

MACEDONIA: TEN YEARS AFTER THE CONFLICT

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MACEDONIA: TEN YEARS AFTER THE CONFLICT

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Ten years after signature of the Ohrid Framework Agreement (OFA) that ended fighting between the country's ethnic Albanians and Macedonians, much of the agreement has been implemented, and a resumption of armed conflict is unlikely. Macedonia is justified in celebrating its success in integrating minorities into political life, but inter-party and inter-ethnic tensions have been growing for five years. While this part of the Balkans looks to eventual EU membership to secure stability, it remains fragile, and worrying trends – rising ethnic Macedonian nationalism, state capture by the prime minister and his party, decline in media and judicial independence, increased segregation in schools and slow decentralisation – risk undermining the multi-ethnic civil state Macedonia can become. Prime Minister Nikola Gruevski, who has just formed a new government, should work closely with his Albanian coalition partners and opposition parties to pass and implement the measures needed for more democratisation, inter-ethnic reconciliation and a solution to the name dispute with Greece.

On 5 June Macedonia held elections that international observers assessed as generally positive and whose results political parties accepted quickly. The opposition Alliance of Social Democrats in Macedonia (SDSM) coalition increased its presence in parliament from 27 to 42 seats. Re-elected to lead the government, but with ten less seats, Gruevski and his Internal Macedonian Revolutionary Organisation – Democratic Party of Macedonian National Unity (VMRO-DPMNE) will now have to cooperate more closely with their Albanian coalition partner, the Democratic Union for Integration (DUI). Albanian parties should strengthen their loyalty to the state and engage more substantially in policy and decision-making. The new more pluralistic and balanced 123-seat parliament should foster greater cooperation among political elites and help overcome the highly polarised environment that was exacerbated during the SDSM's four-month parliamentary boycott.

A more balanced legislature should also temper the prime minister's state-sponsored nationalism, most evident in the hugely expensive and divisive urban renewal program in Skopje, built around a nationalist vision of ancient Macedonia that is offensive to the country's minorities and

Greece alike. The failures to secure NATO membership in April 2008 and to begin negotiations over membership with the EU in 2009, four years after obtaining candidate status, helped Gruevski secure support for his "national renaissance" policy line. The resulting increased emphasis on nationalism, however, is dividing Macedonians unhealthfully between "patriots" and "traitors", irritating Albanians and discouraging Macedonia's friends in the EU.

The previous government coalition captured many state institutions, especially the parliament that it dominated. Political dialogue broke down, and Gruevski and the SDSM leader attacked each other in highly personal terms. Legislative boycotts and laws passed under emergency procedures undermined democratic debate. VMRO-DPMNE and DUI party members were favoured for public jobs, without regard for merit. The government reduced criticism in parts of the highly politicised media by buying favours through advertising. Selective fiscal investigation into and subsequent forced bankruptcy of the opposition-leaning television station A1 and detention of its owner were viewed at home and abroad as silencing criticism. As under past administrations, the judiciary lacked independence.

Relations between ethnic Macedonians and Albanians also suffered. The government was criticised for not doing enough to ensure equitable representation, implement the law on languages and oppose cultural exclusion. At the same time, segregation in the education system was becoming more entrenched. Although a good institutional framework exists to promote and encourage inter-ethnic dialogue, relations suffered from weak central government support. The prevalent view among much of the Albanian political elite is that the DUI must be more forceful in articulating the needs of ethnic Albanians than it was in the previous coalition.

Albanians are especially frustrated at successive governments' inability to resolve the name issue. As Crisis Group has repeatedly argued, the dispute risks derailing the strategies of the EU and NATO to stabilise Macedonia and the wider region through integration and enlargement. Years of UN-mediated negotiations have made little progress, and further talks have not been scheduled. Macedonia in particular appears to be waiting for an International Court

of Justice (ICJ) verdict in the case it brought for alleged violations of the 1995 Interim Agreement that regulates bilateral relations in the absence of a name agreement. The financial crisis in Greece and popular resentment of austerity measures there do not make it easy for the Greek leadership to focus on resolving the dispute. Nevertheless, Macedonia should seek decisive progress so as not to miss the opportunity to get the go-ahead for membership negotiations when the EU makes new enlargement decisions in December.

Citizens of all ethnic backgrounds and political persuasion have reason to celebrate Ohrid's tenth anniversary. The OFA has done much to reduce discrimination and inequality and maintain unity. It is still needed to forge a common understanding of the civic state. During his immediately preceding term as prime minister, however, Gruevski sought to build a strong state identity based on Macedonia's ancient history, from which ethnic Albanians feel excluded. They are more focused on advocating a highly decentralised federal and bilingual state that ethnic Macedonians see as threatening to the country's survival. The two concepts have little in common; managing and shaping them so that they can provide mutual support or at least coexist constructively is difficult. But bringing Macedonia's political and ethnic elites and ordinary citizens closer together around a shared vision of a unified multi-national state is a challenge that the new government cannot avoid.

RECOMMENDATIONS

To Strengthen Democracy and the Rule of Law

1. The new government and opposition should improve dialogue in parliament. Party leaders should meet regularly to discuss major domestic and international issues. Cooperation at the committee level should be strengthened. Boycotts should be avoided.
2. The government should bolster implementation of laws to ensure the judiciary is free of political influence. It should stop exerting pressure on the media, public institutions and civil society. A parliamentary oversight committee on the media should be established.
3. The new government should invest in capacity building for members of non-majority communities and ensure that all ethnic communities are represented in public institutions equitably. Hiring based on political party affiliation should stop.
4. The EU, U.S., and other international partners should prioritise support for strengthening independent institutions and encourage media and civil society to monitor those institutions' work.

5. The government should make EU reforms a priority, and the EU should work with Macedonia and start screening its legislation to quicken harmonisation with the EU body of law (*acquis communautaire*).

To Further Improve Inter-ethnic Relations

6. All political parties should celebrate the ten-year anniversary of the Ohrid Framework Agreement, acknowledging that many of its provisions have been implemented, but continuous dialogue and additional financial resources are needed to implement the law on languages and to achieve the decentralisation, equal treatment and equitable representation necessary to ensure that Macedonia is a multi-ethnic civic state where no group feels discriminated against.
7. Through more consensual work on curriculum and textbook development and joint activities in schools, ethnic Macedonian and Albanian elites should develop and implement the integrated education project intended to unite the country's youth, and donors should give them support. Only new history books that have been developed consistent with this strategy should be printed and distributed.
8. The language law must be fully implemented, with use of Albanian further extended to state institutions; Skopje should be made a bilingual capital.
9. The parliamentary committee on inter-ethnic relations and the municipal-level inter-ethnic committees should meet more regularly, monitor inter-ethnic issues and contribute to policy-making more effectively.

To Resolve the Name Dispute and Advance Macedonia's Euro-Atlantic Integration

10. Skopje should accept the UN mediator's proposal for using "Republic of North Macedonia" or a similar formula with a geographic qualifier as the name of the country for all international purposes; promptly after it does so, NATO should admit Macedonia, and the EU should begin membership negotiations.
11. Athens should acknowledge the national identity and language of its northern neighbour as "Macedonian"; Skopje should reverse its decision to rename its airport after Alexander the Great and desist from similar moves certain to provoke Athens, especially within the context of its Skopje 2014 project.

Skopje/Istanbul/Brussels, 11 August 2011

MACEDONIA: TEN YEARS AFTER THE CONFLICT

I. INTRODUCTION

Macedonia, during the 1990s considered a beacon of hope in the former Yugoslavia, was racked by intense fighting in spring-summer 2001¹ between the Albanian National Liberation Army (NLA) and the state security forces. This came at a time when the Kosovo crisis had exacerbated existing tensions between ethnic Macedonians and Albanians.² The Ohrid Framework Agreement (OFA), signed on 13 August 2001, stopped the fighting and provided for significant reforms to improve the rights of the ethnic Albanians, some 25 per cent of the two million inhabitants,³ while maintaining the state's unity. These include constitutional amendments, to promote the concept of equal citizenship over the preferential status formerly given to ethnic Macedonians, provisions on language, proportional representation in public administration and state institutions, protection mechanisms for minorities in parliament, and decentralisation.⁴

A short NATO mission demobilised fighters, and the OFA brought stability to the country strengthened by the promise of Euro-Atlantic integration. Compared to its Western Balkans neighbours, Macedonia reformed quickly to obtain a NATO Membership Action Plan (MAP) in 1999 and EU candidate status in 2005.

But after Macedonia failed to secure membership at NATO's April 2008 (Bucharest) summit, receiving instead only a

promise that a membership invitation "will be extended as soon as a mutually acceptable solution to the name issue has been reached", ethnic and political fissures again started to deepen.⁵ The failure at Bucharest was a huge shock.⁶ NATO integration, a goal that unites all ethnic groups, is still considered vital to stabilising the country and the region. Athens objects, however, that, by calling itself "Macedonia",⁷ Skopje appropriates part of the Hellenic heritage and implies a claim against Greece's northern province, thus justifying the offended party to block both NATO and EU candidacies.⁸

Prime Minister Gruevski turned the NATO rejection into a major political victory. Playing skilfully on ethnic Macedonians' sense of historic grievance, he campaigned in snap June 2008 elections on a platform of ethnic pride based in part on an idiosyncratic view of Macedonians' glorious ancient past that he developed after first coming to office in 2006 and advanced with an aggressive media campaign.⁹ His party, Internal Macedonian Revolutionary Organisation – Democratic Party of Macedonian National Unity (VMRO-DPMNE), won an ironclad parliamentary majority¹⁰ and followed this a year later by capturing the presidency,¹¹ as well as 56 of 84 municipalities in local

¹ For detailed analysis of the background to the outbreak of the conflict, see Crisis Group Europe Report N°109, *The Macedonian Question: Reform or Rebellion*, 5 April 2001. The government claims that 63 soldiers were killed and the insurgency that it lost 88 fighters. Some 70 civilians died. By August 2001 some 170,000 had been displaced.

² The current junior partner in government, the Democratic Union for Integration (DUI) is the successor party of the NLA. For background, see, Iso Rusi, *From Army to Party: The Politics of the NLA*, Conflict Studies Research Centre, June 2004 (online), p. 4.

³ According to the last census, in 2002, ethnic Macedonians comprise 65 per cent of the population, ethnic Albanians who live mostly in the north-west of the country 25 per cent, ethnic Turks 3.9, Roma 2.7, and Serbs 1.8 per cent. The constitution recognises the smaller ethnic communities.

⁴ Crisis Group Europe Briefing N°21, *Macedonia: War on Hold*, 15 August 2001.

⁵ "We recognise the hard work and the commitment demonstrated by the former Yugoslav Republic of Macedonia Within the framework of the UN, many actors have worked hard to resolve the name issue, but the Alliance has noted with regret that these talks have not produced a successful outcome". Bucharest Summit Declaration, 3 April 2008 (online).

⁶ Crisis Group interviews, Skopje, April 2011.

⁷ Macedonia was admitted to the UN in April 1993 under the provisional name "the former Yugoslav Republic of Macedonia". According to Eurostat (January 2011), it has an estimated population of 2,057,000.

⁸ See Crisis Group Europe Report N°122, *Macedonia's Name: Why the Dispute Matters and How to Resolve It*, 10 December 2001, which contains extensive background on the origins and history of the name dispute; and Crisis Group Briefing N°52, *Macedonia's Name: Breaking the Deadlock*, 12 January 2009.

⁹ In 2007, for example, the Skopje airport was renamed after Alexander the Great, and classical-era statues were placed in front of the main government building.

¹⁰ VMRO-DPMNE won 63 seats out of 120; its Albanian coalition partner DUI won eighteen, giving the coalition 81 seats and the two-thirds majority needed to amend the constitution.

¹¹ The current president is Gjorge Ivanov.

elections. Those victories, and the control his first cousin, Sašo Mijalkov, exercises over the Security and Counter-intelligence Bureau,¹² enabled Gruevski to impose rigorous discipline on party and state institutions alike.

Gruevski's government pushed hard to satisfy the political requirements to start membership negotiations with the EU in 2009.¹³ In October 2009, the European Commission recommended to Member States to start those negotiations. Under Greek pressure, however, the EU has not been able to take the required unanimous decision. The General Affairs Council explained that "a negotiated and mutually acceptable solution on the name issue, under the auspices of the UN, remains essential".¹⁴

The government consistently says that European integration is its highest priority, points to its rigorous alignment of laws with the EU *acquis communautaire* and proposes that the screening of its legislation, the next step in the accession process, start even if full negotiations cannot yet begin.¹⁵ But domestic and international observers are not fully persuaded.¹⁶ In the past two years, Macedonia has slipped back in the implementation of its EU reform agenda, especially with regards to the political criteria for candidacy: independence of the judiciary, reform of public administration, freedom of expression in the media and inter-party political dialogue.¹⁷

Moreover, the prime minister has invested extensive political capital since 2006 in promoting Macedonia's ancient heritage, through sponsoring archaeological excavations and renaming roads, sports arenas and the main airport

after Alexander the Great and his father Philip of Macedon. This "antiquisation" project has done much to reduce sympathy among Macedonia's European friends.¹⁸ Even locally, only 30.9 per cent support renaming public institutions and places after ancient Macedonians, while 57.8 per cent are opposed.¹⁹ Prior to the June elections, an opposition leader said, "these elections are a turning point: shall we turn to antiquisation or Europe?"²⁰

More than any part of the nationalist project, the massive Skopje 2014 urban development scheme is undermining EU accession and inter-ethnic reconciliation. It includes construction of neo-classical buildings, statues, bridges and arches worth €250 million to €300 million.²¹ Gruevski explained its rationale: "The main driving power of each success [is the] national spirit. The love for one's past [and] inherited values has raised many nations from the ashes. Skopje 2014 puts an end to the chapter of Macedonia without monuments ... accompanied by constant denials of our nation, language, identity, history".²² The project is almost purely devoted to ethnic Macedonian history and heroes, so alienates the other communities and goes against the spirit of the Ohrid Framework Agreement (OFA).²³ For the Albanians, "this is an example of

¹² The executive role Mijalkov allegedly plays in government affairs prompted a seasoned insider to call him a "shadow prime minister". He headed the VMRO-DPMNE negotiating team during government formation talks with DUI in June 2011. Crisis Group interviews, former member of the ruling coalition, and a member of the opposition, Skopje, 28 April and 21 June 2011.

¹³ The EU adopted an Accession Partnership with Macedonia in February 2008, which listed eight key short-term priorities. The 2008 European Commission (EC) "Progress Report" and European Council conclusions said more was required. See Crisis Group Briefing, *Macedonia's Name: Breaking the Deadlock*, op. cit., p. 10.

¹⁴ General Affairs Council Conclusions on Enlargement/Stabilisation and Association Process, 7-8 December 2009, p. 6.

¹⁵ Crisis Group interview, former governmental official, Skopje, 14 April 2011.

¹⁶ A diplomat in Skopje commented that "the government pretends they reform, and the EU pretends to believe them", but added that the EU cannot afford to give up on Macedonia, because "it had invested too much". Crisis Group interview, Skopje, 14 April 2011.

¹⁷ EC "Progress Report", op. cit., November 2010; "Enlargement Strategy and Main Challenges 2010-2011", EC communication to the Council and the European Parliament, COM(2010)660 final.

¹⁸ The European Parliament in 2009 noted "with concern the use of historical arguments in the current debate, including the recent phenomenon of so-called 'antiquisation', which risks increasing tensions with neighbours and creates new internal divisions". Draft Motion for a Resolution, Committee on Foreign Affairs, Brussels, 11 December 2009.

¹⁹ "Insights and Perceptions: Voices of the Balkans 2010", Gallup Balkan Monitor (online survey).

²⁰ Crisis Group interview, Branko Crvenkovski, SDSM leader, Skopje, 11 April 2011.

²¹ "€250 million-€300 million is the estimated cost of the project. It is impossible to determine the exact amount". Crisis Group interview, senior member of opposition, Skopje, 21 June 2011. A government official confirmed the accuracy of this figure. Crisis Group interview, Skopje, 27 July 2011. The project includes at least seventeen large statues, fifteen buildings in neo-classical style, two bridges with 28 monuments each, a triumphal arch and a new parliament building. Construction of an Orthodox church on the main city square was dropped in March 2009 after both Macedonian and Albanian civil society organisations protested, and the Islamic community demanded that a mosque also be built.

²² Government press conference, Macedonian Information Agency (MIA), 3 September 2010 (online). Some authors in Macedonia describe "antiquisation" as state intervention in nation-building, an attempt to foster continuity between ancient Macedonia and the current day republic that inevitably is linked to the name dispute with Greece. See Anastas Vangeli, "Nation-building ancient Macedonian style: The origins and the effects of the so-called antiquisation in Macedonia", Centre for Research and Policy Making, Skopje, 10 January 2011 (online).

²³ A senior DUI official said some funds were already secured for the project during the 2006-2008 coalition between VMRO-DPMNE and the Democratic Party of the Albanians (DPA),

VMRO's political philosophy and the kind of state they want to build" and a project to exclude them from the capital of the country.²⁴

Skopje 2014 has faced civil opposition, including accusations of illegal urban planning and lack of transparency. The Constitutional Court has ruled parts of it illegal.²⁵ Gruevski had it approved in the Centar/Skopje municipal assembly under a shortened procedure that excluded wider public debate.²⁶ The national monuments, which under normal procedures would be voted in parliament and require a special double majority,²⁷ instead, were approved at the municipal assembly as "monuments of local significance". The Skopje branch of Transparency International alleged that millions of euros were transferred to the municipality unlawfully, and called on the public prosecutor to investigate.²⁸ Lack of public participation and consultation "presents a major regress of accountability", said a regional decentralisation expert.²⁹

and the project was "put in our face". Crisis Group interview, Tetovo, 14 April 2011. DPA leader Menduh Thaçi rejected that claim, Crisis Group interview, Tetovo, 21 June 2011.

²⁴ Crisis Group interviews, senior DUI official, DPA leader Menduh Thaçi, Tetovo, 21 June 2011.

²⁵ The Constitutional Court ruled that many buildings were illegally included in the municipal plan, and their construction must be halted, decision 43/2010-0-1, 30 June 2010; see Sinisa Jakov Marusic, "Part of 'Skopje 2014' struck down by Constitutional Court", *Balkan Insight*, 1 July 2010. The municipality repeated the planning procedure as instructed by the Court, and construction has continued.

²⁶ Only 34.5 per cent agree that Skopje 2014 will make the city more "liveable and attractive"; 51.4 per cent disagree. Gallup Balkan Monitor, op. cit.

²⁷ "Law on Monuments and Memorial Landmarks", Official Gazette 66/2004, amended in July 2008. Under the "Badinter rule", named after Robert Badinter, the French constitutional lawyer involved in the 2001 Ohrid negotiations, constitutional amendments and other laws that involve local administration, territorial division, use of languages, flags and symbols and protection of cultural identity can be changed only with a double majority that includes approval of the parliamentary representatives of the smaller ethnic communities.

²⁸ According to the financing units for local self-government law, the state budget cannot sponsor memorials of local significance; municipalities should rely on their own revenues for these. The culture ministry says the funds were for capital investment. The audit report, however, noted that Centar Municipality did not justify these investments even after the funds were transferred. Crisis Group interview, president, Transparency International Macedonia, Skopje, 23 June 2011. "Непочитување на Законската регулатива и процедура за изградба на спомен обележја-проект Скопје 2014" [Skopje 2014 memorial landmarks break the laws and procedures], press release, Transparency International, 7 April 2011.

²⁹ Crisis Group interview, Skopje, 22 June 2011.

Skopje 2014 is contributing to the capital's worrying division into ethnic Macedonian and Albanian districts. Gruevski's Albanian coalition partner, DUI, went along with it in exchange for a much smaller project for ethnic Albanians in Čair, the capital's main Albanian majority municipality.³⁰ Named after the Albanian national hero Gjergj Kastrioti Skënderbeu (Skenderbeg), it is to cover a large area in the city centre close to the old Skopje Bazaar. A DUI official explained: "We are trying to calm down Albanian emotions and feel part of this Skopje, too" but accused Gruevski of "ruining the real square in Skopje [Macedonia Square]".³¹ He also complained that DUI "couldn't have reversed Skopje 2014 because a large part of it was already underway".³² The party has been able to insert only statues of three Albanian figures (representative of Islam, Christian Orthodoxy and Catholicism) into the actual Skopje 2014 project.

Negotiations for a renewed coalition were meanwhile progressing in the growing shadow of the "Warrior on a Horse", a large bronze statue apparently depicting Alexander the Great being erected in the centre of Skopje.³³ Greece calls this a further "usurpation of Greek history" and threatens "unavoidable repercussions" for the country's Euro-Atlantic perspective.³⁴

³⁰ Sinisa Jakov Marusic, "Skopje's Albanians plan 'Alternative' City Square", *Balkan Insight*, 27 September 2010. The Čair project was supposed to be implemented alongside Skopje 2014, but VMRO-DPMNE refused to transfer the needed funds; it is now slated for construction between 2012 and 2015.

³¹ Crisis Group interview, Skopje, 11 April 2011

³² Three Albanian monuments will be included as part of Skopje 2014. Crisis Group interview, Skopje, 11 April 2011.

³³ The name of the statue in official documents is "an ancient warrior"; it is not registered as Alexander the Great. Crisis Group interview, Skopje, 19 April 2011.

³⁴ "Foreign Ministry spokesman's reply to questions about information regarding the raising of a statue of Alexander the Great at a central square in Skopje", 14 June 2011 (online).

II. THE 2011 ELECTIONS

The governing coalition's monopoly on power in 2008-2011 frustrated the opposition,³⁵ which responded by boycotting parliament from 28 January 2011 and precipitating the 5 June early elections.³⁶ It complained that the government kept it in the dark on important issues, such as the name dispute with Greece, and had a "winner take all" attitude that showed no desire for dialogue on matters of national importance.³⁷ A leading opposition figure said, "with this government, we have lost the consensus on how to be a sustainable democracy ... and with the boycott, we raised the stakes higher".³⁸ The government claimed that the boycott was a spur of the moment decision by SDSM leader Crvenkovski to generate a crisis³⁹ that surprised even opposition parliamentarians.⁴⁰

³⁵ The largest ethnic Macedonian parties, VMRO-DPMNE and SDSM, have dominated the political scene since independence from Yugoslavia in 1991. SDSM is the successor of the League of Communists of Macedonia and is a centre-left party with observer status in the Socialist International. VMRO-DPMNE is a centre-right Christian Democratic party and has observer status with the European People's Party. The ethnic Albanian electorate is also dominated by two parties. The Democratic Party of Albanians (DPA), a centre-right party lead by Menduh Thaçi, split from the first Macedonian-Albanian party in 1997, the moderate Party for Democratic Prosperity (PDP). The Democratic Union for Integration (DUI) was formed immediately after the 2001 conflict as a successor to the National Liberation Army (NLA) and first participated in elections in 2002.

³⁶ Parliament boycotts are a feature of Macedonian political life. Prior to the 2006 elections, Gruevski took the opposition VMRO-DPMNE members out and, threatening further political action, secured changes to the election law. In opposition, DUI in 2006-2008 boycotted parliament for months, at times blocking important legislation via the Badinter rule. In August 2009, DPA began a boycott that lasted to April 2011. The recent SDSM-led boycott, joined by the opposition New Social Democrats (NSDP) and the New Alternative Party, brought early elections and prompted the speaker to consider a law to penalise boycotting members by cutting their salary 70 per cent. Crisis Group interview, Skopje, 1 July 2011.

³⁷ Crisis Group interviews, senior opposition members, Skopje, 11 April, 21 June 2011. Officials from the parliamentary speaker's cabinet commented: "They [SDSM] are blackmailing. They turn political dialogue into a bargaining tool ... this is a parliamentary democracy, and there is no rule that dictates we should always accept the proposals of the opposition. Their behaviour is classical frustration". Crisis Group interview, Skopje, 22 June 2011.

³⁸ Crisis Group interview, Skopje, 11 April 2011.

³⁹ A number of Macedonian interlocutors said the Gruevski-Crvenkovski dispute was driving the parliamentary crisis. One said that the country "has been held hostage to those two leaders". Crisis Group interviews, Skopje, 12-13 April 2011.

⁴⁰ Crisis Group interviews, Skopje, 13 and 18 April, 22 June 2011.

Crvenkovski said the boycott became inevitable after the courts froze the accounts of the pro-opposition A1 TV station and of three associated newspapers (see below). Intense international pressure and several meetings between political leaders, including an offer by the speaker of parliament, Trajko Veljanovski, to put media freedom and the A1 case on the assembly's agenda, did not persuade the opposition, which insisted that A1's accounts be unfrozen before it would retake its seats.⁴¹ Parliament was dissolved on 14 April and elections scheduled.

A. THE CAMPAIGN AND ELECTION DAY

The highly polarised environment caused concerns there would be substantial trouble, even violence, on election day, as there had been in 2008, mostly in Albanian areas.⁴² These fears proved unfounded, as voting and counting procedures were generally good, "the best election day they have had", an EU official said.⁴³ The Election Observation Mission (EOM) of the Organisation for Security and Cooperation in Europe (OSCE) called them "competitive, transparent, and well-administered throughout the country, although certain aspects require attention".⁴⁴

Yet, behind the scenes there were problems. The EOM noted "credible allegations of pressure on civil servants to support the ruling coalition" and "instances of misuse of

⁴¹ To return to parliament, the SDSM also wanted: constitutional amendments to change the composition of the Judicial Council; unblocking the financial accounts of A1 TV and other sanctioned media outlets; a new law on the equal distribution of state funds for media advertising; government-opposition consensus for amendments to the Election Code; and the formation of a parliamentary working group to update the voters list. Gruevski accepted all but the unfreezing of A1's accounts, which, he said, was a judicial issue. Crisis Group interviews, Skopje, April, June 2011.

⁴² "On election day [1 June 2008] organised violence and intimidation disrupted voting in many predominantly ethnic Albanian areas, leaving one person dead and several injured. This contributed to a number of irregularities and instances of election fraud". "Final Report on the Early Parliamentary elections of 1 June 2008", Organisation for Security and Cooperation in Europe (OSCE), Office for Democratic Institutions and Human Rights (ODIHR). Interlocutors commented on the tense pre-election atmosphere among ethnic Macedonians and said those elections had a higher risk of violence between VMRO-DPMNE and SDSM loyalists than between ethnic Macedonians and Albanians. Crisis Group interviews, Skopje, Tetovo, Gostivar, 11-15 April 2011.

⁴³ Crisis Group interview, EU official, Brussels, July 2011.

⁴⁴ Crisis Group interviews and observations, Skopje, June 2011. On election day the Citizens Association MOST deployed nearly 3,200 domestic observers and OSCE ODIHR approximately 300 foreign observers.

administrative resources”.⁴⁵ On 9 May, A1 investigative journalists reported that VMRO-DPMNE had tasked civil servants and managers in public administration to each provide twenty to 30 votes for the ruling party.⁴⁶ On 19 May, Prime Minister Gruevski responded with an open letter to state officials, calling on them to guarantee free elections.⁴⁷ The public prosecutor opened an investigation but dropped it after witnesses either failed to appear or denied they had been pressured.⁴⁸ Nevertheless, international officials said the line between party and state administration was blurred in the pre-election period.⁴⁹

In the lead up to the elections, VMRO-DPMNE and SDSM had difficulty agreeing on the rules, finally accepting extensive changes to the electoral code on 2 April.⁵⁰ The Council of Europe’s expert Venice Commission had not given its opinion on the changes before they were passed.⁵¹ The EOM questioned whether such “late amendments were consistent with international good practices in electoral matters” and noted “gaps and ambiguities remain in

the Electoral Code”.⁵² That the changes regulated campaign financing was positive.⁵³ But the regulation on Macedonians voting abroad may have boosted VMRO’s total by three seats. The accuracy of the voters list was also questioned, as it had been in past polls.⁵⁴

The opposition argued that because the administration was so politicised, the close to 3,000 local Electoral Boards (EBs) could not administer the polls fairly,⁵⁵ but Gruevski refused its demand that political party representatives replace state officials.⁵⁶ In the end, the EBs demonstrated “their conscientiousness and integrity and, by means of adequate reaction, prevent[ed] certain irregularities from becoming widespread practice”.⁵⁷ Crisis Group observed professionalism in polling centres it visited in Skopje, Kumanovo and Tetovo. Special forces were deployed where there had been violence in the previous elections, and police were allowed to enter polling stations based on the April electoral code changes.⁵⁸ Voters appeared to be

⁴⁵ “Statement of Preliminary Findings and Conclusions”, OSCE ODIHR, 6 June 2011.

⁴⁶ A1 journalists aired recordings of telephone conversations with public administration employees, allegedly showing they were coerced to provide lists of voters who would support the ruling party in exchange for keeping a job or obtaining one for a relative. See, Sinisa Jakov Marusic, “Voting list scandal casts shadow on Macedonia poll”, *Balkan Insight*, 9 May 2011.

⁴⁷ EOM Interim Report no. 2, OSCE ODIHR, 16-23 May 2011.

⁴⁸ “The public prosecutor, who initially opened a procedure to look into the allegations, wrongfully applied the Criminal Law, referring to the article on influencing voters by force and threats. However, in this case, there was no use of force; this was classical political corruption and abuse of power. Instead of checking who stood behind it, the public prosecutor asked if force was used”. Crisis Group interview, president, Transparency International Macedonia, Skopje, 23 June 2011.

⁴⁹ Crisis Group interview, EU official, Brussels, July 2011; also, “Observation of the early parliamentary elections in ‘the former Yugoslav Republic of Macedonia’”, Council of Europe Parliamentary Assembly, 5 June 2011.

⁵⁰ The opposition refused to vote because “we don’t want to legitimise the election process by going back into parliament”. Crisis Group interview, senior opposition member, Skopje, 11 April 2011. Changes to the electoral code require only a simple majority, so there were sufficient deputies present to adopt the measure, even though the Venice Commission recommends voting on electoral law changes by cross-party consensus. Crisis Group interview, election expert, Skopje, 28 April 2011.

⁵¹ The Venice Commission argued that amendments to the electoral code two months before the polling day were “contrary to the spirit of Article 65 of the Venice Commission’s Code of Good Practice in Electoral Matters concerning the stability of the electoral law”. The State Electoral Commission (SEC) had very little time to train staff and organise out-of-country voting. “Observation”, op. cit.

⁵² “... especially related to provisions on complaints, out-of-country voting and use of administrative resources”. “Statement of Preliminary Findings and Conclusions”, op. cit.

⁵³ Changes allowed legal entities to donate up to 5 per cent of their previous year total turnover, a rule election experts did not welcome. They were more positive about the parties’ obligations to submit three financial reports on campaign financing: in the middle of the campaign period; 24 hours after its end; and a final report, fifteen days later. Crisis Group interview, election expert, Skopje, 13 April 2011.

⁵⁴ The responsibility to update the voters list was transferred from the justice ministry to the SEC in 2010. During the 2009 presidential and local elections the list included 1,792,082 voters, a high number for a country of some 2.1 million citizens, and the OSCE ODIHR recommended a revision. A working group set up in spring 2010 did not finish on time. The final list as of 15 May 2011 had 1,821,122 names. EOM Interim Report no.15-16, OSCE ODIHR, Skopje, 20 May 2011.

⁵⁵ Macedonia has a three-tier electoral system: the SEC, 84 Municipal electoral commissions (MEC), and 2,976 Electoral Boards (EB). The SEC president and two members are proposed by the opposition; the vice president and three members are proposed by the ruling parties; the five MEC members are civil servants elected randomly; one of the five EB members is nominated by the ruling parties and one by the opposition parties; the remaining three members, including the president, are randomly selected from public service employees.

⁵⁶ Among the SDSM’s conditions to return to parliament to vote for the electoral changes was that the EB representatives include two members of the opposition, two of the ruling coalition and one independent.

⁵⁷ “MOST Citizens’ Association Preliminary Statement on early Parliamentary Elections”, Skopje, 6 June 2011 (online).

⁵⁸ The interior ministry published in April 2011 for the first time a “Rulebook for Police Officials and their role during the Election process”. In 2008, “[f]ailure to take effective preventive action was attributed by many interlocutors to senior police officials”. “The Former Yugoslav Republic of Macedonia, Final

undisturbed.⁵⁹ Some irregularities were noted, such as family and group voting, the bribing and soliciting of voters, violations of the principle of secret ballot by the photographing of ballots via mobile phones and recording of voter names. But these were the exceptions rather than the rule.⁶⁰ Few complaints were filed with the State Electoral Commission (SEC).⁶¹

Most importantly, the traditional violent rivalry between DUI and DPA did not feature, as both parties signed a pact on 4 May committing to fair, democratic, transparent and non-violent elections.⁶² The polls improved the image of the Albanian parties, something that “was necessary for Albanians because we have been accused of conducting bad elections in the past, and this time we wanted to send a different message there was no more positive message that Macedonia could have sent to the international community”. Another Albanian politician said this was the “last opportunity for Macedonia to restore its election credibility”.⁶³

B. GOVERNMENT FORMATION

The elections created a more balanced parliament, with a strengthened opposition, and a reduced majority for the ruling coalition. The VMRO-DPMNE coalition secured 56 seats, the SDSM-led coalition 42. With fifteen seats, DUI remained the biggest Albanian party; DPA was second with eight.⁶⁴

Report on the Early Parliamentary Elections of 1 June 2008”. OSCE ODIHR.

⁵⁹ Crisis Group election day observations.

⁶⁰ Crisis Group observed that many elderly ethnic Macedonian voters had the number of the coalition written on their hands, suggesting they may have been instructed on how to vote. In an ethnic Albanian majority polling station where 400 votes were cast, Crisis Group noted 22 cases of family voting. In their final report MOST observers reported that “certain EBs did not follow the voting procedure correctly – voter identification, use of the UV lamp and invisible ink, managing the entry in excerpts of the voters list, as well as tolerating cases of group and family voting, proxy voting, and multiple voting”, op. cit., p. 20.

⁶¹ Sixteen complaints were filed by three parties (Party of the United Democrats for Macedonia, New Democracy and United for Macedonia). The SEC accepted one complaint on the tabulation process and corrected the result, but declared the remaining complaints “unfounded”. Five lawsuits were submitted to the Administrative Court, which confirmed the ruling. “But the SEC failed to define the procedure for which they would handle complaints, resulting in inconsistent and untimely remedies”. “Statement of Preliminary Findings and Conclusions”, op. cit.

⁶² “Political Rivals Sign Election Truce in Macedonia”, *Balkan Insight*, 5 May 2011.

⁶³ Crisis Group interviews, Menduh Thaçi, DPA leader, and senior DUI official, Tetovo, 21 June 2011.

⁶⁴ For a detailed breakdown of election results, see website of the State Election Commission at <http://217.16.84.11>.

Even though the two former allies VMRO-DPMNE and DUI agreed in principle to form a new government quickly, it took them more than twenty days to agree on a structure and program. DUI felt that its role in the past coalition was “cosmetic”,⁶⁵ and insisted that agreement be reached this time on a common government platform.⁶⁶ This focuses on five priorities: economic development, Euro-Atlantic integration, corruption and organised crime, further implementation of Ohrid and investments in education.⁶⁷ DUI also argued for more positions in the government, finally obtaining five ministries and two vice-prime minister positions. For the first time the vice-prime minister in charge of European affairs and the defence minister will be Albanian. This should provide for a more equitable government and increase trust between the two main coalition partners.⁶⁸

Giving DUI responsibility for the Euro-Atlantic agenda is a conciliatory gesture. It is also a risk, as the coalition could break down if the name dispute continues to block EU integration. DUI’s first negotiating position was for the government to agree with Greece in the first 100 days. VMRO-DPMNE has not promised this but said it will continue the dialogue with Greece under UN auspices (see below).⁶⁹ The justice ministry is an important gain for DUI. The previous minister played a negative role in the Judicial Council (see below), and was regularly criticised by international representatives for undermining judicial independence. Heading both European affairs and the judiciary, ethnic Albanians will be under close scrutiny from Brussels and EU member states.

The common platform gives DUI and VMRO-DPMNE many internal reforms to focus on. DUI’s pre-election call to allocate more money to regional development was a slight departure from its more traditional ethnocentric

⁶⁵ Crisis Group interviews, DUI government official and member of the Presidency, Skopje, 17 March and 27 June 2011.

⁶⁶ Crisis Group interview, DUI government official, Skopje, June 2011.

⁶⁷ Crisis Group interview, DUI government official, Skopje, July 2011.

⁶⁸ DUI obtained the local self-government, environment and spatial planning, economy, defence and justice ministries. The deputy prime ministers will head European integration and the OFA Secretariat. The party obtained deputy minister posts in the transport, finance, interior and education and science ministries. It also received the top jobs in the agencies for foreign investment, state reserves and crisis management, as well as deputy directorships in customs and the intelligence agencies.

⁶⁹ DUI claims that initially VMRO-DPMNE had signalled it was willing to resolve the name dispute in the first 100 days, but it later withdrew this pledge. Crisis Group interview, senior DUI official, Skopje, July 2011.

demands.⁷⁰ Euro-Atlantic integration is the main policy goal that has bound the two communities' together, but they now they have more domestic issues to work on in order to build a civic state.

The issue of cultural representation was also put on the table. The Skopje 2014 project has drained the government's budget and departed from Ohrid's principle of inclusivity. To reward DUI, VMRO-DPMNE pledged budgetary support to revamp the Old Bazaar in Čair, refurbish Skënderbeu Square and construct a number of theatres and culture houses in Albanian-majority areas. It also pledged to build a branch of Tetovo University in Skopje. Construction is to continue on the museum-church in Skopje's medieval fortress, Kale, which on 13 February 2011 caused violent clashes between ethnic Macedonians and Albanians (see below). Talks are ongoing about additional objects representing Albanian culture that can be included.

Agreement was also achieved on amending the law on languages to allow Albanian government officials to address parliament in Albanian.⁷¹ These amendments were put before parliament under a shortened procedure on 14 July prior to confirmation of the new government, together with a law on the use of national symbols.⁷²

One of the more controversial parts of the coalition agreement involves interpretation of the amnesty law.⁷³ Several DUI grandees felt vulnerable to war crimes charges, and the party pressed hard to have their cases put under the provisions of that law. Closing the books on the 2001 conflict may relax inter-party relations, but at some expense: DUI allegedly dropped demands on language and other issues important to their electorate in order to obtain

amnesty for a small number of senior party officials. Ethnic Macedonians may also be unhappy with this deal, but Gruevski claims to have wanted the issue closed, "because the courts have not resolved those cases previously; they would have remained a 'hot chestnut'" ⁷⁴

⁷⁰ The equal regional development law was adopted in 2007, Official Gazette 63/2007. The government is supposed to devote 1 per cent of GDP to the eight planning regions but has never done so.

⁷¹ The use of Albanian in state institutions is limited by the 2008 law. While citizens can communicate with state institutions in Albanian, appointed officials representing the state can only address parliament in Macedonian.

⁷² The use of national symbols law was originally adopted in 2005, when DUI was in coalition with SDSM. VMRO-DPMNE challenged it in the Constitutional Court, and it was annulled in 2007.

⁷³ In September 2002, Macedonia yielded jurisdiction over five alleged war crimes cases to the International Criminal Tribunal for the Former Yugoslavia (ICTY, The Hague Tribunal). The cases were referred back for consideration by the national courts in 2008; see "Decision on the Prosecutor's Request for Deferral and Motion for Order to the Former Yugoslav Republic of Macedonia", Case no. IT-02-55-MISC.6.4, October 2002, at www.un.org/icty/misc/decision-e/28115138.htm; also Crisis Group Europe Briefing N°41, *Macedonia: Wobbling Towards Europe*, 12 January 2006.

⁷⁴ "Груевски: Македонија ќе стане модерна европска земја" [Gruevski: Macedonia will become a modern European country], *Dnevnik*, 28 July 2011.

III. DOMESTIC POLITICS

With the elections and formation of the new government out of the way, Macedonia should re-engage rapidly with reform. The past three years were poisoned by a polarised political environment. VMRO-DPMNE and SDSM were deeply divided, and even their supporters among the media and NGOs harboured the worst opinions of the other. Conflict between the two main parties was personalised between their respective leaders, Gruevski and Crvenkovski. The ruling party's capture of most state institutions, discrimination against members of the opposition in public institutions and the eroding of judicial and media independence also fuelled division. By distributing seats more equitably among the four main political parties (VMRO-DPMNE, SDSM, DUI and DPA), the 2011 elections have created an opportunity for the governing coalition and opposition to adopt a more conciliatory approach on policy formulation and further reform legislation.

The country faces unusual challenges that are insoluble without broad national consensus. Potential solutions to emotionally charged issues like the name dispute and Ohrid implementation will be unreachable if the major parties seek to exploit them for partisan advantage. There is also need to come together to overcome an acute economic crisis that follows years of lacklustre performance. Since 2005, the growth rate has lagged behind that of every other country in the western Balkans.⁷⁵ Although in 2010 the economy started a weak recovery, unemployment was very high at 31 per cent in January 2011, and 30 per cent of the population was categorised as "poor".⁷⁶ Remittances accounted for 4.5 per cent of GDP in 2009, and total foreign direct investment (FDI) at 3.6 per cent of GDP was insufficient to meet development needs.⁷⁷

Macedonia has preserved macroeconomic stability and trust in banks,⁷⁸ and in early 2011 the IMF approved a €475 million precautionary credit loan, the first of its kind. The country borrowed from the IMF an additional €220 million in March for budgetary support.⁷⁹ Even though the

government and opposition have been attacking each other's economic records,⁸⁰ they should look past their disagreements and work to develop local infrastructure, strengthen human resources and the rule of law. They can capitalise on Macedonia's dramatic improvement in World Bank rankings for ease of doing business, an area in which it has virtually matched the EU average.⁸¹

A. GOVERNMENT INSTITUTIONS AND PARLIAMENT

Under the previous government, many international and local interlocutors pointed to the "systematic control of state institutions by the dominant party".⁸² Gruevski created a disciplined, loyal and ambitious party cadre⁸³ and largely remodelled the state in the image of his party.⁸⁴ Macedonian parties tend to be highly centralised and ethnically based. Policy-making capacity is poor, and rank and file have little opportunity to participate in decisions. An ex-parliament speaker argued: "Every party is conquered by one man and a small group around him. MPs get direct orders".⁸⁵

Gruevski was unopposed for a third four-year mandate as party president in March, and Branko Crvenkovski has

million Arrangement for Macedonia Under the Precautionary Credit Line", press release, IMF, 19 January 2011.

⁸⁰ Gruevski's camp argues that the roots of current economic problems are in Crvenkovski's handling of the economy when he was prime minister and in charge of privatisation (1992-1998), a time when 300,000 lost jobs. See, for example, Gruevski quoted in "Macedonian politician's return is 'an old movie'", *Balkan Insight*, 26 May 2009. Others have criticised the 1990s privatisation for unequal distribution of capital, for example, Izet Zeqiri "The Economic Causes and Consequences of the 2001 War and the Consolidation of the Economy", in Florian Beiber (ed.), *Power Sharing and the Implementation of the Ohrid Framework Agreement* (Skopje, 2008), pp. 89-107 (online).

⁸¹ "Doing Business in South East Europe 2011", World Bank, p. 2. Over the past five years Macedonia advanced from 75th to 38th in the World Bank's global rankings, which measure laws and regulations on starting a business, registering property, obtaining construction permits and enforcing contracts; EU member states average 37th.

⁸² Crisis Group interviews, local and international officials, Skopje, April and June 2011.

⁸³ Crisis Group interviews, local analysts, Skopje, April and June 2011.

⁸⁴ "VMRO takes power seriously, but not the state", a civil society activist told Crisis Group. Crisis Group interview, Skopje, 8 April 2011. "SDSM focuses on the state, VMRO on the people", a senior DUI official said. Crisis Group interview, Skopje, 27 June 2011.

⁸⁵ Stojan Andov, quoted in "Пратениците работат под диктат" [MPs work under dictate], *Dnevnik*, 14 April 2011, (online). The popular wisdom in Macedonia calls political parties with incumbent leaders "sultan" parties.

⁷⁵ Crisis Group calculation using World Bank GDP growth rate, 2005-2009, for Albania (5.3 per cent average), Bosnia and Herzegovina (4.1), Kosovo (4.34), Macedonia (3.62), Montenegro (4.94) and Serbia (4.04).

⁷⁶ State Statistics Office, press releases, 27 June and 11 July 2011 (online).

⁷⁷ "Migration Remittances Factbook 2011" (Macedonia), World Bank (online), p. 3.

⁷⁸ According to an EC official in Skopje, the finance ministry has done well in increasing trust in banks; in 2009-2010 70 per cent of the population was estimated to use banks for saving, a major increase. Crisis Group interview, Skopje, 27 June 2011.

⁷⁹ The precautionary credit line was set by the IMF for countries with stable finances. "IMF Executive Board Approves €475.6

been at the helm of SDSM since it was founded in early 1991.⁸⁶ Party leaders have a final say on closed electoral lists,⁸⁷ and voters elect parties, not individuals. This gives the leader a powerful tool for enforcing discipline and personal loyalty.⁸⁸ Some question whether “non-democratic parties, operating within a non-democratic structure” can “bring democracy to Macedonia”.⁸⁹ Crisis Group’s 2005 recommendations for democratising parties, coherent legislation to govern their financing and revision of statutes giving leadership excessive authority remain valid.⁹⁰

With only 27 seats, the opposition in the previous parliament felt marginalised. An opposition leader said that none of “dozens of laws and hundreds of amendments” the SDSM proposed was accepted and that the government failed to implement measures it had agreed with the opposition. A government representative retorted that in 2010, close to 400 opposition amendments were accepted.⁹¹ The opposition also complains of being ignored on sensitive topics, most notably the funding for Skopje 2014. The item was never put on the parliament’s agenda, causing the opposition to boycott coordination meetings with the parliament speaker between May and September 2010.⁹²

⁸⁶ When his 2005-2009 presidential term ended, Crvenkovski resumed leadership of the SDSM, which he headed from 1991-2005. Ethnic Macedonian interlocutors saw this as “stifling”, because it deprived potentially more talented new leaders of a chance to reform the party. Crisis Group interviews, Skopje, April, June 2011.

⁸⁷ “Кандидатите пикнати во лидерски чевли” [Electoral candidates placed in leader’s shoes], *Dnevnik*, 8 May 2011 (online).

⁸⁸ This is a problem across the political spectrum. Crisis Group interview, international representative, Skopje, 20 April 2011.

⁸⁹ Crisis Group interview, Skopje, 12 April 2011.

⁹⁰ Crisis Group Europe Briefing N°37, *Macedonia: Not out of the Woods Yet*, 25 February 2005. The law on financing political parties, Official Gazette 76/2004, was enacted in 2004 and amended in 2009. Macedonia is a member of the Council of Europe’s Group of States Against Corruption (GRECO) and has accepted its recommendations on funding parties; during its latest on-site visit, the organisation graded the legislation as “recent and rather well developed” but also noted weak implementation. “Evaluation Report on the former Yugoslav Republic of Macedonia, Transparency of Party Funding (Theme II)”, GRECO, 26 March 2010. The president of Transparency International Macedonia in Skopje commented that “political parties do comply with the provisions of the law on financing parties, but the problem is with the very dispersed and inefficient control system. Everyone and no one is responsible”. Crisis Group correspondence, 26 July 2011.

⁹¹ Crisis Group interviews, Skopje, 11 and 13 April 2011.

⁹² The opposition also says it was excluded from the “passing of provisions that reduce parliament’s revision function over the reports of the State Audit Office and over the final report on the Macedonian budget”. Sinisa Jakov Marusic, “Skopje: speaker urges opposition parties to return”, *Balkan Insight*, 14 April 2010.

The governing majority has no obligation to the parliamentary opposition beyond playing by the rules. On routine matters of government and indeed on most controversial issues, the majority is well within its rights to enact the policies it chooses. The opposition should not resort to boycotts in ordinary circumstances. But regular contacts between party leaders would improve a toxic political atmosphere.⁹³ The majority should include the opposition in sensitive national issues, in particular the building of a multi-ethnic state on the basis of Ohrid and resolving the name dispute with Greece.

The law on parliament adopted in August 2009 and parliamentary rules and procedures approved in September 2010 to a large extent guarantee the rights of the opposition. They also provide a good legislative framework for development of political dialogue. However, the opposition complained that there was not enough parliamentary debate, because the speaker did not resist the prime minister’s pressure to adopt laws quickly,⁹⁴ thus reducing the legislature to a “voting machine”.⁹⁵ International interlocutors commented that some parliamentary committees do not properly use hearings and expressed concern that the majority of all parties’ parliamentarians often appear to forget that they are performing a public duty.⁹⁶

On the other hand, a senior EU official praised the governing coalition for “pass[ing] legislation with lightning speed”, though “some things they implement, and some they do not”, and argued that it is hard to sympathise with the opposition’s boycott, as “parliament is functioning according to the constitution”.⁹⁷ Parliament passed 142 laws between 6 and 26 April 2011, with little or no time for debate.⁹⁸ Haste, however, causes problems. The Constitutional Court annulled provisions in nearly 25 per cent

⁹³ In January 2010, the former EU special representative, Erwan Fouere, and U.S. Ambassador Phillip Reeker appealed at a Business Forum, “Macedonia 2010”, to the parties to “bury the hatchet, refrain from bickering, and press ahead with a dialogue to ensure that Macedonia meets its strategic goals of NATO and EU integration”. “EU and U.S. Ambassadors in Macedonia for further EU and NATO integration”, *South East Europe News*, 23 January 2010.

⁹⁴ Interlocutors pointed to the quick passage of nearly 200 laws, especially prior to elections. Parliament civil servants and a ruling party member said these were amendments, not new laws. Crisis Group interviews, Skopje, 19 April and 21 June 2011.

⁹⁵ Crisis Group interview, senior opposition member, Skopje, 21 June 2011.

⁹⁶ “Parliament is used as a football”. Crisis Group interview, international representative, Skopje, 20 April 2011.

⁹⁷ Crisis Group interview, senior EU official, Skopje, 13 April 2011.

⁹⁸ Crisis Group email correspondence, non-governmental organisation, 21 July 2011.

of cases in 2009-2010 in which laws were challenged, often due to drafting errors.⁹⁹

B. PUBLIC ADMINISTRATION

Professionalisation of public administration is a key EU requirement, yet this area is becoming more, not less, politicised.¹⁰⁰ In December 2010, the government transferred responsibility for coordinating public administration reform from the independent Civil Servants Agency (which was consistently receiving positive assessments from the European Commission)¹⁰¹ to the new information society and administration ministry. Its minister's success will now largely depend on his ability to resist pressure from the government of which he is a member.¹⁰²

Several local and international observers estimated that the public administration has grown by 40,000 in the past three years;¹⁰³ institutions, they said, are over-staffed, old employees have been pushed aside and are still getting paid, while party loyalists were hired and now make most decisions.¹⁰⁴ The European Commission has criticised the government for downgrading trained personnel and appointing those with limited experience.¹⁰⁵ But while some observers are worried that the governing coalition gives the

impression the state is the country's main employer,¹⁰⁶ a European official called this not unusual: given the economy's difficulties, it is natural that many people prefer state jobs that appear more secure.¹⁰⁷ Disagreements between SDSM and VMRO-DPMNE also relate to the size of the administration.¹⁰⁸ But this is not necessarily its greatest problem, deep politicisation of public administration is. Rather than trying to extend its grip throughout all public institutions, by giving jobs to its members, VMRO-DPMNE should focus on seeing to it that the most qualified are hired.

While VMRO-DPMNE is clearly the main culprit in handing out state jobs to its supporters, the government's Albanian junior partner, DUI, also participates in job distribution, and many suggest this explains its relatively docile behaviour in the previous coalition.¹⁰⁹ A senior Albanian official said DUI had "failed to deliver on quality personnel in public administration and the judiciary" and has "focused on hiring party militants in administration, finance and other positions where there is more money".¹¹⁰ Achieving equitable representation in public administration is among the key provisions of the OFA (see below) but to fill its quota DUI should prioritise the employment of qualified persons regardless of political affiliation and avoid undermining a genuine process of building non-politicised public administration. As the main Albanian party in power for much of the last decade (apart from 2006-2008 when

⁹⁹ "The quality of legislative drafting by the central and local administration needs further improvement. The Constitutional Court annulled provisions in nearly 25 per cent of cases where laws were challenged", EC "Progress Report", op. cit., 2010. "The ruling coalition does not pay enough attention to important details which sometimes can significantly change the meaning of a law". Crisis Group interview, member of the opposition, Skopje, 21 June 2011.

¹⁰⁰ "There have been reports of replacement of trained professionals with appointees of limited experience in several institutions", EC "Progress Report", op. cit., 2010, pp. 10-11.

¹⁰¹ Crisis Group interviews, civil society representatives, Skopje, June 2011.

¹⁰² Crisis Group interview, EU official, Skopje, 24 June 2011.

¹⁰³ Crisis Group interviews, Skopje, 14 and 19 April 2011. A government official, admitting there is no reliable figure for public administration personnel, said the new ministry for Information Technology and Public Administration is to design a database to monitor recruitment and representation.

¹⁰⁴ Personnel are hired first on temporary contracts that are later made permanent. When discussing public administration, several interlocutors said all parties have failed to depoliticise it. The Helsinki Human Rights Committee said party discrimination is particularly prevalent in municipal administrations. Crisis Group interview, Skopje, 13 April 2011.

¹⁰⁵ Crisis Group interview, Skopje, 12 April 2011. The EC said the VMRO-DPMNE government's 2006 "large-scale dismissals" of officials "illustrated the politicisation of appointments at all levels in the public administration and disrupted its functioning well into 2007. Time and expertise were lost in reorganisation and extensive changes of personnel in the public administration", EC "Progress Report", op. cit., 2007.

¹⁰⁶ Crisis Group interview, civil society representative, Skopje, 8 April 2011.

¹⁰⁷ "This country is a phenomenon. Everybody wants to work for the State". Crisis Group interview, European official, Skopje, 28 June 2011.

¹⁰⁸ A member of the opposition commented that a small country like Macedonia needs a small and efficient administration. VMRO-DPMNE disagrees with this and has argued that the process of EU reform cannot be driven with a stretched administration. Crisis Group interviews, member of the opposition and international official, Skopje, 11 April and 26 June 2011. The government says that some 120,000 are employed in public administration, including the police and the army and points out that "Slovenia, which has lesser number of citizens than Macedonia, counts between 165,000 and 185,000 employed in public administration". "Македонија очекува позитивни оценки од Брисел за реформите во јавната администрација" [Macedonia expects positive assessment from Brussels for its reforms in public administration], press conference, information technology and public administration ministry, 26 July 2011 (online).

¹⁰⁹ Local interlocutors told Crisis Group a public administration job requires a DUI or VMRO-DPMNE party card, and several thousand euros. "Only division of resources is keep[ing] them together". Crisis Group interview, civil society representative, Skopje, 5 April 2011. A young ethnic Albanian taxi driver claimed to Crisis Group he had paid €1,000 for a public administration job, had been waiting a year and was recently told that he could start on 1 August.

¹¹⁰ Crisis Group interview, senior judge, Skopje, 24 June 2011.

DPA was a coalition partner), DUI has equally disenfranchised ethnic Albanians who are not its members, by excluding them from public administration jobs.

In his 2010 report, the ombudsman described discrimination on the basis of political affiliation as the “cruellest one”, while adding that ethnic and religious discrimination were also practiced.¹¹¹ Ending these abuses should be a top priority in the ongoing process of public administration reform, as should ensuring equitable representation as described in Section IV of this report.

C. THE JUDICIARY

The judiciary has long been seen as inefficient, corrupt and subject to political influence.¹¹² This has a direct bearing on the country’s attractiveness for foreign investment and its possibilities for accelerated economic development. In the past four years, Macedonia has adopted much of the legal framework required for an efficient and independent court system, but implementation is haphazard.¹¹³ There is more transparency; decisions are now published online for example, and a new academy for training judges and prosecutors was set up in 2008 to provide continuous training, but the courts nevertheless remain one of the least trusted domestic institutions.¹¹⁴

The Judicial Council, which is responsible for appointing and dismissing most judges as well as for many aspects of their professional career, has been acting in many ways as the extended arm of the executive.¹¹⁵ Under the previous

government, the justice minister, a member of the Judicial Council, also secured influence by initiating disciplinary measures against judges.¹¹⁶ He was criticised in the European Commission’s 2010 Progress Report for influencing court decisions.¹¹⁷ In an attempt to address the criticism, the government agreed to eliminate the minister’s voting rights on the Judicial Council, but not to remove him from the body, as this would require a constitutional amendment.¹¹⁸

No law directly penalises politicians’ attempts to influence the judiciary. The new government should consider introducing such a bill and developing a “whistleblower” mechanism for judges seeking to report intimidation. But there are more fundamental problems: “many judges think they are still defending the State, not the interest of the people”; though independent by law, they “lack the courage to oppose political pressure”.¹¹⁹ They also reportedly fear they can be subjected to disciplinary measures for their decisions.¹²⁰ Several who have ruled in high profile corruption cases have been dismissed.

Some of the judiciary’s troubles are rooted in the clash between the two main parties, in part because an earlier SDSM government appointed many judges.¹²¹ Some feel

way that justice is administered”. “Legal Analysis, Independence of the Judiciary”, OSCE Survey, December 2009, p. 7. The justice minister and the Judicial Council called the survey “unreliable” and denied that there was political pressure on judges. See, “2010 Human Rights Report: Macedonia”, U.S. State Department, April 2011.

¹¹⁶ The justice minister is an *ex officio* member of the Judicial Council, with all rights and responsibilities. According to a senior judge, some judges were appointed on the minister’s instructions. Crisis Group interview, Skopje, 26 April 2011.

¹¹⁷ EC “Progress Report”, op. cit., 2010, p. 12.

¹¹⁸ Crisis Group phone interview, justice minister, 8 August 2011.

¹¹⁹ Crisis Group interviews, senior opposition member, former member of the Anti-Corruption Commission, Skopje, 11 April, 23 June 2011.

¹²⁰ Crisis Group interviews, Skopje, April and June 2011. “In cases where the government has an interest or is a party in the judicial procedure, judges feel pressure and fear the consequences of their decisions. The internal influences are channelled through the authority of the experienced judges and the authority of judges in higher courts”. “Мерење на напредокот во судството, јавната администрација и законодавното тело во Република Македонија” [Measuring the progress in the judiciary, the public administration and the parliament], Transparency International Macedonia, June 2011, p. 21. Another interlocutor explained: “most judges are professional but are afraid their decisions against those close to the governing parties may have repercussions, while some are politically affiliated with parties in power in order to progress in their career”. Crisis Group email correspondence, civil society representative, 2 August 2011.

¹²¹ A government official claimed that SDSM chose 640 judges in one day in 1996, when it dominated parliament, and the opposition was absent. Crisis Group email communication, July

¹¹¹ Decentralisation, which for instance allows local municipalities to handle school director employment, has also increased the politicisation of local hiring and firing. “2010 Annual Report of the Ombudsman of the Republic of Macedonia”, Skopje, p. 57; and Crisis Group interviews, Skopje, Tetovo, April and June 2011.

¹¹² See Crisis Group Briefing, *Macedonia: Wobbling Towards Europe*, op. cit., 12 January 2006, p. 4.

¹¹³ “Regarding the independence of the judiciary, no further progress was made in ensuring that the existing legal provisions are implemented in practice”. EC “Progress Report”, op. cit., 2010, p. 12.

¹¹⁴ Only 31 per cent of ethnic Macedonians said they trust the judicial system and 21 per cent of ethnic Albanians. “Gallup Balkan Monitor, op. cit., p. 14.

¹¹⁵ Judges are appointed for life; their salaries can only be reduced in disciplinary cases determined by the Judicial Council, which has fifteen judges (including non-majority community representation), appointed for six-year terms. “A significant portion of the judges surveyed report being exposed to attempts to influence their work, in particular by the executive power followed by political parties. A large majority of the respondents think that the mechanisms for protection from external influence are dysfunctional”; 43 per cent of the judges thought “external interferences with the judiciary exist and affect the

VMRO-DPMNE is engaged in a clean-up, removing those believed partial to its rivals.¹²² Prime Minister Gruevski has openly clashed with the Constitutional Court, accusing it of being pro-opposition after it annulled several projects of the previous government.¹²³

The state Lustration Commission on 29 September 2010 declared that the president of the Constitutional Court, Trendafil Ivanovski, had collaborated with the old Yugoslav secret services as an informant and instructed him to resign.¹²⁴ The outgoing parliament named a former Gruevski adviser to replace him on 14 April 2011.¹²⁵ Such action creates suspicion of heavy-handed government interference with the judiciary. If lustration is to continue in Macedonia (the only state in the western Balkans to pursue it energetically), it needs to do so transparently, so it is above any suspicion of political manipulation. Given VMRO-DPMNE's campaign against what it considers the remnants of communism,¹²⁶ and SDSM's history as successor to the old League of Communists, this requirement is all the more acute.¹²⁷ The commission's 4 August 2011 confirmation that the executive director of the Open Society Institute, Vladimir Milcin, was an informant for the Yugo-

slav secret services has further undermined its credibility as an impartial body.¹²⁸

D. THE MEDIA

Media freedom and pluralism is shrinking.¹²⁹ Several international organisations have called the intimidation of journalists "a serious concern"¹³⁰ and asked the government to pay more attention to freedom of expression. The media is deeply divided and viewed as serving the interests of politically-connected businesspeople. The owners of TV and newspaper outlets play the greatest role in determining editorial policy.¹³¹ Journalists have little choice but self-censorship to avoid losing their positions.¹³² They have little job security, often no contracts and are generally paid in cash.¹³³

Government opponents are labelled frequently as "traitors". In December 2009, a daily published a list of journalists whom it accused of taking bribes from the Greek

2011. See also editorial by government spokesperson Ilija Dimovski, "Судството како дел од потсвеста" [The judiciary as a part of the subconscious], 27 April 2010, www.vrmro.org.mk/mk/zapis.asp?id=6112.

¹²² Crisis Group interview, civil society representative, Skopje, 21 June 2011.

¹²³ The Constitutional Court has nine judges, elected by a majority of the total membership of parliament to nine-year terms. The projects declared unconstitutional included: introduction of religious classes in state education; the external testing of graduates law; several articles of the lustration law; the stimulating birth rates law; the re-organisation of Skopje's Clinical Centre; and police early retirement.

¹²⁴ Trendafil Ivanovski was the first public official to be so treated by the Lustration Commission. See "Macedonian constitutional court head pronounced spy", *Balkan Insight*, 29 September 2010.

¹²⁵ The appointee was an adviser to Gruevski when the current prime minister was finance minister (1998-2002). A member of the Constitutional Court told Crisis Group it is "the most political institution", and "judges are politically affiliated". He commented on existing affiliations of some judges with parties (both opposition and ruling) but also said the lustration process is highly politicised, used to "condition and to blackmail judges", and had failed to act on VMRO-DPMNE and DUI functionaries with a similar past. Crisis Group interview, Skopje, 24 June 2011.

¹²⁶ Many critics call the lustration process "political revanchism". Crisis Group interviews, Skopje, June 2011.

¹²⁷ A VMRO-DPMNE interlocutor said regarding the lustration process that "the old structures and nets of interests" should not be underestimated: "One must take into account the negative inheritance of the past as a factor which influences the rule of law and the democratic order, generally. A state in transition cannot deal with this situation solely through sanctions and criminal procedures". Crisis Group correspondence, 26 July 2011.

¹²⁸ Sinisa Jakov Marusic, "Macedonian 'spy' says that he is the victim of a witchhunt", *Balkan Insight*, 26 July 2011. Milcin, an SDSM founder in the 1990s, allegedly was threatened by VMRO-DPMNE and currently has two bodyguards for security. Also see: Sinisa Jakov Marusic, "Macedonian NGO chief named as informant", *Balkan Insight*, 5 August 2011.

¹²⁹ According to the Reporters without Borders Press Freedom Index, in 2010 Macedonian media was ranked 68 of 175 countries worldwide, a downgrading of 34 places since 2009, <http://en.rsf.org/press-freedom-index-2010,1034.html>.

¹³⁰ "Libel charges which target individual journalists with heavy fines remain a concern. Intimidation of journalists, who face political pressure and threats, is a serious concern". EC "Progress Report", op. cit., 2010, p. 17. In December 2010 the Association All for Fair Trial reported 165 libel cases against journalists. Crisis Group, correspondence, 6 May 2011. Lawsuits against journalists are not only filed by politicians, but in some instances also by "judges, media owners, municipal officials, businessmen". Neda Milevska-Kostova, "Nations in Transit: Macedonia 2011", Freedom House, June 2011 (online).

¹³¹ Interlocutors referred to the two TV stations whose owners are sons of leaders of parties in coalition with VMRO-DPMNE, Channel 5 and Sitel, which they said violated the broadcasting law. They claimed that "politicisation of media" has always been a practice of parties in power, but "VMRO took it to the extreme", and Macedonian society has never witnessed such extreme divisions. Crisis Group interviews, local journalists and civil society activists, Skopje, 4-11 April 2011.

¹³² Crisis Group interviews, local analysts and journalists, Skopje, April and June 2011.

¹³³ According to the Journalists Trade Union, some 70 per cent of journalists and other media workers are employed under "unlawful" or "partially lawful" conditions. Allegedly, many who are employed legally signed resignation letters at the same time as their contracts. This allows owners (often political party apparatchiks) to fire them when they wish. Crisis Group interview, Skopje, 12 April; and correspondence, 6 May 2011.

government.¹³⁴ In May 2010, another outlet listed “traitor” journalists and called for their physical elimination.¹³⁵ Independent publications favouring the opposition have been closed or have aligned their editorial policies with the ruling party. In April 2011, one of the more independent dailies, *Dnevnik*, fired its editorial board and prominent columnists critical of the government, apparently to attract government advertising with a different policy line.¹³⁶

Advertising is a powerful incentive. According to the Broadcasting Council’s analysis, the government spent €17 million on it in 2008, and €12 million in 2009 for 658 hours of air time.¹³⁷ Local observers say the government and ruling party gave the contracts to “friendly” media.¹³⁸ A1 TV, for example, consistently had high viewer ratings, but Macedonian Telecom, of which government officials are shareholders, withdrew its ads in early 2009.¹³⁹ A similar policy is followed with the print media.

The A1 TV case is typical of relations between political classes and media owners turning sour at the expense of independent journalism. Since its creation in 1993, the station flirted with all governing coalitions, while its owner, Velija Ramkovski, established lucrative businesses. But his relations with Gruevski soured in 2009; in November 2010, at a politically sensitive time, police raided A1 as part of an investigation into alleged tax fraud by eleven smaller commercial companies registered at its address.¹⁴⁰

¹³⁴ “Грција ги плаќа нивните, а во Македонија своите новинари за да помине грчкиот предлог” [Greece pays its own journalists, and Macedonian journalists to secure acceptance of the Greek proposal], *Vecer*, 18 December 2009 (online).

¹³⁵ “EFJ condemns Macedonia television call for violence against journalists”, 19 May 2010 (online); and Milenko Nedelkovski in “Предавниците имаат право на тужба” [Traitors have a right to sue], A1 Television, 2 June 2010 (online).

¹³⁶ Crisis Group interviews, Skopje, April and June 2011.

¹³⁷ “Analiza na Pazarot za Radiodifuzna Dejnost za 2009 Godina” [Analysis of Broadcasting Activities for 2009], Report of the Broadcasting Council of the Republic of Macedonia, p. 108.

¹³⁸ A local journalist called this a “serious intervention in media independence”. Crisis Group interview, Skopje, 12 April 2011.

¹³⁹ Crisis Group interview, media expert and local journalists, Skopje, 23, 28 June 2011.

¹⁴⁰ SDSM Prime Minister Vlado Buckovski (2004-2006) attempted a similar action with A1 TV in March 2006, on the same charges. “Рамковски: Бучковски сака да ме апси” [Ramkovski: Buckovski wants to arrest me], *Vreme*, 9 March 2006 (online). Ramkovski is no stranger to controversy. A1 was involved in an eight-year lawsuit with the U.S. Media Development Loan Fund that in 1995 authorised a \$1.5 million investment in the station which Ramkovski allegedly used for other purposes. The problem between the U.S. and Macedonian governments was resolved in March 2006, when A1 signed a contract to return \$1.8 million. Sase Dimovski, “Velija Ramkovski – shady tycoon or media hero?”, *Balkan Insight*, 2 December 2010.

Sixteen people, including Ramkovski, were detained on suspicion of serious financial crimes. Although the government claimed that A1 was never the target of the investigation, on 25 January its banks accounts and those of ten other companies were frozen; in June, the Tax Revenue Office told it to pay €9.5 million in back taxes; on 12 July the authorities proceeded with a forceful collection of debt, and on 26 July, after the Tax Revenue Office declined its request to pay in instalments, a court declared it bankrupt and appointed a transitional owner.¹⁴¹ Revocation of its broadcasting license may be next.¹⁴²

Although many people Crisis Group spoke to supported a tax evasion trial, the majority agreed “the problem with the A1 case is that the government made no distinction between the A1 owner, Velija Ramkovski, and journalism” and worried about the effect on media pluralism. The dailies *Vreme*, *Spic* and *Koha e Re*, owned by the local Plus Production company registered at the same address as A1 and part of the ongoing investigations, were told to pay €1 million in back taxes, and stopped publishing on 2 July, due to lack of funds. The OSCE Representative on the Freedom of the Media has expressed concern, arguing that “closing critical media never leads to political and economic stabilisation, but to stagnation and the loss of trust in governments and politicians”.¹⁴³ To dispel any notion of selectivity, a parliamentary oversight committee on the media should be established, and the Public Revenue Office should scrutinise all media outlets – audio-visual and print – with its assistance where there are questions related to their fiscal standing.

¹⁴¹ Borjan Jovanovski, “Farewell to A1, and a country’s lost hopes”, *Balkan Insight*, 3 August 2011.

¹⁴² A1 sought to pay in 36 instalments. “The Tax Revenue Office should have solved the [tax evasion] case without jeopardising the freedom of media”, A1 journalists said. Crisis Group interview, Skopje, 24 June 2011. International bodies criticised the affair. “These closures, the amounts demanded, and the conditions of payment, appear to be politically motivated”; “[The] Macedonian government must stop silencing critical media”, Amnesty International, press release, London, 5 July 2011; “I call on the Public Revenue Office to demonstrate maximum transparency in calculating the amount of tax debt for Plus Production and allow for a reasonable payment plan that will not hinder the work of media”, “OSCE media freedom representative urges Skopje to ensure media pluralism and transparent investigations”, press release, Vienna, 4 July 2011.

¹⁴³ “Regular Report to the Permanent Council OSCE”, Dunja Mijatović, Vienna, 23 June 2011.

IV. INTER-ETHNIC RELATIONS

There have been significant improvements in inter-ethnic relations since the Ohrid Framework Agreement (OFA) was signed in 2001, but the government's focus on ethnic Macedonian projects such as Skopje 2014 has rekindled feelings of discrimination among ethnic Albanians. The latter accept that much of the OFA has been implemented but say the process has been too slow and has not translated into a real commitment to create a multi-ethnic state in which they have equal decision-making power. Pursuant to Ohrid, key passages of the constitution, including its preamble, were changed; use of the Albanian language was regulated and expanded, especially in communities that are at least 20 per cent Albanian; the principle of equitable representation was introduced, as well as a voting mechanism to prevent a Macedonian majority from ignoring minority concerns.¹⁴⁴ But three areas still require attention: equitable representation, especially inclusion of more ethnic Albanians in senior posts, decentralisation and full implementation of the law on languages.

The strong institutional framework for promoting inter-ethnic dialogue nationally and locally is undermined by weak political and financial support and coordination. The Secretariat for the Implementation of the Ohrid Framework Agreement (SIOFA), led by DUI, has not produced a public report on implementation and has no database to monitor equitable representation.¹⁴⁵ The parliamentary

committee on inter-ethnic relations has rarely met since 2008, because of quorum difficulties.¹⁴⁶ It is less likely that its work will be blocked by a party boycott in the new, more pluralistic parliament. This should prove important for improving cooperation between it and the 33 municipal-level inter-ethnic committees.¹⁴⁷ While the municipal committees should be given clearer mandates and more resources, the parliamentary body should at a bare minimum meet when there are violent inter-ethnic incidents.

And inter-ethnic tensions sometimes still do turn violent. Most notably on 13 February 2011, at least 100 ethnic Macedonians and ethnic Albanians clashed at the medieval Skopje fortress (Kale), over the building of a museum-church meant to host historical artefacts from the archaeological excavation, resulting in eight injuries, including two police. Hate speech was exchanged at the site and in the blogosphere, where some Facebook pages called for ethnic cleansing.¹⁴⁸ When the Macedonian Academy for Arts and Sciences (MANU) published the first national

mer Vice Prime Minister Abdilaqim Ademi, Skopje, 28 June 2011; international representative, Skopje, 13 April 2011.

¹⁴⁶ The parliamentary committee on inter-ethnic relations met once in 2010 and not when such incidents as the Kale violence and the national encyclopaedia dispute threatened communal stability. In the previous parliament, it included seven Albanians, seven Macedonians (five VMRO-DPMNE, two SDSM) and five from non-majority communities. It should be a forum for discussing inter-ethnic relations, including implementation of laws, equitable representation, non-majority communities' rights and protection of rights related to identity in culture, education, information, etc. Its Albanian chairman said VMRO-DPMNE boycotted sessions due to its "inherited anti-OFA philosophy". Crisis Group interview, Tetovo, 21 June 2011.

¹⁴⁷ The local self-government law provides for Commissions for Inter-community Relations in municipalities where at least 20 per cent belong to a certain non-majority ethnic community. These lack sufficient organisational, human and budgetary resources. EC "Progress Report", op. cit., 2009, p. 21; for more detail on the Commissions, see "Participatory Analysis, National and Local Capacities for Strengthening Inter-Ethnic Dialogue and Collaboration", UN Development Programme (UNDP), Skopje, September 2010.

¹⁴⁸ Ethnic Albanians strongly opposed the project, claiming it was actually to be a church. Work was initially halted, but when it became apparent it was being resumed at night, Albanians, including several DUI politicians, went to the site to stop it. Sinisa Jakov Marusic, "Eight injured in clashes over 'church' construction in Macedonia", *Balkan Insight*, 14 February 2011. Filip Stojanovski, "Macedonia: Violent inter-ethnic incident on Skopje fortress", Global Voices Blog, 15 February 2011. Some ethnic Macedonian interlocutors claimed that the event on the Kale was "controlled" by the ruling party, and "one of Gruevski's powder kegs in Skopje". Crisis Group interviews, Skopje, April and June 2011. They commented that the new encyclopaedia is offensive not only to ethnic Albanians but also to ethnic Macedonians and of poor quality.

¹⁴⁴ The preamble of the constitution spoke of "the provision of peace and a common home for the Macedonian people with the nationalities living in the Republic of Macedonia". In 2008 a law on languages made Albanian a second official tongue in areas where Albanians are at least 20 per cent of the population. DPA leader Menduh Thaçi told Crisis Group, "we could have gotten this degree of use of the language without the war. This was pretty much offered before the conflict". Crisis Group interview, Tetovo, 21 June 2011. The first Albanian-language university, Tetovo, was legalised in 2003; the territorial division law was implemented in 2005, and Macedonia started a two-phased decentralisation process in which the national government began to transfer significant responsibilities to local governments. Former Vice Prime Minister Abdilaqim Ademi counted among its achievements capital investments in Albanian schools. Crisis Group interview, Skopje, 13 April 2011.

¹⁴⁵ It prepared strategic plans for OFA implementation in 2010-2012 and 2011-2013 with OSCE help. The government-approved plans focus on decentralisation, equitable representation, integrated education strategy, non-discrimination and implementation of the law on languages and propose ways of cooperation with governmental and non-governmental organisations. Monitoring of equitable representation becomes the responsibility of the new information technology and administration ministry in 2011, as part of the database on public administration and civil servants that is a key EU criterion. Crisis Group interviews, for-

encyclopaedia in September 2009, protests erupted over its provocative content, including the derogative term “Sip-tari” to describe the Macedonian Albanian.¹⁴⁹ The new government must prevent such incidents, give greater support to inter-ethnic relations by investing in dialogue and increase trust in the state and buy-in on policy issues that affect all citizens by consulting widely.

A. EQUITABLE REPRESENTATION

The OFA put a special accent on equitable representation (proportional to the population’s composition) to address the previous exclusion of ethnic communities from state jobs and provide fairer power sharing.¹⁵⁰ Over the past few years, there has been important improvement in representation of Albanians in the state administration, including in the police and the judiciary, but the full quotas have not been reached.¹⁵¹ According to a senior DUI official, 29 per cent of civil servants were ethnic Albanian in December 2009 but only 7 per cent of employees in public administration were.¹⁵² Though they have ministers, ethnic Albanians are not fully represented in public enterprises or senior posts in some institutions and ministries.¹⁵³

The tendency to award state jobs to ruling party loyalists has been replicated among ethnic Albanian DUI supporters, with the same result that trained professionals have been replaced by less qualified party members.¹⁵⁴ Hiring

ethnic Albanians also risks becoming a “box ticking exercise” in which many new employees have no clearly defined job description, office or equipment. Some 400 of the 1,400 Albanians who became civil servants and received salaries since 2008 are said to have no real job.¹⁵⁵

While there is recognition among ethnic Albanians that “equitable representation is not only about numbers, but about power sharing and securing Albanian loyalty to the state”, and “it cannot happen overnight”, there is also a perception that ethnic Macedonians are not willing to give them positions of authority.¹⁵⁶ To date only ethnic Macedonians have served as interior and foreign affairs ministers and speaker of parliament. In March 2011, DUI had expected an ethnic Albanian would be made governor of the Macedonian National Bank, but President Gjorge Ivanov selected an ethnic Macedonian.¹⁵⁷ This brought the party the closest it has been to leaving the government coalition.¹⁵⁸ While ethnic Albanians say there is no political will to ensure fully equitable representation, ethnic Macedonians say they lack the requisite experts.¹⁵⁹ The government should do more to build non-majority capacity by improving education opportunities (see below) and fostering the careers of talented non-majority civil servants.

B. LANGUAGE RIGHTS

The scope of Albanian language usage was one of the most difficult issues in the Ohrid negotiations. Albanians demanded “equal status” with Macedonian. Macedonians argued this would break the first basic principle of the

¹⁴⁹ It portrays Albanians in Macedonia as newcomers from mountainous northern Albania. After strong opposition, including from the national academies in Albania and Kosovo, MANU withdrew the text and formed a working group to redraft it.

¹⁵⁰ The basic provision 4 and annex C of the OFA address the principle of non-discrimination and equal treatment of all, saying “the parties will take concrete action to increase the representation of members of communities not in the majority in Macedonia in public administration, the military, and public enterprises, as well as to improve their access to public financing for business development”. It is generally understood that non-majority communities should be employed in numbers proportional to their percentage of the population.

¹⁵¹ The ombudsman monitors equitable representation and has found it to be improving, though very slowly, and that the “principle is not implemented adequately in terms of managing posts”; ethnic Turks and Roma remain significantly underrepresented. “Annual Report 2010”, March 2011, pp. 32-34.

¹⁵² Crisis Group interview, Skopje, 28 June 2011. Civil servants are individuals working in state administration; public administration more broadly includes all state jobs (police, customs, state companies, etc).

¹⁵³ According to the 2010 figures in the ombudsman’s report, there are ethnic Albanians in 9.9 per cent of managerial posts and 8.1 per cent of “other employment” in public enterprises.

¹⁵⁴ Crisis Group interviews, international representatives, Skopje, April and June 2011. A law professor at the Macedonian State University commented how its bright ethnic Albanian students are not considered for public administration jobs “because they

do not hold a DUI membership party card”. He was equally dismayed at the government’s practice of employing “thousands of ethnic Macedonians through the back door”, while “fully advertising on state TV the employment of ethnic Albanians who end up sitting at home”. Crisis Group interview, Skopje, 19 April 2011.

¹⁵⁵ “Interview with [former] Vice-Prime Minister Abdilqim Ademi”, *Dnevnik*, 14 August, 2010 (online). An Albanian senior opposition member said ethnic Albanians were being employed even though there was no space for them in existing government offices. Crisis Group interview, Skopje, 14 April 2011.

¹⁵⁶ Crisis Group interview, former Vice Prime Minister Abdilqim Ademi, Skopje, 12 April 2011. DUI head Ali Ahmeti commented: “Albanians should not be only deputies”. Crisis Group interview, Tetovo, 13 April 2011.

¹⁵⁷ He nominated Dimitar Bogov, the bank’s vice governor, as governor, DUI boycotted the parliament’s confirmation on 16 March. Srgjan Stojanov, “Во ДУИ молк за бојкотот” [DUI quiet about the boycott], RFE/RL, 16 March 2011.

¹⁵⁸ Crisis Group interview, SIOFA official, Skopje, 30 April 2011.

¹⁵⁹ A senior ethnic Albanian judge said SIOFA had failed for almost two years to fill two senior legal positions at the Constitutional Court reserved for ethnic Albanians. “Human resources, however, are a problem among ethnic Albanians. It has to be acknowledged”. Crisis Group interview, Skopje, 24 June 2011.

agreement that “the sovereignty and territorial integrity of Macedonia as well as the unitary character of the state cannot be violated and must be sustained”.¹⁶⁰ This argument continues to breed disagreement between ethnic elites. While Albanians consider that constitutional amendments following the OFA make Albanian the second state language, Macedonians argue that this is so only for the self-government units in which Albanians are at least 20 per cent of the population.¹⁶¹

The law on languages was passed seven years later, in July 2008, defining Albanian as the second official language at the municipal level, and allowing municipalities where minorities represent less than 20 per cent to implement it if their municipal councils so decides.¹⁶² The

Skopje city law (2003) has the same provisions for the capital. Where their language is official, ethnic Albanians can use it with all central authorities.¹⁶³ Essentially, the law allows a wide use of Albanian, but it has not been extended much to the state level beyond parliament, where Albanian is spoken in both plenary and committee, and laws are translated in the Official Gazette. All court and parliamentary transcripts, however, are only produced in Macedonian.¹⁶⁴

Ethnic Albanians complain ethnic Macedonian mayors of municipalities where they are 20 per cent are not interested in implementing the law.¹⁶⁵ Desk officers in state institutions allegedly seldom reply to citizens in Albanian.¹⁶⁶ This is at least partially due to lack of funding and translation, but also of political will. As language continues to be a main grievance for ethnic Albanians, the new government should step up implementation of existing laws. It should also consider expanding use of Albanian in state institutions and Skopje, where ethnic Albanians are 21 per cent overall and more than 20 per cent in four of the ten municipalities.¹⁶⁷ However, it is only used for state affairs in those municipalities, creating a visible sense of linguistic segregation. To strengthen the perception that

¹⁶⁰ Annex 1, Article 7 of the OFA regulates the use of Albanian. This was the most sensitive issue during the Ohrid negotiations. For details, see: Vasko Popetrevski and Veton Latifi, “The Ohrid Framework Agreement Negotiations”, Conflict Studies Research Centre, June 2004 (online).

¹⁶¹ Amendment V of the constitution provides: “The Macedonian language, written using its Cyrillic alphabet, is the official language throughout the Republic of Macedonia and in the international relations of the Republic of Macedonia. Any other language spoken by at least 20 per cent of the population is also an official language, written using its alphabet, as specified below. Any official personal documents of citizens speaking an official language other than Macedonian shall also be issued in that language, in addition to the Macedonian language, in accordance with the law. Any person living in a unit of local self-government in which at least 20 per cent of the population speaks an official language other than Macedonian may use that official language to communicate with the regional office of the central government with responsibility for that municipality; such an office shall reply in that language in addition to Macedonian. Any person may use any official language to communicate with a main office of the central government, which shall reply in that language in addition to Macedonian. In the organs of the Republic of Macedonia, any official language other than Macedonian may be used in accordance with the law. In the units of local self-government where at least 20 per cent of the population speaks a particular language, that language and its alphabet shall be used as an official language in addition to the Macedonian language and the Cyrillic alphabet. With respect to languages spoken by less than 20 per cent of the population of a unit of local self-government, the local authorities shall decide on their use in public bodies”.

¹⁶² The full name is the “Law on the Use of Languages spoken by 20 per cent of the population of the Republic of Macedonia and in the Units of Local Self-Government”, Official Gazette 101/08. According to Article 41 and Amendment V of the constitution, “[w]ith respect to languages spoken by less than 20 per cent of the population of a unit of local self-government, the local authorities shall decide on their use in public bodies”. Thus, the Kumanovo municipal council recently agreed to integrate two more languages (Serbian and Romani), even though their speakers are each less than 10 per cent of the population (respectively, 9,062 and 4,256 of 105,084). Krusevo has done

the same for the Vlach community and Gostivar for the Turkish. Outside Skopje, Albanians are the majority in fourteen municipalities; in nine they are 20-40 per cent of the population.

¹⁶³ However, some Albanians complain that state officials are required to speak Macedonian and be translated into Albanian. An ethnic Albanian judge told Crisis Group that though in the Tetovo court the judge, prosecutor, lawyer and accused were ethnic Albanians, the judge had to address the accused in Macedonian, followed by a translation. The use of Albanian by judges and prosecutors is restricted, as courts are a state competency. Crisis Group interview, Tetovo, 21 June 2011.

¹⁶⁴ Parliamentary committees may be chaired in Albanian. All election material, including ballots, is in Albanian, Roma, Turkish and Serbian. There is a national TV channel in Albanian, and the parliament channel also broadcasts in Albanian. Albanian may be used in communications with ministries and for judicial procedures, execution of sanctions, the ombudsman, the election process, issuance of personal documents, police procedures, infrastructure matters, local self-government, finances, the economy, education and science, culture and other fields and institutions, in areas where ethnic Albanians are at least 20 per cent of the population.

¹⁶⁵ Crisis Group interview, Izet Mexhiti, mayor of Čair Municipality, Skopje, 11 April 2011. An ethnic Albanian who works in the field said, “my experience shows that it took time to get used to Albanian as a second official language, but lately the environment is much more relaxed and the bilingual issue is accepted fully”, Crisis Group correspondence, UNDP, Skopje, 11 May 2011.

¹⁶⁶ Crisis Group interviews, Skopje, July 2011.

¹⁶⁷ In the municipalities of Saraj and Čair, ethnic Albanians are 57 and 91.5 per cent respectively, and in Butel and Suto Orizari, 25 and 30 per cent respectively.

Skopje is the capital of a unified multi-ethnic state, city officials should promote bilingualism, starting with street signs.

C. EDUCATION

The constitution allows primary and secondary education in ethnic community languages.¹⁶⁸ Full curriculums exist in Macedonian, Albanian, Turkish and Serbian. Albanian students can attend an Albanian university (Tetovo State), and an Albanian pedagogical and language unit at the state university in Skopje.

But education is becoming more segregated,¹⁶⁹ with children of different ethnicities studying in separate shifts or buildings. At the extra-curricular level, there is “no institutional support for stimulating positive inter-ethnic cooperation”.¹⁷⁰ Common activities are generally organised by NGOs or left to the good will of resourceful school principles. Because primary and secondary education is now a municipal responsibility, there is some local autonomy to design activities, which is seen “as a golden opportunity for stimulating integrated education from an early start”.¹⁷¹ However, municipal authorities, who should be supporting the development of mixed extra-curricular activities, tend to involve themselves with inter-ethnic school issues only when fights escalate.¹⁷²

The OSCE High Commissioner for Minority Rights has urged the government to address “alarming segregation trends”.¹⁷³ Some authorities recognise the need to respond, but ask “how to achieve integration while avoiding perceptions that integration will undo what has been achieved in the past ten years for community rights?”¹⁷⁴ In 2009,

following wide consultation with civil society and with the support of the OSCE High Commissioner for National Minorities, the government pledged to implement an integrated education strategy.¹⁷⁵ The education minister promptly instructed the schools to teach Macedonian to first-year pupils of all non-majority communities.¹⁷⁶ Albanians claimed discrimination and demanded ethnic Macedonians start Albanian at the same age.¹⁷⁷ The minister’s action was annulled by the Constitutional Court as incompatible with the primary education law.¹⁷⁸

The decision to initiate the strategy by introducing Macedonian at an earlier age was a surprise to international experts, who had encouraged the government to take the step, but not necessarily first. Less controversial parts probably should have preceded it, such as outreach to parents, curriculum revision or addressing the shortage of teachers.¹⁷⁹ Following further consultations, the government adopted the full strategy in October 2010,¹⁸⁰ and the language issue was dealt with by allowing ethnic Albanian students to choose when they would start Macedonian.¹⁸¹

Donors have agreed to support this initiative, and the government is evidently keen on political as well as financial

for attention to curriculums and textbooks. It also points to the need for finding common denominators among ethnic groups for the sake of internal cohesion.

¹⁷⁵ The strategy is divided into five themes that deal with democratic school governance in a decentralised environment; joint curricular and extra-curricular activities; language acquisition; curriculums and textbooks; and teacher training, “complemented by a set of guiding principles aiming at avoiding separation along ethnic lines in new schools”. It proposes a thorough review of all existing history, geography and language textbooks and changes in how textbooks are approved and controlled. “Steps Towards Integrated Education Strategy”, education and science ministry (online).

¹⁷⁶ The government parties supported this without debate or approval in parliament and the Inter-ethnic Committee.

¹⁷⁷ “But the legal status of the Albanian language does not allow reciprocity”. Crisis Group interview, education specialist, Skopje, 22 June 2011.

¹⁷⁸ The law on education stipulates that school children of non-majority communities are to start learning the official state language as of fourth grade, while foreign languages such as English are studied from the first grade.

¹⁷⁹ Crisis Group interview, international officials, Skopje, April 2011.

¹⁸⁰ According to a survey, 69 per cent of ethnic Macedonian, 42 per cent of ethnic Albanians and 32 per cent of the smaller minorities said they would not send their children to a school where they are not in the majority. See, “Steps Towards an Integrated Education System in the Republic of Macedonia”, education and science ministry, October 2010.

¹⁸¹ Macedonian study per the education law is to start in the fourth grade, but informal classes can begin as early as first grade.

¹⁶⁸ Article 48.4.

¹⁶⁹ An international official in Macedonia said the process of segregation usually starts with parents and teachers of both ethnicities writing a petition to the school board to request separate shifts on the basis that “it will contribute to better management of the school. When the board accepts it, everyone is happy”. Crisis Group interview, Skopje, 27 June 2011.

¹⁷⁰ Crisis Group interview, education specialist, Skopje, 28 April 2011.

¹⁷¹ Crisis Group interview, civil society representative, Skopje, 4 and 28 April 2011.

¹⁷² “Multiculturalism and Inter-ethnic Relations in Education”, UNICEF, Skopje, November 2009, p. 9.

¹⁷³ “Statement of the High Commissioner for Minority Rights Knut Vollebaek”, 718th Plenary, OSCE Permanent Council, Vienna, 26 June 2008. He reported on the “alarming trend of separation along ethnic lines” in secondary education.

¹⁷⁴ Crisis Group phone interview, donor, Skopje, 14 July 2011. The National Strategy for the Development of Education 2005-2015, prepared by the education and science ministry in 2004, identifies segregation as a challenge to the educational system, recognises that integration should start in pre-school and calls

help.¹⁸² An international representative explained, “[we] cannot leave Macedonia to implement this strategy on its own; it must be given ‘explicit and continuous support’, as it is hard to dispel ‘rumours of assimilation among communities’”.¹⁸³ Both DUI and VMRO-DPMNE are tempted to see this as an internationally-facilitated process and hope donors will focus on the respective parts they like: for VMRO-DPMNE that Albanians will learn Macedonian, for DUI that more attention will be put on revising curriculums.

The strategy addresses textbook revision, especially history, geography and language, as well the mechanisms of approval and control of textbooks that ethnic Albanians consider full of stereotypes and historical errors.¹⁸⁴ A consensus was initially achieved in 2004, when ethnic Macedonian and Albanian experts adopted, with international mediation, a history curriculum for primary and secondary levels that expanded the short space for Albanian history, including that of Kosovo and Albania.¹⁸⁵ But in 2008, a new curriculum shortened the treatment of Albanian history. Albanian experts reject the new sixth grade textbooks, and a member of the national commission for textbooks resigned. To calm tensions, the text was reviewed by an expert appointed by Deputy Prime Minister Ademi, who found factual mistakes and advised that both the book and the curriculum be substantially rewritten.¹⁸⁶ Albanian officials and historians uniformly recommend returning to the 2004 curriculum. Albanian teachers and principals threatened to burn the new sixth grade book if it is distributed in September.¹⁸⁷

¹⁸² Prime Minister Gruevski has given his full support to the strategy but has been reluctant for the government to appear as its sole driver, allegedly saying the issue is too sensitive for that. Crisis Group phone interview, donor, Skopje, 14 July 2011.

¹⁸³ Crisis Group phone interview, donor, Skopje, 14 July 2011.

¹⁸⁴ A senior ethnic Albanian politician said “improving common curriculum” was not a priority for him: “I am not highly interested in one common curriculum with Macedonians; I am more interested in coordinating Albanian primers in Macedonia with Pristina and Tirana”. Crisis Group interview, Tetovo, 21 June 2011.

¹⁸⁵ There was difficult negotiation over what Albanian history – in Macedonia alone or the region – and how much should be studied. It was agreed that three units out of 38 instead of one should be devoted to Albanians in fifth grade and twelve units out of 47 in sixth grade. They also agreed to learn each other’s history. Macedonian teachers can choose six of the twelve units of Albanian history to teach to their pupils, and Albanians can select roughly 70 per cent of the Macedonian history. Crisis Group phone interview, education adviser, development of education bureau, Skopje, 6 July 2011.

¹⁸⁶ Crisis Group phone interviews, Albanian history education adviser; historian Fahri Ramadani, Skopje, 6, 7 July 2011.

¹⁸⁷ Crisis Group interviews, ethnic Albanian historians and representatives of teachers’ associations, Skopje, June-July 2011.

Even more basic issues need to be addressed. In the northern city of Kumanovo, ethnic Albanians who left the main ethnic Macedonian school in 2001 study in the corridors of an old school. Lack of professionally-trained teachers is a chronic problem.¹⁸⁸ The integrated strategy seeks to address this, but more money will have to be earmarked if education is to be a government priority, and this long-term comprehensive project is to succeed. The education ministry budget is less than €10 million – the cost of the “Warrior on the Horse” statue”.¹⁸⁹

D. DECENTRALISATION

Decentralisation was a main Albanian demand in 2001 and is being monitored by the EU as part of Macedonia’s reform process.¹⁹⁰ The OFA stipulates transfer of state competences to municipalities in the areas of public services, urban and rural planning, environmental protection, local economic development, culture, local finances, education, social welfare and health care. Key laws were passed,¹⁹¹ but Macedonia is still not the decentralised state the OFA foresaw. The transfer of competences is a work in progress, with many municipal powers still exercised in effect by Skopje.¹⁹² Financial decentralisation is proceeding

¹⁸⁸ An Albanian mayor told Crisis Group that though the “government does not necessarily discriminate [against] Albanians through education, problems are with some textbooks, while the major obstacle to the education in Albanian is the lack of qualified teachers and bad school administration”. Crisis Group interview, Lipkovo, 23 June 2011.

¹⁸⁹ Crisis Group interview, international official, Skopje, July 2011.

¹⁹⁰ Basic principle 3 (3.1) of the OFA stipulates “[a] revised Law on Local Self-Government will be adopted that reinforces the powers of elected local officials and enlarges substantially their competencies in conformity with the Constitution”.

¹⁹¹ Including local self-government (2002) and territorial organisation (2004). 123 municipal borders were redrawn to consolidate municipalities, give them greater power and achieve more balanced ethnic representation. Under the current law there are 84 municipalities and the city of Skopje is a separate unit (with ten municipalities). Two important laws – on illegal buildings and on construction – are in force since July 2011. These allow municipalities to manage local land, though the central government retains significant responsibilities, including management of agricultural land, forests and water resources, which are important sources of revenue. The equal regional development law (2007) provided the basis for regional development, allowing municipalities to group together to apply for development funds. It obliges the government to commit 1 per cent of GDP to regional development, which it so far has not done. Implementation of this law was a major DUI requirement in negotiations on the new government.

¹⁹² Cultural centres, theatres and sports facilities have not been transferred. Few capital investments have been made in education, though municipalities have acquired full competence for this field. Local government representatives sit on the manag-

slowly and at an uneven pace. This is partly due to the necessity of building up municipal capacity to increase financial sustainability and collect and administer taxes. In principle municipalities have various revenue sources,¹⁹³ receiving grants from the central government for salaries,¹⁹⁴ a 3 per cent share of VAT (set to rise gradually to 4.5 per cent by 2013) and a 3 per cent share of personal income tax. But central government still redistributes revenue and sets and controls various aspects of the public policy cycle.¹⁹⁵

While municipal competences are extensive on paper, not all can benefit in the same way. Some municipalities do not have sufficient funds and institutions to serve local needs.¹⁹⁶ The financing model does little to eradicate disparities between rural and urban or more and less developed

areas (41 of 84 municipalities are considered rural).¹⁹⁷ Less developed municipalities have a weaker revenue stream and more limited capacity to collect tax revenues and lack expertise to develop projects or submit proper funding applications.¹⁹⁸

Some municipalities lack the institutions needed to provide the public services they are now responsible for and require capital investments to address the lack of facilities. Line ministries retain control over capital investments, using “discretion rights” instead of properly developed guidelines, causing friction between local and central government as local actors complain investments are awarded without transparency.¹⁹⁹ The transport and communication ministry, which is responsible for a large number of infrastructure projects, for example, is accused of “scant transparency [in] how it awards funds”, and “ministers do not care to be inclusive” or to focus on municipalities that would benefit most.²⁰⁰

Decentralisation, while moving ahead legislatively, has not worked well in increasing local participation in decision-making, as the governing parties, controlling 70 of 84 municipalities, maintain a heavy hand. Smaller communities and the opposition parties locally have little role. By making capital investment and employment in municipal organisations dependent on political affiliation, VMRO-DPMNE and DUI encourage clientelism: “all of a sudden political parties saw decentralisation as an opportunity to

ing boards of the primary health care institutions but have no right to establish primary health care institutions. Social services are also not yet fully decentralised. “Mid-term Review of the Process of Decentralisation in Macedonia”, UNDP draft report, 5 March 2011, p. 10.

¹⁹³ From the following resources: property tax; council tax (communal charges); and non-tax revenues (selling of properties and managing local resources). Until 2005, municipal tax collection was done by the Public Revenue Office; now most municipalities have set up their own tax collection departments. Between 2005 and 2010, municipal tax revenues increased by 280 per cent. The finance ministry has implemented a quarterly reporting mechanism for municipalities to foster good governance and accounting. Crisis Group interviews, decentralisation specialists, World Bank and an international development agency, Skopje, 20, 21 and 26 April 2011.

¹⁹⁴ The law on financing units of local self-government (Official Gazette 61/2004) foresees two phases in fiscal decentralisation. In the first, municipalities receive “earmarked grants” to pay maintenance costs. At the end of 2010, 77 of 84 municipalities had met basic conditions for the second phase, in which earmarked grants are transformed into block grants for procurement of goods and services that can be distributed at municipality discretion and supplemented with their own resources.

¹⁹⁵ The situation was made more acute when in 2009 and 2010 the government reduced block grants for public administration salaries due to the financial crisis. Municipalities had to pay wages from their own resources, leaving many of the poorer ones in difficulty. Crisis Group interview, municipal official, Skopje, 26 April 2011. Mayors argued that personal income tax distribution, currently at 3 per cent, should reach 30 per cent. The Association of the Units for Local Self Government (ZELS) made the requests, but “it was easy for the government to rebuff it because mayors did not provide a well-developed plan on how they intend to absorb these funds”. Crisis Group interview, decentralisation expert, Skopje, 22 April 2011.

¹⁹⁶ “Some Albanian and rural areas generally have inherited inequality from the Yugoslav times, and this should have been taken into account [in OFA]. Though there is no ethnic discrimination in the way decentralisation is conducted, real socio-economic problems can easily get ethnic connotations”. Crisis Group interview, World Bank, Skopje, 26 April 2011.

¹⁹⁷ Crisis Group interview, World Bank representative, Skopje, 22 April 2011. The 41 rural municipalities account for only 20 per cent of the population and receive three times less than the national average revenue per capita. “Mid-term Review”, *op. cit.*, p.18. Crisis Group interlocutors who observed the process of decentralisation agreed that the government must pay more attention to poorer and rural municipalities, as some of them “are so poor, they can only rely on the VAT distribution and barely have other sources of income”. Crisis Group interviews, Skopje, June 2011.

¹⁹⁸ Crisis Group interview, decentralisation expert, Skopje, 22 April 2011.

¹⁹⁹ An official from the ministry for local self-government told Crisis Group that award of capital grants is very political, and the central government plays a big role in how these funds are disbursed. “This makes them look like they discriminate on ethnic lines, but it is political not ethnic. Awarding your own people capital investments funds was a SDSM practice as well, so this is consistent of parties in power”. Crisis Group interview, ministry for local self-government, Skopje, 25 April 2011.

²⁰⁰ Crisis Group interview, international decentralisation expert, Skopje, 25 June 2011. Untransparent share of capital investments was confirmed by all decentralisation experts Crisis Group spoke to in April, June and July.

gain votes”.²⁰¹ “Decentralisation is no longer an ethnic issue but a state one”, DUI leader Ali Ahmeti argues.²⁰²

To dispel notions of ethnic and political discrimination, the new government’s challenge will be to ensure municipalities have equal access to capital investment grants and to prioritise those that are more in need, while developing their local capacities to prepare and bid for funding. The local self-government ministry, as the main driver of decentralisation, should adopt a more targeted and systematic approach to local development in rural and poorer municipalities with inherited inequality, regardless of ethnic composition. It will also need to strengthen its cooperation with the Association of the Units for Local Self Government (ZELS), which has already undertaken many activities to strengthen local capacities and is considered a very active participant in driving the process, but according to some decentralisation observers, has “fallen under the patronage of the ruling parties”, and international donors allegedly are no longer “happy about how it is run”.²⁰³

E. REMAINING ALBANIAN ASPIRATIONS AND OHRID II

As frustration rises, whether caused by the Greek blockade on NATO and EU membership, the poor economy, inter-party strife or the slow reconciliation process, some Albanian voices are exploring more radical options. A respected poll found that two thirds of the residents of Albanian-majority areas in western Macedonia support the creation of a common Albanian state (with Albania and Kosovo), and more than half think it is likely to happen “soon”.²⁰⁴ Crisis Group has found no signs of significant pressure or preparation for a breakaway, and the Greater Albania idea remains a kind of political myth, but this could change if conditions deteriorate further.

Before the elections, Albanian opposition parties asserted that DUI had failed to advance the needs of ethnic Albanians and said that if elected they would call for constitutional changes to make them the second constituent people of the republic and to extend the use of the Badinter voting

procedure to government formation, budget approval and appointments to the Judicial Council.²⁰⁵ More moderate requests included making Albanian a second state language for all purposes.²⁰⁶

In May 2010 Menduh Thaçi, the leader of DPA, which increased its seats in parliament from three to eight in the June elections,²⁰⁷ declared that Macedonia should replace the Ohrid Framework Agreement, which is “practically dead”, with a new deal between Albanians and Macedonians.²⁰⁸ Thaçi told Crisis Group the party wants a non-territorial federalisation of the country, a bicameral legislature and substantial veto rights in the lower house for ethnic Albanians.²⁰⁹ International community representatives criticised his public statement and asked political leaders to “reaffirm their commitment to the Ohrid Framework Agreement”.²¹⁰ A former interior and foreign minister said, “the OFA should not be attacked. The ethnocentric government should be”, and the cultural exclusion manifested in Skopje 2014 has “left Albanians feeling that something is wrong”.²¹¹

Ethnic Macedonians are very unlikely to countenance reforms in these directions, and few in the international community wish to re-open Ohrid. Yet, these Albanian aspirations, unsettling as they are, may well reflect a combination of frustration with the slow pace of Ohrid implementation and political folklore used to mobilise a voting constituency. If Macedonia fully implements the OFA and offers non-majority communities a meaningful role in running the state and access to good jobs, interest in more radical options should decline.

²⁰¹ “On the other hand, decentralisation as we have it today is not a process of decentralising functions, but institutions – which does not reflect real local needs. Some schools are so desperate and need fixing; others have to host pupils in three shifts because they cannot accommodate all pupils at once, for example. The law on education envisages funding per pupil, but not on whether a municipality has the institutional capacity to host all pupils”. Crisis Group interviews, World Bank and legal expert, Skopje, 19 and 22 April 2011.

²⁰² Crisis Group interview, Tetovo, 13 April 2011.

²⁰³ Crisis Group interview, decentralisation expert, Skopje, June 2011.

²⁰⁴ Gallup Balkan Monitor, op. cit.

²⁰⁵ Crisis Group interviews, Gostivar and Skopje, 14 April 2011.

²⁰⁶ Crisis Group interviews, Albanian political representatives, Skopje-Tetovo, April-June 2011.

²⁰⁷ Most DPA votes came from urban areas, Tetovo, Struga and Skopje, unlike DUI, which remains more popular in rural areas. A DUI official explained the difference as “a result of urban ethnic Albanian frustration with DUI”. Crisis Group interview, Skopje, 27 June 2011.

²⁰⁸ DPA leader Menduh Thaçi made this declaration on the eighth anniversary of the OFA, calling it “an obsolete document that requires redefining or replacing with a new treaty between Macedonians and Albanians”. “Ohrid Framework Agreement – eight years on”, MIA News Agency, 13 August 2009. Former vice-minister Abdilqim Ademi told Crisis Group that attacks on the OFA come from “those who do not consider the OFA their product”. Crisis Group interview, Skopje, 12 April 2011.

²⁰⁹ Crisis Group interview, Tetovo, 21 June 2011.

²¹⁰ “Joint statement was released by the embassies of U.S., EU, and by NATO and the OSCE”, *Balkan Insight*, 28 April 2010.

²¹¹ Crisis Group interview, Skopje, 19 April 2011.

V. MOVING FORWARD ON THE NAME ISSUE

Inability to solve the name dispute with Greece, and the consequent failure to make progress towards NATO and EU integration, exacerbates tensions between ethnic Albanians and Macedonians and between the government and the opposition. A senior opposition member called the issue “the anchor that brought us [Macedonia] down”.²¹² Opposition leader Branko Crvenkovski asked Crisis Group: “why should ethnic Albanians sacrifice their EU integration to satisfy the frustrations of ethnic Macedonians?”²¹³ But for many ethnic Macedonians the name is what preserves them as a people and their country as a state.²¹⁴ The Albanians have generally taken a moderate approach, trying not to get too involved, but many of their political leaders believe that their constructive approach and sympathy for their compatriots have been misused, notably by the manner in which Gruevski used the dispute with Greece to strengthen his popularity at home. They consider that the prime minister’s effort to push for EU accession while not compromising on the name is a losing proposition.²¹⁵

Many in Macedonia believe that only third-party pressure can resolve the conflict.²¹⁶ An official involved in semi-formal talks between the Greek and Macedonian prime ministers said ten bilateral meetings on the margins of EU events have failed to move the process forward and have been devoid of substance. He added that Athens rarely treats Skopje as an equal partner.²¹⁷ The Gruevski government

believes that Macedonia has much more to lose than Greece: not only its name but also its identity.²¹⁸ Greece wants Macedonia to change its constitution and use the new name in all its international relations. Macedonia says 131 governments already address it as the “Republic of Macedonia” and should not be asked to change.

Athens has favoured adding a geographical qualifier before “Macedonia”, such as “Northern” or “Upper”; Skopje has accepted “Republic of Macedonia (Skopje)”, but Athens rejected this at the 2008 NATO summit for fear that, over time, Skopje would drop the parenthetical qualifier. It does not accept the argument that resolving the name issue is necessary to ensure regional stability and accuses its northern neighbour of threatening local conflict to give it leverage in the bilateral dispute.²¹⁹

Skopje worries that if it accepts a name for the state with a geographic qualifier, it will then be faced with demands for changes in language and citizenship. Greece says that nationality and language do need to be dealt with eventually but insists they are not part of the UN mediation mandate, so should be considered subsequently through regular “procedures” at the UN or EU. This too worries Skopje, which would prefer to secure agreement on language and citizenship before compromising on the name.²²⁰

Macedonian politicians have made their position more difficult (if for understandable reasons) because they have promised that whatever name is found will be put to a referendum. SDSM accepted this Gruevski idea during the pre-election campaign. While critical of the government’s efforts, the opposition has not made its own name proposal. It, and ethnic Albanians, would likely pledge strong support to the government if they were kept better informed about the talks and convinced that Gruevski was rising above party politics to find a solution. A referendum would have to be authorised by the parliament with a two-thirds, Badinter procedure double majority. The DPA leader, Menduh Thaçi said, “this is the one favour I will do for this ruling coalition”.²²¹

A solution will need solid support across party lines. 55 per cent of Macedonians (and 64 per cent of those living outside the predominantly Albanian west) oppose changing the state’s name in return for EU and NATO member-

²¹² Crisis Group interview, senior member of the opposition, Skopje, 11 April 2011.

²¹³ Crisis Group interview, Skopje, 11 April 2011. A high level international official commented that: “They [Albanians] are not threatened. They have their language, they know which flag to fly and have no worries about identity”. Crisis Group interview, Skopje, 12 April 2011.

²¹⁴ “For Macedonians, calling into question their identity is linked to the survival of their country. They fear that, at root, many Greeks and others in the region challenge the long-term viability of their state, with its internal tensions between ethnic Macedonians and ethnic Albanians”. Crisis Group Briefing, *Macedonia’s Name: Breaking the Deadlock*, op. cit., p. 3.

²¹⁵ Crisis Group interview, Skopje, 8 April 2011.

²¹⁶ “Without an intervention by a third party, we will not be able to convince Greece on what is right and wrong. They do not treat us as equals”. Crisis Group interview, Skopje, 15 April 2011. In line with the 1995 Interim Accord, talks on the name issue proceeded under the mediation of the UN envoy, Matthew Nimetz.

²¹⁷ Crisis Group interview, Skopje, 15 April 2011. The official said Greece has rejected several trust-building initiatives, including a framework for advancing bilateral relations; double taxation agreements; upgrading the liaison offices in Skopje and Athens to embassies; and a commission of historians to examine disputed material. In some of his encounters with former

Foreign Minister Dora Bakoyannis, he said, the Greek position could be reduced to “how dare you not accept a solution”.

²¹⁸ A former government official said, “even though the international community is trying to portray that the name issue is not about culture and identity, they are wrong. It is exactly about that”. Crisis Group interview, Skopje, 14 April 2011.

²¹⁹ Crisis Group interview, Greek official, Athens, 11 May 2011.

²²⁰ Crisis Group interview, Macedonian government official, Skopje, 15 April 2011.

²²¹ Crisis Group interview, Tetovo, 21 June 2011.

ship.²²² Public opinion could shift decisively once there is agreement with Greece, provided it is perceived as fair and is vouched for across the political spectrum – but approval by referendum cannot be taken for granted

Prime Minister George Papandreou pledged to find a compromise solution early in his term, but Greece's current political and financial situation is a constraining factor. The government is under pressure not to "sell out Greek interests". Nevertheless, Greek officials promise that once a mutually acceptable solution is found, they will lobby intensively for Macedonia's Euro-Atlantic integration.²²³

A. THE INTERNATIONAL COURT OF JUSTICE CASE

Progress is also slowed by ongoing proceedings at the International Court of Justice (ICJ). On 17 November 2008, Macedonia brought a case against Greece for "a flagrant violation of its obligations under Article 11" of the bilateral Interim Agreement. It argues that Greece breached the agreement by blocking NATO membership after all criteria had been fulfilled. Greece pledged in the 1995 document that it would not block its northern neighbour from international organisations based solely on the name dispute, but Athens says the decision was made by NATO, whose internal decision-making procedure the ICJ has no authority to judge. The court concluded hearings in March 2011 and is expected to deliver its judgement before the end of the year. Macedonia hopes that a favourable decision would help persuade Greece to allow it to begin EU membership negotiations. Greece hopes that a decision favouring its position would help make Skopje more prone to compromise on the name.

B. THE EU CANDIDACY PROCESS

Ultimately the ICJ judgement is unlikely to have much effect on Macedonia's EU and NATO membership perspective,²²⁴ as sufficient consensus will remain in both bodies to block it until the name issue is resolved. Meanwhile, interim solutions are needed to keep Euro-Atlantic integration attractive in Skopje. As a candidate country, Macedonia has full access to pre-accession EU funds. The biannual High Level Accession Dialogue²²⁵ and Economic Policy Conference the EU offered in April 2011 are useful to maintain momentum, but more is required. The Gruevski government proposes that pre-screening of na-

tional legislation start.²²⁶ While some officials in Brussels are sceptical that this technical exercise can begin before formal negotiations, the EU should be flexible.²²⁷ Screening is its own form of conditionality and should not be seen as a reward or itself made conditional on finding a solution to intractable political disputes.

The best option, however, is still to resolve the name issue so full-fledged EU membership talks can be launched. Even though Macedonia's reform process has slowed, and the European Commission and member states have concerns about freedom of the media and expression, judicial independence, lack of political dialogue and other democracy-related issues described in this report, the general feeling is that if there is an agreement on the name, negotiations can be quickly scheduled. Even those states that have aligned themselves with Greece, like France, due to domestic opposition to further EU enlargement, would find it difficult to refuse this. The December European Council is likely to give candidate status to Serbia and announce the start of negotiations with Montenegro, meaning that it would be a strategically important time to also give a positive sign to Macedonia.²²⁸

A defensive posture will not help Macedonia. If it wants this to happen in December, it is time to take the initiative. The newly formed government, supported by the opposition, should present a timetable to Athens and the long-time UN mediator, Matthew Nimetz, on how it plans to solve the dispute and to conduct a successful referendum.²²⁹ It should publicly accept a geographic qualifier to its name, secure national consensus and move to organise a referendum no later than November. If it openly compromises on the name, the ball would be in Greece's court to accept the "Macedonian" identity of its neighbour and its language. In return, to further show good will and offer an olive branch to Greece, Macedonia should reverse provocative steps like naming its airport for Alexander the Great and parts of Skopje 2014 and make clear that it does not consider its name to imply exclusive rights and does not challenge application of the term to the inhabitants of the Greek province of Macedonia.

²²² Gallup Balkan Monitor, op. cit.

²²³ Crisis Group interview, Athens, May 2011.

²²⁴ Crisis Group interviews, EU officials, Brussels, April and July 2011.

²²⁵ It will focus on political criteria and be run by the European Commission.

²²⁶ Crisis Group interview, Macedonian government official, Skopje, April 2011.

²²⁷ Crisis Group interviews, EU officials, Brussels, April and July 2011.

²²⁸ Ibid.

²²⁹ Nimetz, a lawyer and former senior State Department official, has been involved with the effort to resolve the name issue almost from the beginning, first with the U.S. government and, since 1999, with the UN.

VI. CONCLUSION: MACEDONIA 2014?

Macedonia has come far since August 2001, when its ethnic Macedonian and Albanian political leaders signed the OFA and began a process of reconciliation. The level of distrust was so great a decade ago that Crisis Group wrote: “Macedonians and ethnic Albanians may have reached the point, however, where they are no longer much interested in living together”.²³⁰ That is clearly no longer the case; they not only live together, but also serve their country together, in governing and administering, and do business together. They strive together to take advantage of the membership perspectives NATO and the EU offer.

But lack of progress since 2008 in Euro-Atlantic integration, due mainly to Greek obstacles, has contributed to a slowdown in inter-ethnic reconciliation. Extreme ideas about breakup and a Greater Albania are, for now, marginal. But as their common vision for the national future fades, ethnic Macedonians and Albanians are replacing it with their own concepts of what Macedonia should be: a unitary state for the Macedonians, a decentralised bilingual federation for the Albanians. Macedonia is also gradually backsliding on democratisation and basic freedoms. In this troubled environment, inter-party and inter-ethnic tensions are increasing, and traditional forums for debate and protest are closing.

The previous government, Prime Minister Gruevski in particular, spent much political and financial capital on the grandiose Skopje 2014 project. If it were only a misguided urban renewal project with nationalist overtones, this would be excusable, but it is more than that. It represents for many a nationalist vision of the state that leaves little room for minorities, especially Albanians – and alienates those many Macedonians who do not share it either. The project has nothing to do with an EU future and, by gratuitously provoking Greece, is actively postponing it.

The new government has a chance to re-focus and concentrate instead on what could be called Macedonia 2014, a genuine multi-ethnic civic state. Ethnic Albanian politicians would have to make their own special contribution, strengthening their loyalty to the state by promoting not only the interests of their ethnic kin but also policies and practices that will make their country stronger, more efficient and less prone to clientelism and patronage. Decisions made now will have substantial effect on inter-ethnic and inter-party relations and be decisive in determining if by 2014 the country is moving towards the EU or gradual breakup.

Skopje/Istanbul/Brussels, 11 August 2011

²³⁰ Crisis Group Europe Briefing N°21, *Macedonia: War on Hold*, 15 August 2001, p. 8.

APPENDIX A

MAP OF MACEDONIA



The map has been adapted by the International Crisis Group (Map No. 3789 Rev. 5 by the UN Cartographic Section).

APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in fourteen additional locations (Baku, Bangkok, Beirut, Bujumbura, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Port-au-Prince, Pretoria, Sarajevo and Seoul). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyz-

stan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia and Turkey; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

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CRISIS GROUP REPORTS AND BRIEFINGS ON EUROPE SINCE 2008

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