own premises, depositing of available financial resources.

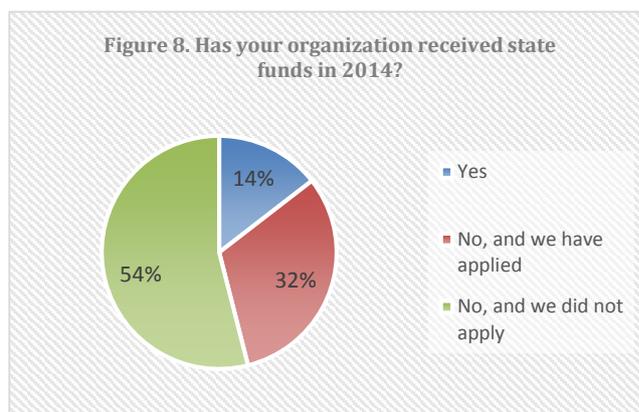
The legislation does not have clear and specific provisions on endowments. Similarly, as with the passive investment, most of the organizations (91%) did not generate income from reserved funds; only seven organizations generate income.

Sub-area 2.2: State support

DIRECT STATE FUNDING

Financing of CSOs by the state has not been reformed and does not represent significant source of funding for civil society organizations. Providing funds from the state budget to the CSOs is legally regulated in the Law on Budget Execution²⁸, the Law on Associations and Foundations²⁹, the Decision on Criteria and Procedure for Allocation of Funds to Associations and Foundations from the Budget of the Republic of Macedonia³⁰, Code of Good Practices for financial support of associations and foundations³¹, Program for funding program activities of associations and foundations³² as well as laws and bylaws of the relevant ministries and other state administration bodies in the areas regulated by this law.

There is still a lack of institutional support for the CSOs (apart from few CSOs which receive funding each year from the games of chance and entertainment in line with a Decision³³). Co-financing is not specifically regulated. Co-financing and pre-financing of EU-funded projects and projects from other donors is still a significant problem for organizations, particularly the smaller ones. The Ministry of Local Self-Government still co-finances the projects for cross-border cooperation with Greece and Albania, but the process is long, making the work of the organizations more difficult. In practice half of the CSOs that responded to the questionnaire (54%) did not apply for state funding, 32% applied but did not receive, while 11 organizations received funding ranging from 30.000 to 300.000 MKD (from 500 to 5000 EUR).



²⁸ Law on Budget Execution of RM for 2013 (Official Gazette of the Republic of Macedonia No. 171/12)

²⁹ Law on Associations and Foundations (Official Gazette of the Republic of Macedonia No. 52/10 and 135/11)

³⁰ Decision on Criteria and Procedure for allocation of funding to associations and foundations from the budget of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 23/2009)

³¹ Code of Good Practices for financial support of associations and foundations (Official Gazette of the Republic of Macedonia No. 130/07)

³² Program for funding program activities of associations and foundations (Official Gazette of the Republic of Macedonia No. 4/13)

³³ Decision amending the Decision for distribution of income from games of chance and entertainment games in 2013 for financing the program activities of national organizations for disabled persons, their societies and association, the associations fighting against family violence and the Red Cross of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 147/2013).



MECHANISM FOR DISTRIBUTION OF FUNDS

In 2014, the Government continued to allocate budget funding for CSOs through the budget line 463 – Transfers to non-governmental organizations. The items in budget line 463 still overlap according to their meaning, bringing confusion and lack of clarity regarding the classification of organizations. The misunderstanding arises because the budget line 463 does not refer only to associations and foundations, but also to the trade unions and religious communities and primarily to political parties.

The amount of state funds earmarked for civil society organizations, and institutions responsible for their distribution can be foreseen from one year to another. According to the budget balance sheet for 2013³⁴, the execution of the budget line 463 was 93%, i.e. 270.483.036 MKD (4.393.285 EUR) and they were distributed through 11 state institutions. The share of item 463 in the budget for 2013 is 0.15%.

According to the rebalance of the budget for 2014 total of 288.257.000 MKD (4.678.266 EUR) was provided and this represented 0.14% of the total budget. Until September, 261.434.000 MKD (4.242.944 EUR) were disbursed or 91% through the same 11 state institutions as in 2013.

The most popular for the CSOs is the allocation of funds by the Government, managed by the General Secretariat and the Unit for Cooperation with NGOs and these funds amounted to 12.000.000 MKD (1.947.541 EUR) for 2014, which represent 4.16% of 463 budget line and they are assigned to associations and foundations registered under LAF.

The funding from games of chance and entertainment games are significant source for limited number of CSOs, although the procedure for distribution is not yet amended. The procedure is based on the Law on Games of Chance and Entertainment Games³⁵, Decision on allocation of income from the games of chance and entertainment games (enacted each year by the Government)³⁶ and the Criteria for allocation of income from the games of chance and entertainment games (MLSP)³⁷, Law on organizations for persons with disabilities³⁸ and Law on social protection³⁹. The annual amount of the funding from games of chance and entertainment games for organizations according to the Decision for 2014 is 65.250.000 MKD (1.058.975 EUR)⁴⁰. However, the funding is not distributed according to the originally foreseen percentage of 50% of the total income of game of chance and entertainment.

³⁴ Balance Sheet of the Budget of the Republic of Macedonia for 2013 (Official Gazette of the Republic of Macedonia No. 107/14)

³⁵ Law on Games of Chance and Entertainment Games (Official Gazette of the Republic of Macedonia No. 24/11; 51/11; 148/11; 74/12; 171/12; 27/14 and 139/14).

³⁶ Decision for distribution of income from games of chance and entertainment games in 2014 for financing the program activities of national organizations for disabled persons, their societies and association, the associations fighting against family violence and the Red Cross of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 23/14).

³⁷ Criteria for allocation of income from the games of chance and entertainment games.

³⁸ Law on organizations for persons with disabilities (Official Gazette of the Republic of Macedonia, No. 89/08; 59/12 and 23/13)

³⁹ Law on social protection (Official Gazette of the Republic of Macedonia, No. 79/09; 36/11; 51/11; 166/12; 15/13; 79/13; 164/13; 187/13; 38/14; 44/14; 116/14 and 180/14)

⁴⁰ Decision for distribution of income from games of chance and entertainment games in 2014 for financing the program activities of national organizations for disabled persons, their societies and association, the associations fighting against family violence and the Red Cross of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 23/14).



Additionally, there is a threshold given in the law, where apart from originally envisaged 50%, there is another administrative limitation which stipulates that no less than 60.000.000 MKD (973.770 EUR) and no more than 120.000.000 MKD (1.947.541 EUR) may be distributed. The support from these funds is provided to small number of organizations/ networks in non-transparent procedure and with other additional restrictions⁴¹.

TRANSPARENCY OF THE STATE FUNDING PROCEDURE

In late November, as a subject to the online consultations a draft decision was released on the conditions for the allocation and use of funds from the State Budget for financing the program activities of associations and foundations. The draft decision, which follows the Code of Good Practice for the financial support of civil society organizations⁴² provides a mechanism for the allocation of funds. The decision as binding Act will oblige institutions to regulate the distribution of resources and to increase their transparency and accountability. Despite the existence of the Code, so far the state institutions mandated to allocate state funds, applied a different procedure, which with some exceptions, and mostly failed to comply with its provisions.

The most famous and transparent procedure is the distribution of funds through the Unit for Cooperation with NGOs, which to a certain extent is aligned with the procedure for allocation of funds in accordance with the Code (not observing the deadlines)⁴³.

In practice, nearly half of the organizations (49%) said that in 2014 there were calls for providing state funding for support of activities within the area of operation of CSOs, 34% of surveyed organizations did not know about these calls, while 17% said there were no calls. According to the responses, the following state administration bodies announced calls for allocating resources: most organizations cite the General Secretariat of the Government of the Republic of Macedonia, and then MEPP, SIOFA and MLSP. Those CSOs that said there were no calls for action in their area are: human rights, labor rights, media rights and freedoms, media education, research and analysis, advocacy and lobbying for marginalized groups, decentralization, student activism, education, public administration and local government, civil society, health. These are key areas for development and progress of the state, but they are not considered as priority ones in providing financial support for civil society organizations that work in these areas. According to the responses of civil society organizations best practices for publishing the results of the call has the Unit, which publishes the winners and the decision, as well as SIOFA. The Ministry of Culture also announces the recipients, but not the amount of funds received. Ministry of Labor and Social Policy provides detailed decisions on allocated funds with information about the recipients of funds, title and description of the project, the amount awarded, and so on.

⁴¹ Decision for distribution of income from games of chance and entertainment games in 2014 for financing the program activities of national organizations for disabled persons, their societies and association, the associations fighting against family violence and the Red Cross of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 23/2014).

⁴² Code of Good Practices for financial support of associations and foundations (Official Gazette of the Republic of Macedonia, No. 130/07)

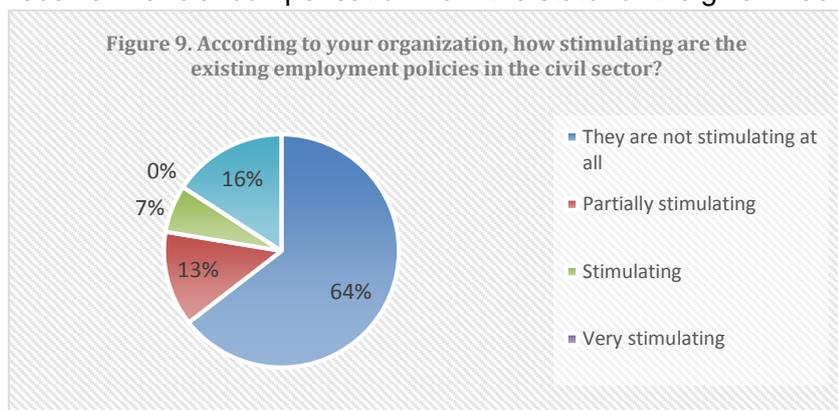
⁴³ Code of Good Practices for financial support of associations and foundations (Official Gazette of the Republic of Macedonia, No. 130/07)



Sub-area 2.3.: Human resources

TREATMENT OF CSOs AS EMPLOYERS

The civil society is not recognized in the governmental policies and documents as a generator of jobs for citizens. Specific policies and incentives for employment in the civil society organizations do not exist. Existing documents (strategies, action plans⁴⁴) aimed at increasing employment also do not take into account civil society as an employer. In addition, civil society organizations are excluded from the opportunity to use one of the measures for obtaining compensation for hiring an unemployed person under 29 years for internship position⁴⁵. This situation of exclusion from the strategic documents and their isolation is not very stimulating for the CSOs, and they are unable to use the measures provided for the other legal entities. *The unequal position is an additional burden, although they are already faced with the challenge of recruiting and retention of quality staff.* Additional burdens are imposed such as the requirement from the Law on Free Legal Aid, stipulating that a lawyer with a bar exam has to be hired to allow the CSO to register for free legal aid⁴⁶. Employment in these cases, which should be aimed at facilitating the work of the state administration, is a financial burden for CSOs that do not receive financial compensation from the state for the given free legal aid.



These policies and treatment of civil society organizations as employers in the state documents is consistent with the opinion of civil society organizations that the existing employment policies in the civil sector are not stimulating.

Most organizations (64%) considered the existing employment policies in civil society as not stimulating at all, 13% thought they

were partially stimulating and 7% assessed them as stimulating. Not a single organization considered them to be very stimulating and 16% of respondents did not know how to assess them.

Additional confusions were imposed by introducing amendments to several laws without wider consultation, stipulating that contracted employees have to pay fringe benefits for pension and disability insurance. Because most of the civil society organizations do not have full-time staff employed for definite or indefinite period of time for which they pay fringe benefits, this decision may affect the planned budgets of the organizations and to discourage people from taking job positions in civil society organizations⁴⁷.

⁴⁴ Documents in the area of labor relations and employment of the Ministry of Labor and Social Policy. Available at: <http://www.mtsp.gov.mk/dokumenti.nsp>

⁴⁵ Measure 5.5. Internship. Operative plan on active employment programs and measures for 2014 (www.mtsp.gov.mk)

⁴⁶ Article 17, Law on Free Legal Aid (Official Gazette of the Republic of Macedonia, No. 161/2009; 185/2011 and 27/2014).

⁴⁷ Law on fringe benefits in the area of mandatory social insurance (Official Gazette of the Republic of Macedonia, No. 142/08, 64/09, 156/09, 166/10, 53/11, 185/11, 44/12, 15/13, 91/13, 170/13, 97/14, 113/14, 180/14, 188/14 and 20/15).



VOLUNTEERISM AND CIVIL SOCIETY

Volunteering in Macedonia takes place in different forms and is dominant in the civil society compared with other sectors.

The framework aimed at stimulating volunteering, as well as protection of the rights of volunteers, is provided by the Law on Volunteering⁴⁸. However, in practice civil society organizations are not sufficiently familiar with the benefits of the law, and the anticipated administrative responsibilities for the organizers of voluntary work are burdensome for civil society organizations (especially in hiring foreign volunteer, unclear guidelines and lack of information on the insurance procedure, volunteering cards). Additionally, the implementation of the Strategy for the promotion and development of volunteerism 2010-2015⁴⁹ is approaching to its end without making much progress. The National Council for the Development of Volunteerism failed to meet in 2014, due to the prolonged duration of the procedure for changes of the members. The government adopted a Decision after a year and determined the new members of the Council. The prolonged duration of the procedure, made impossible the implementation of the annual regular activity for promotion and development of volunteerism-National Award for Volunteerism.

Area 3: Government-CSO Relationship

Sub-area 3.1.: Framework and practices for cooperation

INSTITUTIONS FOR DEVELOPMENT OF THE CIVIL SECTOR AND COOPERATION WITH THE GOVERNMENT

In 2014, of particular importance for establishing a functional and meaningful dialogue between the government and civil society was the first step of the Government to call for consultation with civil society organizations at the end of November 2014 on the draft decision on the establishment of the Council for promotion of cooperation, dialogue and stimulating the civil society development. *The Council which will be with mixed composition, is expected to improve the dialogue between the Government and civil society and to facilitate its development.* The establishment of the Council is expected to increase the trust and promote partnership relations. However, the challenge would be to align the expectations of civil society, and setting up the Council properly from the very beginning.

The Unit for Cooperation with NGOs continued to fulfill its tasks as part of the General Secretariat of the Government, which limited its proactivity and direct communication with civil society organizations. Additionally, the lack of own budget for the exercise of its powers, including the implementation of the Strategy, further weakened its role. The Unit continued to coordinate the ministries in implementing the strategy, to prepare reports, to coordinate the process of distribution of funds from the state to civil society organizations, as well as to function as an administrative body of the Commission for Public Interest Organizations.

In practice, the communication and cooperation of the Unit and civil society organizations is not sufficient. In the questionnaire, the organizations were asked whether and to what extent they communicate in practice with the Unit and the methods for cooperation. The communication with the Unit is established by 37% of organizations, while 51% said that they do not communicate. To a large

⁴⁸ Law on Volunteering (Official Gazette of the Republic of Macedonia, No. 85/2007).

⁴⁹ Strategy for the promotion and development of volunteerism 2010-2015 and Action Plan (2010) Ministry of Labor and Social Policy



extent, the cooperation with the Unit is through participation in informative events 22%, and consultative events 12%; 11% took part in the implementation of the activities foreseen in the Strategy. More than third of the organizations (38%) have not cooperated with the Unit.

Sub-area 3.2.: Involvement in policy- and decision-making process

STANDARDS FOR INVOLVEMENT OF CSOs IN POLICY-MAKING PROCESS

The foundations for the involvement of civil society organizations in policy making and preparation of laws are elaborated in a number of documents, including the Constitution of the Republic of Macedonia⁵⁰, the Law on the Government⁵¹, the Law on the organization and operation of the state administration⁵² and others. Also, a number of by-laws govern this issue: Rulebook of the Government⁵³, the Code of Good Practice for the participation of civil society in the policy making process⁵⁴, Methodology for Regulatory Impact Assessment⁵⁵. In terms of preparation of quality laws, improvement of consultative processes and increased public involvement, two significant documents were substantially amended: Methodology for Regulatory Impact Assessment and Guidelines on how to proceed with the work of the ministries in the process of conducting regulatory impact assessment.

However, despite the binding provisions and improved standards for the inclusion of civil society organizations, the provisions were not observed by the relevant ministries. The results from the report Government Mirror 2014, showed that the ministries do not publish most of the draft laws on ENER portal, failed to observe the phases of consultations according to the Regulatory Impact Assessment; in 47% of the draft-laws the ministries did not respect the minimum deadline for consultations, in two third of the cases no feedback is provided, while on the other hand the civil society organizations did not impose sufficient pressure and were not interested enough to participate in these processes (only 28 comments for 15 laws out of 201 published draft laws in ENER)⁵⁶.

ACCESSIBILITY AND CONTENT OF THE DRAFT LAWS AND POLICIES TO THE CIVIL SOCIETY ORGANIZATIONS

According to the Methodology for Regulatory Impact Assessment⁵⁷, the Ministries should involve the stakeholders in the entire RIA process. The Guidelines⁵⁸ detail the relevant documents related to specific draft law that should be accessible for civil society organizations. *Availability of draft laws and*

⁵⁰ Constitution of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 59/2000).

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

⁵² Law on the organization and operation of the state administration (Official Gazette of the Republic of Macedonia, No. 58/00, 44/02, 82/08, 167/10 and 51/11).

⁵³ Rulebook of the Government (Official Gazette of the Republic of Macedonia, No. 36/08).

⁵⁴ Code of Good Practice for the participation of civil society in the policy making process (Official Gazette of the Republic of Macedonia, No. 99/11).

⁵⁵ Methodology for Regulatory Impact Assessment (Official Gazette of the Republic of Macedonia, No. 107/13).

⁵⁶ Oggenovska S., Gjuzelov B. (2014) Participation of the Public in the Law Drafting Processes. Mirror of the Government 2014. Skopje, Macedonian Center for International Cooperation.

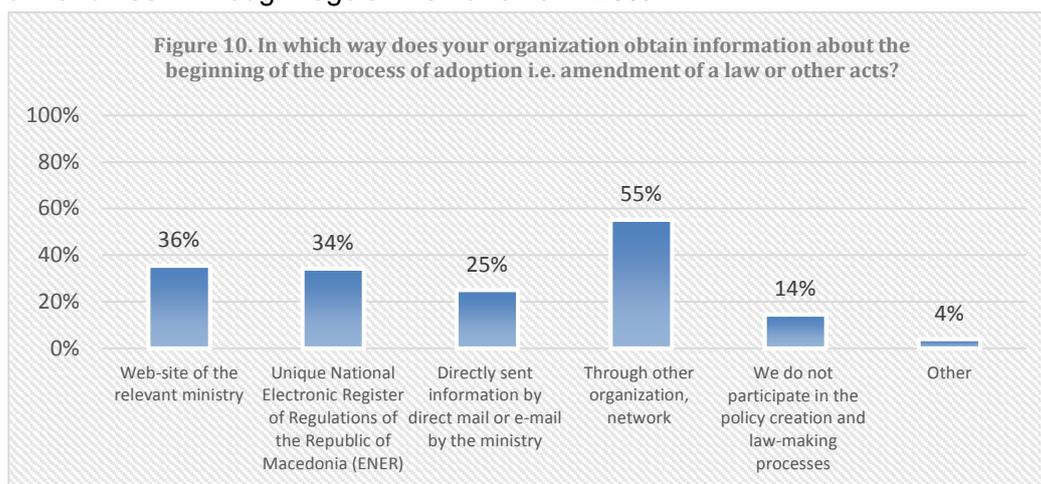
⁵⁷ Methodology for Regulatory Impact Assessment (Official Gazette of the Republic of Macedonia, No. 107/13).

⁵⁸ Guidelines for the ministries on the way to proceed in the process of regulatory impact assessment (Official Gazette of the Republic of Macedonia, No. 106/13).



policies at an early stage during the involvement of civil society organizations continues to be a challenge. Ministries do not publish much of the draft laws (out of 381 draft laws in parliamentary procedure, 201 laws have been published in ENER) prepared throughout the year in ENER (Unique National Electronic Register of Regulations)⁵⁹.

Civil society organizations did not frequently use the internet to get information about the start of the process for adopting or amending a law or other acts. According to the questionnaire, CSOs are mostly informed about the start of the process for adopting or amending a law or other acts through another organization / network - 55%, through the web site of the appropriate ministry - 36%), through ENER - 34% or information sent through regular mail or email - 25%.



The available draft laws, however, in most cases contained key information. According to the monitoring of ENER⁶⁰, the ministries often publish complete documents necessary for consultation.

The Government Mirror analysis for 2014 on the involvement of civil society at an early stage when theses / principles of the draft-law were formulated occurred in less than half (44%) of the analyzed draft laws⁶¹. Given the importance of e-consultation, the deadline is partially observed by the ministries (47%), which does not allow substantial participation of the public in the preparation of laws published in ENER.

INVOLVEMENT OF CIVIL SOCIETY ORGANIZATIONS IN POLICY MAKING

The involvement of civil society organizations in policy making is provided amongst other, under Article 10 of the Law on Organization and Operation of the State Administration⁶² stipulating that the state administration bodies in drafting of laws and regulations within their jurisdiction should provide consultation with citizens through: public announcement, organization of public hearings, gathering opinions of the interested associations of citizens and other legal entities and similar⁶³.

⁵⁹ Ognenovska S., Gjuzelov B. (2014)

⁶⁰ Ognenovska S., Gjuzelov B. (2014)

⁶¹ Ognenovska S., Gjuzelov B. (2014)

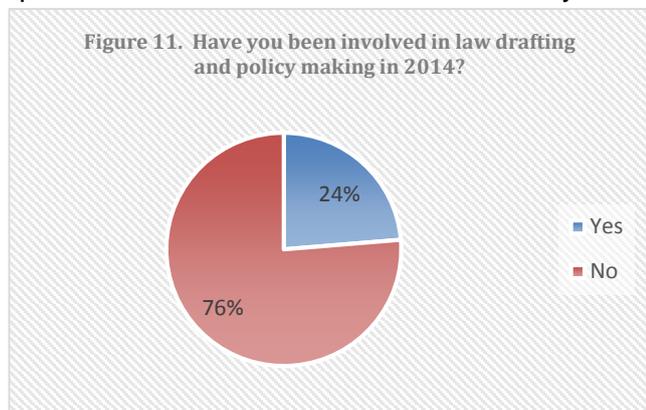
⁶² Law on Organization and Operation of the State Administration (Official Gazette of the Republic of Macedonia No. 58/00; 44/02; 82/08; 167/10 и 51/11).

⁶³ Article 10 of the Law on Organization and Operation of the State Administration (Official Gazette of the Republic of Macedonia 58/2000; 44/2002; 82/2008; 167/2010 and 51/2011).



The involvement of civil society organizations in the law drafting and policy making process in practice is low and is not substantial. According to the questionnaire, only 24% (which is 18 out of 76) of organizations said they were involved in the preparation of laws in 2014, while 76% were not included.

Almost one third (24% which is 18 out of 76) civil society organizations that responded to the questionnaire listed numerous laws and bylaws which were prepared in 2014 with their participation,



including: Energy Law, Law on Free Legal Aid, Amendments to the Law on Donations and Sponsorships in Public Activities, the draft amendments to the Law on Equal Opportunities for Women and Men (in procedure), Profit Tax Law, Social Entrepreneurship Act, Strategy and Action Plan for Energy Efficiency, local youth strategy and local strategy for volunteering.

Multiple methods were used for involvement of civil society organizations in the consultation process for the above documents such as meetings with

institutions and participation at the sessions of the relevant parliamentary committees, roundtables, e-consultations - ENER, participation in working groups, public debate.

In practice, the level of using the electronic tools for participation in legislative processes is low, which supports the previously stated low level of information of civil society organizations for these processes. Electronic consultation for involvement in drafting process was used by 25% of CSOs, while 75% did not use this type of consultation. They state the following examples: ENER, using ENER through the website Government Mirror, websites of ministries and other state administration bodies, sites of the Agency for Audio and Audiovisual Media Policies (former Broadcasting Council), AEC.

A positive example of the involvement of civil society organizations were extensive consultations for the preparation of the second Action Plan for Open Government Partnership⁶⁴, led by MISA as well as their direct involvement as implementers of certain measures in the action plan.

Civil society organizations involved in the consultation process said that mostly their technical comments were accepted versus the essential ones, which were extremely important.

FEEDBACK

Legislation regulating feedback as part of the consultation process is Article 71 of the Rules of Procedure of the Government⁶⁵, reads "any competent ministry should prepare a report for the received opinions, which will list the reasons why the comments and suggestions were not accepted and this should be posted on the website of the relevant ministry and ENER." Additionally, the Guidelines for

⁶⁴ Action Plan for Open Government Partnership 2014-2016 (2014) Available at:

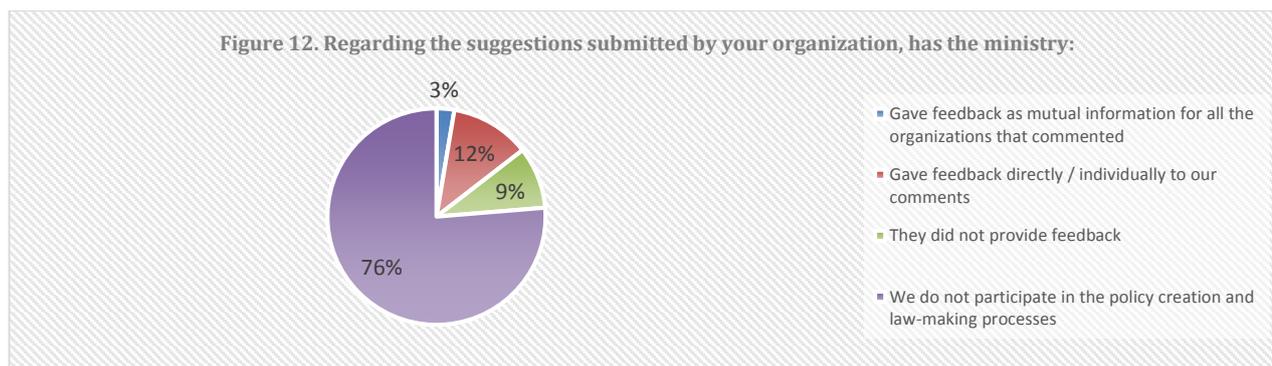
<http://www.opengovpartnership.org/country/macedonia/action-plan>

⁶⁵ Rules of Procedure of the Government (Official Gazette of the Republic of Macedonia 36/08).



the process of conducting regulatory impact assessment⁶⁶ in Article 25 lists the elements which should be included in the Regulatory Impact Assessment Report.

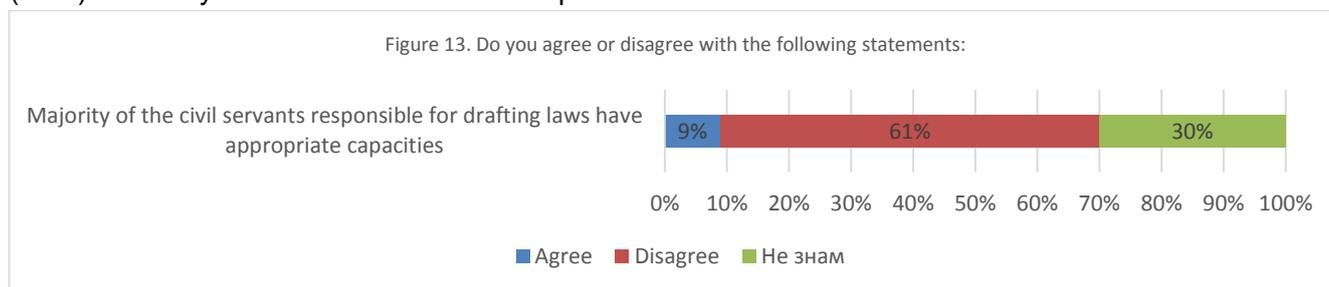
Feedback to civil society organizations for the provided comments, proposals and suggestions is key to building trust, but is still insufficiently practiced by ministries. The analysis of the Government Mirror for 2014 on the monitoring of the consultations of ENER showed that the ministries in two thirds of the cases did not provide feedback on the comments⁶⁷. However, according to the feedback from the Ministry, 22% prepared report with feedback, which is a significant increase compared with 2012 (8%), indicating that the feedback from the ministries to the suggestions and comments from civil society slowly but surely is becoming more common practice.



The experience of civil society organizations that have participated in the process of drafting laws showed that half of the ministries (50%) gave opinion directly / individually for the forwarded proposals, 39% did not give an opinion and 11% gave an opinion as a common information to all organizations that provided their comments. Most of the CSOs (76%) did not participate in the process.

CAPACITIES OF CIVIL SERVANTS TO INVOLVE CIVIL SOCIETY ORGANIZATIONS

There is a large gap in the perceptions of civil society organizations and civil servants regarding the willingness of civil servants to involve civil society organizations in the policy making and law drafting processes. The perception of most civil society organizations that responded to the questionnaire (61%) was that the majority of civil servants responsible for drafting the laws did not possess adequate capacities contrary to 9% who said the civil servants were capable. Almost one third of the organizations (30%) said they did not know about the capacities of civil servants.



This perception significantly differs from the responses of the ministries provided in the analysis Mirror of the Government 2014, according to which a high percentage of 83% of the civil servants were

⁶⁶ Guidelines for the ministries on the way to proceed in the process of regulatory impact assessment (Official Gazette of the Republic of Macedonia, No. 106/13).

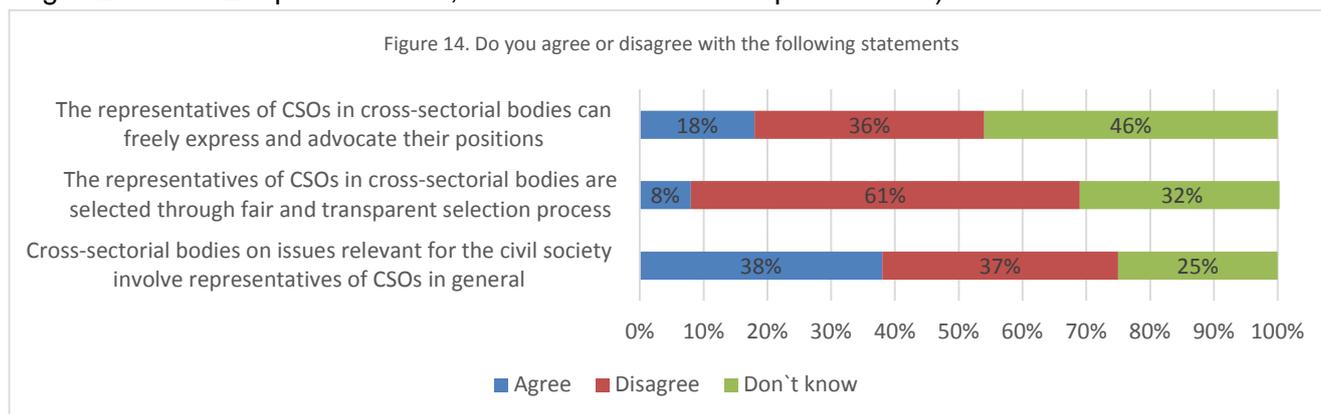
⁶⁷ Ogenovska S., Gjuzelov B. (2014)



specifically educated (participated in training) for cooperation and involvement of civil society organizations⁶⁸.

INVOLVEMENT OF CSOs REPRESENTATIVES IN CROSS-SECTOR BODIES

Still there is no standardized mechanism for selection of representatives of the civil society organizations in the cross-sector bodies. In 2014, CSOs continued to be involved in the cross-sector bodies established by the state administration (National Council for European Integration – 1 representative, Joint Consultative Committee – 2 representatives, Commission for Public Benefit Organizations – 2 representatives, Statistics Council – 1 representative).



Perception of almost half of the civil society organizations that responded to the questionnaire is that they were not acquainted with the existence of consultative bodies that involved representatives of organizations, 36% of organizations believed that these consultative bodies did not involve organizations, while only 18% had a perception that organizations were involved in these bodies.

The perception of transparency of the selection process of representatives of organizations in consultative bodies was considered to be unfair and not transparent by most of organizations (61%), while 32% of organizations said they did not know.

In terms of free expression and advocating for the positions of representatives of civil society organizations within these consultative bodies, the perception was almost equal between those who perceived that these liberties were provided (38%) and those who believed that they were restricted (37%); 25% said they did not know.

Given the perception of civil society organizations, which shows that only 18% believe that CSOs are involved in advisory bodies and mainly consider the selection process of the organization to be not fair and transparent, and that 37% reported that the freedom of expression of representatives of civil society organizations were limited in those bodies suggest that it is necessary to establish a standardized mechanism for the selection of representatives in advisory bodies, as well as increasing the number of representatives in these bodies.

⁶⁸ Ognevska S., Gjuzelov B. (2014)



Sub-area 3.3.: Collaboration in social provision

ENGAGEMENT OF CSOs IN SERVICE PROVISION

The legislation still allows civil society organizations to engage in providing different types of services. Law on Public Procurement⁶⁹ is a fundamental and general law that governs the manner and procedures for awarding public procurement. Under this law the civil society organizations are eligible to apply for the delivery of services from their domain. Requirements relating to other legal entities apply to civil society organizations as well. Especially important is the system of funding of civil society organizations for performing social services where of key importance is the role of the Ministry of Labor and Social Policy. Law regulating cooperation in providing social services is the Law on Social Protection⁷⁰ according to which an association can perform certain social protection works provided by this law, if it is registered for achieving goals and objectives in the field of social protection⁷¹. MLSP participates in providing part of the funds for specific social protection issues of the association, in the manner and under the conditions stipulated by the law⁷².

Although this is a developed system of providing social services as opposed to education, health and other service providing systems by CSOs, it is necessary to continuously analyze and apply the recommendations for improvement, recognizing the importance of civil society as a provider of services which may fill the gaps of the institutions regarding the expertise and familiarity with the target groups.

⁶⁹ Law on Public Procurement (Official Gazette of the Republic of Macedonia, No. 136/07; 130/08; 97/10; 53/11; 185/11; 15/13; 148/13 and 160/13).

⁷⁰ Law on Social Protection (Official Gazette of the Republic of Macedonia, No. 79/09; 36/11; 51/11; 166/12; 15/13; 79/13; 164/13; 187/13; 38/14; 44/14; 116/14 and 180/14).

⁷¹ Article 152 and Article 158 of the Law on Social Protection (Official Gazette of the Republic of Macedonia, No. 79/09; 36/11; 51/11; 166/12; 15/13; 79/13; 164/13; 187/13; 38/14; 44/14; 116/14 and 180/14).

⁷² Article 158 of the Law on Social Protection (Official Gazette of the Republic of Macedonia, No. 79/09; 36/11; 51/11; 166/12; 15/13; 79/13; 164/13; 187/13; 38/14; 44/14; 116/14 and 180/14).





5. Findings and Recommendations (Tabular)⁷³

Area 1: Basic Legal Guarantees of Freedoms			
Sub-area 1.1.: Freedom of association			
Principle: Freedom of association is guaranteed and exercised freely by everybody			
STANDARD 2	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>2. CSOs operate freely without unwarranted state interference in their internal governance and activities</p>	<p>Legislation:</p> <ol style="list-style-type: none"> 1) The legal framework provides guarantees against state interference in internal matters of associations, foundations and other types of non-profit entities. 2) The state provides protection from interference by third parties. 3) Financial reporting (including money laundering regulations) and accounting rules take into account the specific nature of the CSOs and are proportionate to the size of the organization and its type/scope of activities. 4) Sanctions for breaching legal requirements should be based on applicable legislation and follow the principle of proportionality. 5) The restrictions and the rules for dissolution and termination meet the standards of international law and are based on objective criteria which restrict arbitrary decision making. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Article 10 of LAF defines independence of organizations, emphasizing that CSOs are independent in managing, setting and fulfilling the goals and activities set in their statutes. • The CSOs activities are obligation of the CSOs themselves according to LAF, and alSso there are precise provisions for termination and prohibition of the work of the CSOs, what defines the basis for protection from interference. • Potential threat poses the Program on protection from corruption and conflict of interests (2011-2015) suggested amendments to relevant laws requiring from the members of the bodies of CSOs to report their property and assets and to declare conflict of interest. • CSOs were exempted from the obligation as legal persons to undertake measures and actions to prevent money laundering in the Law on 	<p>Legislation:</p> <ul style="list-style-type: none"> • The legal framework is enabling, still it should follow and comply with the newest developments in international standards, and be fully implemented in practice. • CSOs should discuss and prepare suggestions to remove the potential threat posed by the Program on protection from corruption and conflict of interests (2011-2015). • Clarification of the measure that envisages responsibilities for CSOs in the new Program on

⁷³ Note: In 2014 eighty indicators of 12 core standards in eight sub-areas of all three areas were monitored.

		<p>Prevention of Money Laundering, other Proceeds of Crime and Financing of Terrorism.</p> <ul style="list-style-type: none"> Sanctions provided by LAF are appropriately formulated, focusing on personal versus collective (organizational) responsibility. Limitations to prohibition and termination of work determined in LAF meet the international standards. 	<p>protection from corruption and conflict of interests.</p>
	<p>Practice:</p> <ol style="list-style-type: none"> There are no cases of state interference in internal matters of associations, foundations and other types of non-profit entities. There are no practices of invasive oversight which impose burdensome reporting requirements. Sanctions are applied in rare/extreme cases, they are proportional and are subject to a judicial review. 	<p>Practice:</p> <ul style="list-style-type: none"> There are isolated cases of state interference in internal matters of CSOs (direct membership in the Management Board, imposing conditions for cooperation with public institutions, etc.) There are cases of imposing pressure in 22% of CSOs (e.g. allegations and attacks in the media on grounds of working against state interests, obstruction of the right to submit civic initiative, etc.) Visit/ inspection by a state administration body in 30% of CSOs, which all of them, except one, could initiate procedure. 	<p>Practice:</p> <ul style="list-style-type: none"> Raising awareness and increasing knowledge and cooperation with civil servants (especially the ones engaged in inspections) on the specifics of CSOs. Sharing the cases of interference and pressures in the public/ internet and social media.

Area 1: Basic Legal Guarantees of Freedoms

Sub-area 1.1.: Freedom of association

Principle: Freedom of association is guaranteed and exercised freely by everybody

STANDARD 3	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>3. CSOs can freely seek and secure financial resources from various domestic and foreign sources to support their activities</p>	<p>Legislation:</p> <ol style="list-style-type: none"> Legislation allows CSOs to engage in economic activities. CSOs are allowed to receive foreign funding. CSO are allowed to receive funding from individuals, corporations and other sources. 	<p>Legislation:</p> <ul style="list-style-type: none"> LAF allows CSOs to engage in economic activities. LAF allows CSOs to receive foreign funding. LAF and LDSPA allow CSOs to receive funding from individuals, corporations and other sources. 	<p>Legislation:</p> <ul style="list-style-type: none"> The legal framework is enabling, still it should follow and comply with the newest developments in international standards,

			and be fully implemented in practice.
	<p>Practice:</p> <ol style="list-style-type: none"> 1) Legislation on CSOs engaging in economic activities is implemented and is not burdensome for CSOs. 2) There are no restrictions (e.g. administrative or financial burden, preapprovals, or channelling such funds via specific bodies) on CSOs to receive foreign funding. 3) Receipt of funding from individuals, corporations and other sources is easy, effective and without any unnecessary cost or administrative burden. 	<p>Practice:</p> <ul style="list-style-type: none"> • Legislation on CSOs engaging in economic activities but some CSOs still have difficulties (need for fiscal register, registration of CSO as VAT payer). • Even though the legislation is enabling, still small number of CSOs engage in economic activities (33%). • There are no restrictions in practice for CSOs to receive foreign funding. However, some of the difficulties faced by the CSOs are: long and complex procedure for VAT exemption, decentralized IPA management, different interpretation of PRAG, etc. • Receipt of funding from individuals, corporations and other sources is easy and without administrative burden. However, some CSOs face: high expenditures for obtaining data from the CRM necessary for application process, dysfunctional department for international cooperation in the Ministry of Local Government, etc. 	<p>Practice:</p> <ul style="list-style-type: none"> • Promotional activities on the benefits of economic activities for CSOs. • Capacity building of CSOs to engage in economic activities. • Capacity building of institutions managing the decentralized IPA funds. • Improving the co-financing procedure provided by MLS.

Area 1: Basic Legal Guarantees of Freedoms

Sub-area 1.2.: Related freedoms

Principle: Freedoms of assembly and expression are guaranteed to everybody

STANDARD 1	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
1. CSO representatives, individually or through	<p>Legislation:</p> <ol style="list-style-type: none"> 1) The legal framework is based on international standards and provides the right for freedom of assembly for all without any discrimination. 	<p>Legislation:</p> <ul style="list-style-type: none"> • The legal framework provides the right to freedom of assembly for all without any discrimination and it is based on international 	<p>Legislation:</p> <ul style="list-style-type: none"> • Amending the law for public assembly to give the right to appeal against the decision

<p>their organization, enjoy freedom of peaceful assembly</p>	<ol style="list-style-type: none"> 2) The laws recognize and do not restrict spontaneous, simultaneous and counter-assemblies. 3) The exercise of the right is not subject to prior authorization by the authorities, but at the most to a prior notification procedure, which is not burdensome. 4) Any restriction of the right based on law and prescribed by regulatory authority can be appealed by organizers. 	<p>standards. Foreigners have the obligation to announce their assembly and receive permission by the Ministry of Interior.</p> <ul style="list-style-type: none"> • The law recognizes and does not restrict spontaneous gatherings. • The exercise of the right to assembly is not subject to prior authorization by the authorities, and the notification procedure is not complex. 	<p>for restriction of the right to assembly when the authorities were notified in due time or if it is restricted as the gathering happens.</p>
	<p>Practice:</p> <ol style="list-style-type: none"> 1) There are no cases of encroachment of the freedom of assembly, and any group of people can assemble at desired place and time, in line with the legal provisions. 2) Restrictions are justified with explanation of the reason for each restriction, which is promptly communicated in writing to the organizer to guarantee the possibility of appeal. 3) Simultaneous, spontaneous and counter-assemblies can take place, and the state facilitates and protects groups to exercise their right against people who aim to prevent or disrupt the assembly. 4) There are cases of freedom of assembly practiced by CSOs (individually or through their organizations) without prior authorization; when notification is required it is submitted in a short period of time and does not limit the possibility to organize the assembly. 5) No excessive use of force is exercised by law enforcement bodies, including pre-emptive detentions of organizers and participants. 6) Media should have as much access to the assembly as possible. 	<p>Practice:</p> <ul style="list-style-type: none"> • Cases of violation of freedom of assembly are registered (e.g. restricting the right to assemble at the desired place of the assemblies in Skopje, of association of bankrupted workers – UNIT Kumanovo by using excessive police force, and restricting their protest in town Kriva Palanka.) • Two cases of restricting the freedom of assembly without explanation, and one case of untimely reporting were recorded. • Peaceful assembly has been practiced more often and it was enabled in most of the cases (e.g. student protests), and small number of CSOs use it as a method of work, still they support the initiatives in different ways. • Freedom of assembly is practiced without prior authorization. • In most of the cases, the police officers successfully and professionally enabled peaceful assemblies, except protests of UNIT-Kumanovo, demonstrations in Gjorce Petrov, the Protest against Poverty when the police has legitimized the crowd, there were physical violence and imprisonment. • The access of media in peaceful assemblies is enabled, still there are cases with seizure of equipment and erasure of the recorded materials in the case of protests in Gjorce Petrov 	<p>Practice:</p> <ul style="list-style-type: none"> • Strengthening the capacities of the institutions and police for professionally enabling peaceful assembly. • The standards for enabling peaceful assembly should be respected by the institutions and police. • Improving cooperation among media and CSOs.

		municipality, and when participation of media representatives was restricted at UNIT protests.	
Area 2: Framework for CSOs' Financial Viability and Sustainability			
Sub-area 2.1.: Tax/fiscal treatment for CSOs and their donors			
Principle: CSOs and donors enjoy favourable tax treatment			
STANDARD 1	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
1. Tax benefits are available on various income sources of CSOs	<p>Legislation:</p> <ol style="list-style-type: none"> 1) The law provides tax free treatment for all grants and donations supporting non-for-profit activity of CSOs. 2) The law provides tax benefits for economic activities of CSOs. 3) The law provides tax benefits for passive investments of CSOs. 4) The law allows the establishment of and provides tax benefits for endowments. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Donors are VAT exempted for all grants and donations supporting CSOs activities and are of public benefit to society. • Amendments in the rulebooks on the procedure for VAT exemption, thereby simplifying it. • There are no tax benefits for economic activities of CSOs, but there are no restrictions or tax burdens related to the level of incomes generated from economic activities vs. total income of the organizations. • Changes were introduced to the Law on Donations and Sponsorships in Public Activities (LDSPA), still they did not contribute significantly to its functionality. • The law does not provide tax benefits for passive investments of CSOs. • There is no clear and separate legislation for endowments. 	<p>Legislation:</p> <ul style="list-style-type: none"> • It is necessary to amend provisions and cooperation between CSOs and relevant institutions, as well as forming a working group for quality changes in the provisions regarding CSOs in two tax laws (the Personal Income Tax and Law on Profit Tax). • Analysis of the LDSPA to improve its functionality. • Clear regulation of endowments and their functioning.

	<p>Practice:</p> <ol style="list-style-type: none"> 1) There is no direct or indirect (hidden) tax on grants reported. 2) Tax benefits for economic activities of CSOs are effective and support the operation of CSOs. 3) Passive investments are utilized by CSOs and no sanctions are applied in doing so. 4) Endowments are established without major procedural difficulties and operate freely, without administrative burden nor high financial cost. 	<p>Practice:</p> <ul style="list-style-type: none"> • There are no hidden taxes on donations. • There are no tax benefits for economic activities of CSOs. • Difficulties in exercising the right to obtain public interest when giving donations and sponsorship according to the LDSPA. • Initiative from CSOs to amend the Law on Personal Income Tax and Law on Profit Tax. • Most CSOs do not have financial possibilities to generate income through passive investments (92%). • Most CSOs do not have financial possibilities to generate income through reserve funds (endowments) (91%). 	<p>Practice:</p> <ul style="list-style-type: none"> • More information on available opportunities for CSOs and their mutual support for providing changes in tax laws. • Sharing information on the difficulties in the implementation of LDSPA.
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Area 2: Framework for CSOs' Financial Viability and Sustainability

Sub-area 2.2.: State support

Principle: State support to CSOs is provided in a transparent way and spent in an accountable manner

STANDARD 1	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>1. Public funding is available for institutional development of CSOs, project support and co-financing of EU and other grants</p>	<p>Legislation:</p> <ol style="list-style-type: none"> 1) There is a law or national policy (document) that regulates state support for institutional development for CSOs, project support and co-financing of EU funded projects. 2) There is a national level mechanism for distribution of public funds to CSOs. 3) Public funds for CSOs are clearly planned within the state budget. 4) There are clear procedures for CSO participation in all phases of the public funding cycle. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Separate law that regulates state support does not exist. State support is regulated with bylaws (annual decisions or annual programs). • Draft decision on the conditions for the allocation and use of funds from the Budget of the Republic of Macedonia for financing the program activities of associations and foundations was prepared, and it's in process of public consultations. • There is a Code of Good Practices for Funding of Associations and Foundations from the national budget, which contains guidelines for distribution of public funds to CSOs. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Amendment of the provisions that regulate state support for CSOs in LGCEG (lotteries), including other relevant bylaws (setting percentage of funds regularly distributed through budget for funding of CSOs). • State support should include funds for institutional development of

		<ul style="list-style-type: none"> • There is predictable amount in the budget item 463 on annual level. • There are no procedures for CSO participation in all phases of the public funding cycle. 	<p>CSOs, as well as co-financing of EU funded projects.</p> <ul style="list-style-type: none"> • Wider debate and involvement of civil society in consultative process during the preparation of the draft decision for allocation of funds.
	<p>Practice:</p> <ol style="list-style-type: none"> 1) Available public funding responds to the needs of the CSO sector. 2) There are government bodies with a clear mandate for distribution and/or monitoring of the distribution of state funding. 3) Funding is predictable, not cut drastically from one year to another; and the amount in the budget for CSOs is easy to identify. 4) CSO participation in the public funding cycle is transparent and meaningful. 	<p>Practice:</p> <ul style="list-style-type: none"> • Available public funding does not respond to the needs of the civil society (from 30.000 MKD (500 EUR) to 300.000 MKD (5000 EUR) were awarded to CSOs on central level). • Besides direct funding by the Government through the General Secretariat and the Unit for Cooperation with CSOs within the Government, few more ministries and other state bodies (MEPP, MLSP, SIOFA) individually allocate funds for CSOs through public call. The procedure and criteria are not always sufficiently clear. • Funding is predictable, but it is not always easy to identify the size of the budget for CSOs per institutions, especially because the budget item 463-transfers to CSOs includes other organizational forms besides associations and foundations. • There is no participation of CSOs in the public funding cycle. 	<p>Practice:</p> <ul style="list-style-type: none"> • Complete reform of the public funding system for CSOs. • Encouraging networking and cooperation among CSOs for mutual activities for amending and improving of the public funding system. • Network/platform of CSOs should focus on monitoring the manner of allocation of funds for CSOs by state institutions and should constantly demand transparency and accountability. • Preparation of quality draft-decision that will contain procedures and criteria for public funding that should be respected. • Promoting the possibility and involvement of CSOs in all phases of the public funding cycle.

Area 2: Framework for CSOs' Financial Viability and Sustainability

Sub-area 2.2.: State support

Principle: State support to CSOs is provided in a transparent way and spent in an accountable manner

STANDARD 2	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>2. Public funding is distributed in a prescribed and transparent manner</p>	<p>Legislation:</p> <ol style="list-style-type: none"> 1) The procedure for distribution of public funds is transparent and legally binding. 2) The criteria for selection are clear and published in advance. 3) There are clear procedures addressing issues of conflict of interest in decision-making. 	<p>Legislation:</p> <ul style="list-style-type: none"> • The procedure for distribution of public funds is not legally binding (Only Code for Good Practices for Funding is prescribed), still it would become binding when the draft decision on the conditions for the allocation and use of funds from the Budget for financing the program activities of associations and foundations is adopted. • Criteria for selection according to the Code are clear and available to the CSOs. • The Code addresses conflict of interest, but the procedure is left to individual regulation of the ministries. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Wider debate and involvement of civil society in consultative process during the preparation of the draft decision for allocation of funds.
	<p>Practice:</p> <ol style="list-style-type: none"> 1) Information relating to the procedures for funding and information on funded projects is publicly available. 2) State bodies follow the procedure and apply it in a harmonized way. 3) The application requirements are not too burdensome for CSOs. 4) Decisions on tenders are considered fair and conflict of interest situations are declared in advance. 	<p>Practice:</p> <ul style="list-style-type: none"> • Hardly any of the state bodies publicly announces available information related to the procedures for funding and information of the awarded CSOs (Unit for cooperation with NGO, SIOFA, MC and MLSP). • The funding procedure is described in the Code, which is publicly available. However, only few state bodies follow the procedures and criteria set in the Code. And in the cases when they do follow the Code irregularities are being observed for certain issues (such as not respecting prescribed deadlines). • Applications are not too burdensome 	<p>Practice:</p> <ul style="list-style-type: none"> • All state bodies should in practice publicly announce information related to the procedures for funding, the deadlines and information of the awarded CSOs. • Distribution of state funds should be within the prescribed deadlines (not at the end of the year). • Development of database for organizations recipients of state funding.

			<ul style="list-style-type: none"> • Training for civil servants about the system of financing CSOs.
Area 2: Framework for CSOs' Financial Viability and Sustainability			
Sub-area 2.3.: Human resources			
Principle: State policies and the legal environment stimulate and facilitate employment, volunteering and other engagements with CSOs			
STANDARD 1	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
1. CSOs are treated in an equal manner to other employers	Legislation: 1) CSOs are treated in an equal manner to other employers by law and policies.	Legislation: <ul style="list-style-type: none"> • CSOs are treated by the law in an equal manner to other employers, and have no special advantages. • There are documents (law, operational plan etc.) which clearly exclude or they are hindering the work of CSOs (excluding CSOs of the possibility to obtain compensation for hiring an unemployed person under 29 years for internship position according to the operational plan for employment of MLSP, than difficulties imposed by the Law on Free Legal Aid, than the amendments in the Law on fringe benefits in the area of mandatory social insurance). 	Legislation: <ul style="list-style-type: none"> • Analysis of the laws and policies concerning CSOs as employers. • Introducing law provisions to encourage employment in the civil society sector.
	Practice: 1) If there are state incentive programs for employment, CSOs are treated like all other sectors. 2) There are regular statistics on the number of employees in the non-profit sector.	Practice: <ul style="list-style-type: none"> • Most organizations (64%) considered the existing employment policies in civil society as not stimulating at all, 13% thought they were partially stimulating and 7% assessed them as stimulating. Not a single organization considered them to be very stimulating and 16% of respondents did not know how to assess them. • Statistics on the number of employees in the civil sector can be obtained from the Central Registry 	Practice: <ul style="list-style-type: none"> • Promoting the importance of the civil society sector as a possibility for involvement of students and youth. • Opening the basic statistics on civil society by the Central Registry of the Republic of Macedonia, free of charge.

of the Republic of Macedonia, but they are not free of charge.

Area 2: Framework for CSOs' Financial Viability and Sustainability

Sub-area 2.3.: Human resources

Principle: State policies and the legal environment stimulate and facilitate employment, volunteering and other engagements with CSOs

STANDARD 2	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>2. There are enabling volunteering policies and laws</p>	<p>Legislation:</p> <ol style="list-style-type: none"> 1) Legislation stimulates volunteering and incorporates best regulatory practices, while at the same time allowing for spontaneous volunteering practices. 2) There are incentives and state supported programs for the development and promotion of volunteering. 3) There are clearly defined contractual relationships and protections covering organized volunteering. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Legislation includes the best regulatory practices, and at the same time it enables spontaneous volunteering practices, there are efforts for stimulating volunteering. • There is a national strategy for promotion and development of volunteering. • There are clearly defined contractual relations and protections covering organized volunteering. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Allocating funding from the Budget of RM for implementation of activities foreseen in the Strategy for promotion and development of volunteering.
	<p>Practice:</p> <ol style="list-style-type: none"> 1) Incentives and programs are transparent and easily available to CSOs and the policy/strategic document/law is fully implemented, monitored and evaluated periodically in a participatory manner. 2) Administrative procedures for organizers of volunteer activities or volunteers are not complicated and are without any unnecessary costs. 3) Volunteering can take place in any form; there are no cases of complaints of restrictions on volunteering. 	<p>Practice:</p> <ul style="list-style-type: none"> • The National Council for the Development of Volunteerism failed to meet in 2014, due to the prolonged duration of the procedure for changes of the members. This prevented the implementation of the annual regular activity for promotion and development of volunteerism-National Award for Volunteerism. • Difficulties in administrative procedures for organizers of volunteering activities or volunteers are minimal (procedures for foreign volunteer, unclear guidelines and lack of information on the insurance procedure, volunteering cards). • Volunteering can take place in any form; there are no cases of complaints about restrictions on volunteering. 	<p>Practice:</p> <ul style="list-style-type: none"> • Regularly monitoring of the Law and national strategy and publicly announcing reports and evaluations. • Simplifying procedure for organizing volunteering work for foreign volunteers, as well as simplification of the procedures regarding insurance and volunteering cards. • Greater commitment for promotion of volunteerism by intuitions. • Greater cooperation between CSOs and

institutions to promote the development of volunteerism.

Area 3: Government – CSO Relationship

Sub-area 3.1.: Framework and practices for cooperation

Principle: There is a strategic approach to furthering state-CSO cooperation and CSO development

STANDARD 2	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>2. The State recognizes, through the operation of its institutions, the importance of the development of and cooperation with the sector</p>	<p>Legislation:</p> <ol style="list-style-type: none"> 1) There is a national level institution or mechanism with a mandate to facilitate cooperation with civil society organizations (e.g., Unit/Office for cooperation; contact points in ministries; council). 2) There are binding provisions on the involvement of CSOs in the decisions taken by the competent institution or mechanism(s). 	<p>Legislation:</p> <ul style="list-style-type: none"> • Decision is drafted on establishment of Council for promotion of cooperation, dialogue and stimulating the development of civil sector, which is in process of public consultation with CSOs. • Unit for Cooperation with CSOs within the General Secretariat of the Government was established in 2004 tasked for facilitating the cooperation between the Government and CSOs. • There are no binding provisions for involvement of CSOs in the decision making of CSO Unit. 	<p>Legislation:</p> <ul style="list-style-type: none"> • The Unit for Cooperation with CSOs should have more autonomous position. • Preparation of quality draft decision with involvement of civil society for establishment of the Council is very important.
	<p>Practice:</p> <ol style="list-style-type: none"> 1) The national level institution or mechanism(s) has sufficient resources and mandate for facilitating CSO-government dialogue, discussing the challenges and proposing the main policies for the development of Civil Society. 2) CSOs are regularly consulted and involved in processes and decisions by the competent institution or mechanism(s). 	<p>Practice:</p> <ul style="list-style-type: none"> • The Unit does not have enough resources, primarily financial, for appropriate implementation of its mandate (the Government does not allocate budget for direct activities of the Unit). The Unit continues to function with lack of human resources because of their allocation to other units. • CSOs during the year, were involved few times, but not sufficiently, and an example offers the Unit for cooperation with NGO by inviting CSOs to comment the Annual program for work of the Government), than the involvement in 	<p>Practice:</p> <ul style="list-style-type: none"> • Allocating funds of the Budget of RM for implementation of direct activities of the Unit for Cooperation of the Government with CSOs. • Involvement of CSOs in all processes of implementation of the strategic document (CSOs should be assigned to be

		preparation of the action plan on Open government partnership. On the other side, CSOs have shown insufficient interest to be involved in the processes.	implementers of measures together with institutions). <ul style="list-style-type: none"> • Greater direct and continuous cooperation between CSOs and institutions especially on key issues for development of civil society.
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Area 3: Government – CSO Relationship

Sub-area 3.2.: Involvement in policy- and decision-making processes

Principle: CSOs are effectively included in the policy and decision-making process

STANDARD 1	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>1. There are standards enabling CSO involvement in decision-making, which allow for CSO input in a timely manner.</p>	<p>Legislation:</p> <ol style="list-style-type: none"> 1) There are clearly defined standards on the involvement of CSOs in the policy and decision making processes in line with best regulatory practices prescribing minimum requirements which every policy-making process needs to fulfil. 2) State policies provide for educational programs/trainings for civil servants on CSO involvement in the work of public institutions. 3) Internal regulations require specified units or officers in government, line ministries or other government agencies to coordinate, monitor and report CSO involvement in their work. 	<p>Legislation:</p> <ul style="list-style-type: none"> • There are clearly defined standards on the involvement of CSOs in decision-making processes, but the process is not fully aligned with best regulatory practices. • State policies provide trainings for civil servants on involvement of CSOs in the work of public institutions. • Internal regulations require special units or officers in the government, line ministries or other governmental agencies to coordinate, monitor and report on CSO involvement in their work. 	<p>Legislation:</p> <ul style="list-style-type: none"> • Regulations on consultation process should be fully in line with best regulatory practices prescribing minimum requirements (30 days of public consultation). • Changing the Code for Good Practices on consultation with CSOs into legally-binding document. • Respecting the existing documents (even though they are not binding).
	<p>Practice:</p> <ol style="list-style-type: none"> 1) Public institutions routinely invite all interested CSOs to comment on policy/legal initiatives at an early stage. 	<p>Practice:</p> <ul style="list-style-type: none"> • Fewer number of CSOs are consulted in the early stage in preparation of politics/ legal initiatives. • There are good practices in providing CSOs with adequate information on the content of the draft documents and details, but still it is necessary to 	<p>Practice:</p> <ul style="list-style-type: none"> • Respecting all the prescribed RIA phases for involvement of civil society.

	<p>2) CSOs are provided with adequate information on the content of the draft documents and details of the consultation with sufficient time to respond.</p> <p>3) Written feedback on the results of consultations is made publicly available by public institutions, including reasons why some recommendations were not included.</p> <p>4) The majority of civil servants in charge of drafting public policies have successfully completed the necessary educational programs/training.</p> <p>5) Most of the units/officers coordinating and monitoring public consultations are functional and have sufficient capacity.</p>	<p>improve the length of time for submitting opinion/ comments.</p> <ul style="list-style-type: none"> • Lack of genuine consultations, and only acceptance of technical suggestions. • Written feedback on the results of consultations is rarely publicly available. • The majority of civil servants in charge of consultations with the public (coordinators for RIA or responsible for cooperation with CSOs), participated in trainings for cooperation and communication with CSOs. • Most of the state institutions have units/officers for coordinating and monitoring the public consultations that are functional and have sufficient capacity. 	<ul style="list-style-type: none"> • Consultation with CSOs in early phase of preparation of policies/ legal initiatives. • Monitoring the implementation of the Code on Good Practices for participation of civil society in policy making processes. • Mandatory feedback on the received comments, should be publicly available. • Campaigns on raising awareness on the possibility for active participation in consultative processes. • Increased cooperation between CSOs and institutions on consultative processes (strengthening capacities on new documents).
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Area 3: Government – CSO Relationship

Sub-area 3.2.: Involvement in policy- and decision-making processes

Principle: CSOs are effectively included in the policy and decision-making process

STANDARD 3	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
<p>3. CSO representatives are equal partners in discussions in cross-sector bodies and are selected through</p>	<p>Legislation:</p> <p>1) Existing legislation requires public institutions to invite CSO representatives on to different decision-making and/or advisory bodies created by public institutions.</p>	<p>Legislation:</p> <ul style="list-style-type: none"> • Provisions exist in certain laws and bylaws on the need to include CSOs in existing or temporary bodies (Government rulebook, Methodology for regulatory impact assessment etc.) 	<p>Legislation:</p> <ul style="list-style-type: none"> • Provision of measures for and clear guidelines for appropriate representation of civil society in work bodies and groups formed

clearly defined criteria and processes	2) There are clear guidelines on how to ensure appropriate representation from civil society, based on transparent and predetermined criteria.	<ul style="list-style-type: none"> There are no clear guidelines on how to ensure appropriate representation from civil society. 	by public institutions.
	Practice: 1) Decision-making and advisory bodies on issues and policies relevant for civil society generally include CSO representatives. 2) CSO representatives in these bodies are enabled to freely present and defend their positions, without being sanctioned. 3) CSO representatives are selected through selection processes which are considered fair and transparent. 4) Participation in these bodies does not prevent CSOs from using alternative ways of advocacy or promoting alternative stand-points which are not in line with the position of the respective body.	Practice: <ul style="list-style-type: none"> There are several advisory and decision-making bodies where CSOs are involved (NCDV, CPBO, sectorial committee for IPA, NSEI, etc.). 	Practice: <ul style="list-style-type: none"> Greater number of advisory and decision-making bodies to involve CSOs. Increased transparency of the procedures and clear criteria for selection of representatives of CSOs.

Area 3: Government – CSO Relationship

Sub-area 3.3.: Collaboration in service provision

Principle: There is a supportive environment for CSO involvement in service provision

STANDARD 1	INDICATORS	FINDINGS	RECOMMENDATIONS FOR THE STANDARD
1. CSOs are engaged in different services and compete for state contracts on an equal basis to other providers	Legislation: 1) Existing legislation allows CSOs to provide services in various areas, such as education, healthcare, social services. 2) CSOs have no barriers to providing services that are not defined by law (“additional” services). 3) Existing legislation does not add additional burdensome requirements on CSOs that do not exist for other service providers.	Legislation: <ul style="list-style-type: none"> Existing legislation allows CSOs to provide services in various areas, but dominantly functional is the system for provision of social protection services. CSOs have no barriers to providing services that are not defined by law (“additional” services). Existing legislation does not impose additional burdensome requirements on CSOs that do not exist for other service providers. 	Legislation: <ul style="list-style-type: none"> Development of models for cooperation in service provision in different areas (health, education, culture, etc.).

	<p>Practice:</p> <ol style="list-style-type: none"> 1) CSOs are able to obtain contracts in competition with other providers and are engaged in various services (e.g., education, health, research, and training). 2) CSOs are included in all stages of developing and providing services (needs assessment, determining the services that best address the needs, monitoring and evaluation). 3) When prior registration/licensing is required, the procedure for obtaining that is not overly burdensome. 	<p>Practice:</p> <ul style="list-style-type: none"> • Competition between CSOs and other service providers exists in rare cases. The most common are cases in the field of education, social protection, legal and health services. • CSOs are not included in all phases of the of needs assessment process. • The process of re-registration/licensing is not complex in practice (MLSP). 	<p>Practice:</p> <ul style="list-style-type: none"> • Strengthening capacities of CSOs and facilitating increased competition with other legal entities for service provision. • Proactive CSOs in their establishment as service providers on which they have expertise, access and knowledge on the needs of the target groups. • Promotion of service provision in other areas besides social protection (for e.g. health, education, culture and other such as the practice in Slovenia).
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6. Used Resources and Useful Links

Hadzi-Miceva Evans K., Surmatz, H (2014) Operating Environment for Public-Benefit Foundations in the Western Balkans Region. ECNL and EFC.

Miov N., (2013) Economic activities: Performing activity by a civil society organization. Skopje. Macedonian Center for International Cooperation.

Nuredinoska E., Sazdevski M., Gjuzelov B. (2014) Corruption Assessment Report. Skopje. Macedonian Center for International Cooperation (MCIC)

Ognenovska S., Gjuzelov B. (2014) Participation of the Public in the Law Drafting Processes. Government Mirror 2014. Skopje, Macedonian Center for International Cooperation.

Helsinki Committee of Human Rights (2014) Monthly Report for Human Rights in the Republic of Macedonia, October 2014. Skopje. HCHR

Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, February 2014. Skopje. HCHR

Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, March 2014. Skopje. HCHR

Helsinki Committee of Human Rights of the Republic of Macedonia (2014) Monthly Report for Human Rights in the Republic of Macedonia, May-June 2014. Skopje. HCHR

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

Law on Associations and Foundations (Official Gazette of the Republic of Macedonia No. 52/2010 and 135/2011).

Law on Budget Execution of RM for 2013 (Official Gazette of the Republic of Macedonia No. 171/12)

Law on donations and sponsorships in public activities (Official Gazette of the Republic of Macedonia No. 47/2006, 86/2008, 51/11 and 28/14)

Law on Free Legal Aid (Official Gazette of the Republic of Macedonia, No. 161/2009; 185/2011 and 27/2014).

Law on fringe benefits in the area of mandatory social insurance (Official Gazette of the Republic of Macedonia, No. 142/08, 64/09, 156/09, 166/10, 53/11, 185/11, 44/12, 15/13, 91/13, 170/13, 97/14, 113/14, 180/14, 188/14 and 20/15).

Law on Games of Chance and Entertainment Games (Official Gazette of the Republic of Macedonia No. 24/11; 51/11; 148/11; 74/12; 171/12; 27/14 and 139/14).

Law on money laundering and other proceeds from crime and financing terrorism (Official Gazette No. 130/2014).

Law on Organization and Operation of the State Administration (Official Gazette of the Republic of Macedonia No. 58/00; 44/02; 82/08; 167/10 и 51/11).

Law on organizations for persons with disabilities (Official Gazette of the Republic of Macedonia, No. 89/08; 59/12 and 23/13)

Law on Personal Income Tax (Official Gazette of the Republic of Macedonia No. 80/93; 3/94; 70/94; 71/96; 28/97; 8/01; 50/01; 52/01; 2/02; 44/02; 96/04; 120/05; 52/06; 139/06; 6/07; 160/07; 159/08; 20/09; 139/09; 171/10; 135/11; 166/12; 187/13 and 13/14).

Law on Profit Tax (Official Gazette of the Republic of Macedonia No. 80/93; 33/95; 43/95; 71/96; 5/97; 28/98; 11/01; 2/02; 44/02; 51/03; 120/05; 139/06; 160/07; 159/08; 85/10; 47/11; 135/11; 79/13, 13/14 and 112/14)

Law on Public Gathering (Official Gazette of the Republic of Macedonia No. 55/1995; 19/2006 and 66/2007).

Law on Public Procurement (Official Gazette of the Republic of Macedonia, No. 136/07; 130/08; 97/10; 53/11; 185/11; 15/13; 148/13 and 160/13).

Law on Social Protection (Official Gazette of the Republic of Macedonia, No. 79/09; 36/11; 51/11; 166/12; 15/13; 79/13; 164/13; 187/13; 38/14; 44/14; 116/14 and 180/14).

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

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

Law on Volunteering (Official Gazette of the Republic of Macedonia, No. 85/2007).

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

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

Code of Good Practices for financial support of associations and foundations (Official Gazette of the Republic of Macedonia No. 130/07).

Action Plan for Open Government Partnership 2014-2016 (2014) Available at: <http://www.opengovpartnership.org/country/macedonia/action-plan>.

Balance Sheet of the Budget of the Republic of Macedonia for 2013 (Official Gazette of the Republic of Macedonia No. 107/14).

Criteria for allocation of income from the games of chance and entertainment games .

Decision amending the Decision for distribution of income from games of chance and entertainment games in 2013 for financing the program activities of national organizations for disabled persons, their societies and association, the associations fighting against family violence and the Red Cross of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 147/2013).

Decision for distribution of income from games of chance and entertainment games in 2014 for financing the program activities of national organizations for disabled persons, their societies and association, the associations fighting against family violence and the Red Cross of the Republic of Macedonia (Official Gazette of the Republic of Macedonia, No. 23/14).

Decision on Criteria and Procedure for allocation of funding to associations and foundations from the budget of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 23/2009)

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

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

Operative plan on active employment programs and measures for 2014 (www.mtsp.gov.mk).

Program for funding program activities of associations and foundations (Official Gazette of the Republic of Macedonia No. 4/13).

Rulebook for the methods of implementation of VAT exemption for goods and services intended for project implementation funded on a contract basis for donation, concluded between the Republic Macedonia and foreign donors, if the agreement provides that taxes will not be paid with the received funds (Official Gazette of the Republic of Macedonia No. 98/14).

State Commission for Prevention of Corruption (2011) State program for prevention and repression of corruption 2011-2015, Skopje. State Commission for Prevention of Corruption.

Strategy for the promotion and development of volunteerism 2010-2015 and Action Plan (2010) Ministry of Labor and Social Policy.

Annex 1. List of CSOs that responded the e-questionnaire

1. Analytica
2. Art Point - Gumno
3. Association Center for sustainable community development-Debar
4. Association Community Development Institute – Tetovo (CDI)
5. Association for culture and development for creative industries KULT-TRANZEN
6. Association for Democratic Initiatives (ADI)
7. Association HOPS-Healthy Options Project Skopje
8. Association Konekt
9. Association MACEF - Macedonian Center for Energy Efficiency
10. Association of citizens “Women Forum” – Tetovo
11. Association of citizens „Center for Research of Nationalism and Culture“-Skopje (CINIK)
12. Association of Journalists of Macedonia
13. Association Regional center for people with intellectual disability PORAKA NASA
14. Association Sreken Zivot
15. Biosfera, Bitola
16. Center for Civic Initiative
17. Center for Cultural Decontamination-Bitola
18. Center for Institutional Development – CIRa
19. Center for Tax Policy
20. Center for Women's Rights “ETIKA”-Gostivar
21. Civic Association-Bitola
22. Coalition of Youth Organizations SEGA
23. Contemporarily Art Center - Skopje
24. Eco-Action
25. Environmental association “Vila Zora”
26. European Medical Students’ Association (EMSA Macedonia)
27. European policy institute, Skopje
28. First Children`s Embassy in the world Megjashi
29. Florence Nightingale-Kumanovo
30. Forum-Center for Strategic Research and Documentation Skopje
31. Foundation Focus
32. Foundation for support and development-Prilep
33. Foundation for sustainable economic development-PREDA Plus
34. Foundation Open Society Macedonia (FOSM)
35. Free Software Macedonia
36. Go Green
37. Habitat for Humanity Macedonia
38. Helsinki Committee Of The Republic Of Macedonia
39. Humanitarian and Charitable Roma Association HCRA Mesecina-Gostivar branch Berovo
40. Humanitarian and Charitable Roma Association HCRA Mesecina-Gostivar
41. Humanost
42. Independent Union of Journalists and Media Professionals - SSNM
43. InSoC - Initiative for Social Change - Skopje
44. Institute for Democracy Societas Civilis-Skopje (IDSCS)
45. Institute for economic strategies and international relations-Ohrid
46. IZBOR, Strumica
47. Local community development foundation-Stip
48. Local Development Agency (LDA)-Struga
49. Macedonian Center for International Cooperation (MCIC)
50. Macedonian Civic Education Center (MCEC)

51. Macedonian Enterprise Development Foundation (MEDF)
52. Macedonian Human Resources Association (MHRA)
53. Macedonian Institute for Media (MIM)
54. Macedonian Young Lawyers Association (MYLA)
55. MDC-Ti.Net
56. Medi Art-Skopje
57. Mladiinfo
58. Multikultura
59. National Roma Centrum – Kumanovo
60. Open the Windows
61. Polio Plus – movement against disability
62. Regional center for advocacy Delcevo
63. Regional Environmental Center - Macedonia
64. Roma Center Sastipe – Zdravje Berovo
65. Roma Community Center DROM
66. SWTAlumni Macedonia
67. The Association of Citizens “Akcija Združenska”
68. Women civic initiative ANTIKO
69. Women’s Lobby and Action Against Violence and Women Trafficking – Open Gate
70. Young European Federalists-Macedonia (JEF-Macedonia)
71. Youth Association YMCA Bitola
72. Youth Center-Stip
73. Youth Forum Bitola
74. Zona – Kavadarci
75. Anonymous
76. Anonymous

Annex 2. Sample structure

The sample consists of 76 CSOs in Macedonia.

Sample structure	%
Area	
Children, youth and students	13%
Human Rights	21%
Other (environment, media, education, civil society, etc.)	66%
Location	
Skopje	45%
Other	55%
Year of registration	
Before 1990	3%
1991-2000	28%
2001-2005	37%
2006-2010	20%
2010 -	12%
Number of employees	
До 1	27%
2-3	26%
4-6	24%
7+	23%
Annual income in 2013	
Less than 100.000 MKD	17%
From 100.001 to 500.000 MKD	12%
From 500.001 to 1.000.000 MKD	7%
From 1.000.001 to 5.000.000 MKD	22%
From 5.000.001 to 10.000.000 MKD	16%
From 10.000.001 to 50.000.000 MKD	16%
From 50.000.001 to 100.000.000 MKD	7%
Over 100.000.000 MKD	4%

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