

Government of the Republic of Macedonia



REPORT

**of the Republic of Macedonia
on Millennium Development Goals**

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June 2005

Foreword

This document is a report of The Republic of Macedonia elaborating the achievement of the Millennium Development Goals (MDG), as well as the directions for their further adjustment towards the national development priorities in order to establish conditions for their successful implementation by 2015.

Following the establishment of the independence in 1991, The Republic of Macedonia has undergone a complete transformation from a socialist towards a market-oriented economy, and from single-party political system towards pluralistic democracy. The reforms have been implemented concurrently, in both normative and social and economic perspective. Concerning the normative level, a considerable progress has been achieved, whereas, besides the achieved results we are facing significant challenges in the field of economic and political restructuring.

The transformation of the economic structures over the past 14 years has incurred a high social price. The slow economic trends are still failing to establish conditions for poverty reduction, which remains on a disconcerting level. This, apart from the rest, is an impact resulting from the numerous shocks suffered by the economy following the establishment of the independence. Nevertheless, The Republic of Macedonia has managed to sustain the macroeconomic stability, and to keep the inflation at a low level, and starting from 1996 (except for 2001), it initiated gradual upward trends which have been designed to continue in the forthcoming period, hence the country is expected to catch the rhythm with the development practiced by the countries advanced in their transition, and the European union countries.

The problems a country faces are solved by

economic and political reforms, and by active macroeconomic and developmental policies. The strategic aim of accessing the Euro-Atlantic structures, and especially the integration in the European Union is the basic driving force behind the reforms in the state institutions and the promotion of modern, democratic, and market-oriented society in which the principles for basic human freedoms and ethnic diversity are respected.

The Republic of Macedonia is the first country in the region to sign the Stabilization and Association Agreement with EU in 2001. The process of formal accession to EU was initiated by the submission of the application for obtaining the status of an EU candidate country on March 22, 2004. Then in October 2004, we received the Questionnaire from the European Commission the answers to which will provide the basis for the opinion on the application for membership in EU. The Government submitted the answers to the Questionnaire on February 15, 2005. Upon European Commission request, we submitted additional answers to additional questions in May 2005.

We expect to receive positive opinion for the membership application from the European Commission in November 2005, and in December 2005 we expect the European Council to pass a decision in order to grant the Republic of Macedonia a status of a country candidate for EU membership, and to initiate the membership negotiations in 2006. Our strategic goal is EU membership by 2010.

The achievement of the Millennium Development Goals is a priority in order to establish conditions for the integration of the Republic of Macedonia in the EU. Hence, MDG present a strategic orientation with respect to the coun-

try's macroeconomic and development policy. Furthermore, efforts are being undertaken to integrate the MDG targets and indicators with the national policies and development strategies as instruments for implementing and monitoring the process of the achieved progress.

Having accepted the Millennium Declaration, the Republic of Macedonia, as a member of the United Nations, is committed to the fight for eradication of the most severe poverty forms, to the fight for providing comprehensive primary education, to the promotion of gender equality, reduction of infant mortality rate, creation of conditions for improving the health status of mothers, to the undertaking of decisive measures against HIF/AIDS, malaria, and other serious diseases, as well as to ensuring environmental sustainability and establishing global partnership for development.

The decentralization process, which is under way, is of utmost significance for enhancing democracy and bringing the government closer to the citizens. Within the framework of these activities, efforts will be undertaken to introduce models of integrated socio-economic development and models for achieving the Millennium Development Goals on both the national and the local level.

Although this is the first report, in terms of its contents, in addition to the overview of the results and the existing problems, it provides directions for the future achievement of the Millennium Developmental Goals. Also, the report underlines the responsibility of the Government of the Republic of Macedonia for achieving as great a level of success in accomplishing MDG as possible, and it is also a coordination document for the future activities.

At first glance the considerations of poverty reduction in the forthcoming period might seem too optimistic. However, these considerations are substantiated through scientific and specialized research, and they highlight the fact that the Republic of Macedonia abounds in material, human, and other potentials, which by coordinated activity of all stakeholders in the country, and with the support from abroad may be deployed to ensure that an accelerated pace of economic growth is achieved, and in MDG are successfully realized .

The basic goal of the Economic programme, adopted by the Government in mid May this year, is to create conditions and presumptions for higher economic growth, and new job openings. Therefore, a heavy emphasis is laid on the business climate improvement, introduction of one-stop shop, benefits for the exporting companies in accordance with the World Trade Organization principles, promotion of small and medium-sized enterprises, speeding-up of the bankruptcy procedures, attracting foreign investors, building inexpensive apartments, as well as health insurance entitlements for all the citizens in the country. By implementing the Economic Programme, conditions shall be created conducive to a more successful medium term achievement of the MDG.

Since the achievement of MDG is a long-term process, and it requires a complex approach and activity of all concerned parties in the country, the Government of the Republic of Macedonia, in cooperation with the United Nations Development Programme, will draft a programme for socio-economic development for the period 2006 – 2015.

We hope that in the following MDG report we will present a more substantial progress concerning the achievements, as well as concerning the design and implementation of better coordinated activities in order to achieve the Millennium Development Goals more successfully in the forthcoming period.

We would like to especially thank the UN system for its valuable and consistent support in the facilitation of a broad national discussion on the MDGs and in the actual preparation of the report. We strongly believe that we will closely work further towards the achievement of the MDGs for the benefit of each and all in the Republic of Macedonia.

Vlado Buckovski, Ph.D,

President of the Government of The
Republic of Macedonia

ACRONYMS

CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CEE	Central and Eastern Europe
CEHAPE	Children's Environment and Health Action Plan for Europe
CIS	Commonwealth of Independent States
DOTS	Directly Observed Treatment
EBRD	European Bank for Reconstruction and Development
EFTA	European Free Trade Association
EU	European Union
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
HFA	Health for All (WHO)
ICT	Information and Communication Technology
IMF	International Monetary Fund
IMR	Infant Mortality Rate
IUCN	International Union for Conservation of Nature
IOM	International Organization for Migration
ISCED	International Standard Classification of Education
IT	Information Technology
MDGs	Millennium Development Goals
NAP	National Action Plan
NBRM	National Bank of Macedonia
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organization
OMC	Open Method of Coordination (EU)
SEE	South Eastern Europe
SGE	Secondary General Education
SME	Small and Medium Enterprises
SVE	Secondary Vocational Education
TB	Tuberculosis
U5MR	Under-five Mortality Rate
UN	United Nations
UNAIDS	Joint UN Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner For Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNODC	UN Office on Drugs and Crime
WB	World Bank
WHO	World Health Organization
WTO	World Trade Organization

INTRODUCTION

At the Millennium Summit in September 2000, 189 member states of the United Nations reaffirmed their commitment to work towards sustainable development and elimination of poverty. The Millennium Declaration has led to the adoption of eight Millennium Development Goals (MDGs), 18 specific targets, and 48 indicators, as a broad framework for measuring the development progress. The Millennium Development Goals are the key goals that were defined and agreed upon as a result of the global United Nations conferences and summits of the 1990s. The validity and relevance of the Millennium Development Goals were again confirmed by the World Summit on Sustainable Development in September 2002.

By adopting the Millennium Declaration the Republic of Macedonia committed itself to reducing the poverty, to ensuring a quality primary education and sustained environment, to improving gender balance and reducing infectious diseases, including HIV/AIDS, and to lowering maternal and child mortality.

The global UN Millennium Development Goals which to be implemented by 2015 are as follows:

1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce child mortality;

5. Improve maternal health;
6. Combat HIV/AIDS, malaria and other diseases;
7. Ensure environmental sustainability;
8. Develop a global partnership for development.

This national report is the first attempt to monitor the progress in achieving the MDGs in the Republic of Macedonia. The report also adapts the global tasks to the national priorities and local conditions in the respective areas. Analysis of the broader matrix of indicators could provide important information on the actual stage of cultural and social development.



Goal 1 calls for a reduction of poverty and social exclusion. The process of transition resulted in intensive changes in the socio-economic life and the social structure of the population. It has frequently been accompanied by impoverishment and social exclusion of a large portion of the population. Although the poverty profile reflects the features of the transitional process, sluggish or missing economic growth and rising unemployment have aggravated the poverty level.

Poverty level is more related to high unemployment rather than to low income. There are also considerable variations in

termines the character and pace of economic and social development. The principal institutional mechanism for development of human skills and knowledge is the formal educational system. Hence, increasing the rate of inclusion in the primary education, lifting the quality of the latter, and building functional mechanisms for vertical mobility of students to higher degrees of education, will all be priorities in achieving this goal.

Goal 3 aims at promoting gender equality and extending women's participation in the economy and society. Although equal access to education is guaranteed, there are disparities among vulnerable groups. Gender-based



poverty levels between various vulnerable groups. Statistical methodology and a set of instruments have to be adapted to grasp the specific patterns in order to effectively tackle poverty. Encouraging economic growth and increasing employment opportunities are the key priorities of the Government.

Goal 2 aims at attaining universal primary education. Human development is amongst the most powerful factors and ultimately de-

termines the character and pace of economic and social development. The principal institutional mechanism for development of human skills and knowledge is the formal educational system. Hence, increasing the rate of inclusion in the primary education, lifting the quality of the latter, and building functional mechanisms for vertical mobility of students to higher degrees of education, will all be priorities in achieving this goal.

Goal 4 is focussed on reducing child mortality. Although there is a positive trend, despite declining public expenditures in this area, most indicators of child well-being are far below the EU average. Further reduction of child mortality as well as further strengthe-



ning of the preventive child health care, can be achieved by improving maternal health and promoting gender equality, taking into consideration particularly vulnerable groups of the population.

Goal 5 aims at improving maternal health. Although the maternal mortality ratio is decreasing, its average is higher than the EU level. There is also a significant variability in the data indicating that, along with improvement of general health status and other conditions, more attention should be paid to surveillance and monitoring mechanisms.

Goal 6 deals with combating HIV/AIDS and tuberculosis. The Republic of Macedonia is still among the countries with the lowest clinically diagnosed HIV/AIDS incidence rate in the region and Europe. But the official data do not reflect the real situation since the surveillance system for measuring prevalence and incidence is underdeveloped and does not specifically address high-risk groups. The tuberculosis rates have significantly decreased, being lower compared to the other countries in the region, but high compared to the countries in other parts of Europe. Their

prevalence pattern shows regional, gender and age differences. Effective establishment of an early warning and response system will significantly improve the process of reporting and management of infectious diseases.

Goal 7 seeks to ensure environmental sustainability. Strengthening of the institutional capacity, ensuring sufficient funds and integration of the policies for environmental protection into the other sectors' policies are the key elements for ensuring environmental sustainability and the overall development of the country. In order to effectively implement this goal, comprehensive legislation needs to be adopted and proper policies to be designed and implemented.

Goal 8 deals with partnership for development. A high level of integration into the world economy is an important prerequisite for achievement of economic growth and prosperity in a small and open economy. International trade with goods and services and foreign direct investments are important factors for economic growth dynamics and thus for the sustainability of human development.

MDGs and EU integration

Integration into the European Union is undoubtedly the key strategic interest and priority objective of the country. The Republic of Macedonia is the first country from the region to sign the Stabilization and Association Agreement with the European Communities and their Member States, having done so on 9 April 2001 in Luxemburg. The Parliament of the Republic of Macedonia ratified the Agreement on 12 April 2001 reaffirming the strategic interest and the political commitment for integration in the European Union. With the enactment of the Stabilization and Association Agreement, as first of its kind in the region, the relations between the Republic of Macedonia and the EU were instilled with a new political and legal quality.

Bearing in mind the commitment of the Republic of Macedonia to achieving the MDGs as well as pursuing the anti-poverty and social inclusion strategies in the context of accession to the European Union, it is very important to harmonize these two processes. This can be done through exploring the links between the MDG indicators and the Laeken indicators of social inclusion.

At the Lisbon European Council, eradication of poverty and promotion of social inclusion were identified as a key priority for EU member states. This initiative followed the introduction of the fight against exclusion in

the provision of the EU social policy in the Articles 136 and 137 of the Amsterdam treaty. At the Nice European Council in December 2000, the European Social Agenda 2001-2005 was adopted, which again referred to the need of "Fighting Poverty and All Forms of Exclusion and Discrimination" in order to promote social integration. It was reconfirmed that the fight against poverty and social exclusion would be best achieved by means of the open method of coordination (OMC), the key elements of which are commonly-agreed objectives on poverty and social exclusion (Nice), the development of national action plans to meet these objectives, joint reports on social inclusion, common indicators (Laeken), community action programmes to combat social exclusion.

In this context, as a key element of the OMC, the 18 Laeken indicators for social inclusion were elaborated at the Laeken European Council in December. The first set of 18 common indicators for social inclusion which cover the four important dimensions of social inclusion (financial poverty, employment, health and education) were elaborated by the Social Protection Committee and its technical subgroup on Indicators.

The Social Protection Committee suggested placing the indicators on three levels: primary, secondary and tertiary (national). The

latter does not need to be harmonized at the EU level.

Primary Indicators

1. Low-income rate after transfers with low-income threshold set at 60 percent of median income (with breakdowns by gender, age, most frequent activity status, household type and tenure status; as illustrative examples, the values for typical households)
2. Distribution of income (income quintile ratio)
3. Persistence of low income
4. Median low-income gap
5. Regional cohesion
6. Long-term unemployment rate
7. People living in jobless households
8. Early school leavers not in further education or training
9. Life expectancy at birth
10. Self-perceived health status

Secondary Indicators

11. Dispersion around the 60 %percent of median low- income threshold
12. Low-income rate anchored at a point in time
13. Low-income rate before transfers
14. Distribution of income (Gini coefficient)
15. Persistence of low income (based on 50 percent of median income)
16. Long-term unemployment share
17. Very long-term unemployment rate

18. Persons with low educational attainment

The new European Social Agenda 2005-2010 was launched in February, and had two priority areas: 1) moving towards full employment, and 2) combating poverty and extending equal opportunities to everyone.

The MDGs and the EU social inclusion framework undoubtedly share similarities. They both set similar priorities and require concerted action on the part of a wide range of societal actors in all three sectors – governmental (central and local), private, and civil society. However, the EU indicators are considered as more narrowly focussed, especially taking into account their “rejection of the absolute poverty measures”. Indeed, the EU indicators focus on relative rather than absolute poverty. However, this is not a major issue in the Republic of Macedonia since this is the only country in the Western Balkans that does not measure poverty according to the absolute poverty line.

As discussed above, the EU accession as well as the commitment to achieving the MDGs, are both priority objectives for the Republic of Macedonia. However, these two processes should and could be harmonized. The adjustment of MDG global targets and indicators to national priorities, undoubtedly, eases the task by making the MDG and EU indicators complementary rather than incompatible.

The only real problem that arises with the introduction of the Laeken indicators in this report is the lack of data. Not all data required by the EU indicators are currently available in the Republic of Macedonia. However, at this stage it is still possible to include 8 of the 18 Laeken indicators with the relevant MDG indicators (see the box below). The State Statistical Office is being encouraged to compile, at a future date, data for the rest of the indi-

cators. Nevertheless, taking into account that the relevant data are still thin on the ground, additional survey will be needed. To improve such data collection, the launching of SILC

(statistics on income and living conditions) can be a viable solution to the problem of unavailable data.

MDG 1: Reduce poverty and social exclusion
Long- term unemployment rate (more than 12 months as a % of the active population)
People living in jobless households
Gini coefficient/index
Long- term unemployment share (more than 12 months as a % of unemployed)
Very long-term unemployment (over 24 months)
Life expectancy at birth
MDG 2. Achieve universal primary education
Persons with low educational attainment

ECONOMIC AND INSTITUTIONAL CONTEXT

The Republic of Macedonia gained its independence in September 1991, when it separated itself peacefully from the former Yugoslavia. The process of transition in the Republic of Macedonia started under very severe conditions. The macroeconomic performances inherited from the previous common state were unfavourable: negative GDP rates, an unemployment rate of 26 percent and an annual inflation rate of 600 percent. At the same time, the country was also faced with a relatively large internal and external financial

economic policies (especially in the fiscal and monetary policy), liberalization of prices and liberalization of the foreign trade. The reforms were carried out in cooperation with and by regular financial arrangements with international financial institutions: IMF, World Bank and its affiliates, the European Union and particularly with the European Bank for Reconstruction and Development and the European Investment Bank. The EBRD assessment of the quality of the reforms in the Republic of Macedonia (quantified in the Transition In-

Table 1. Transition Indicators Scores in the Republic of Macedonia

Popula- tion – mid 2004-mil- lion	Private sector, % of GDP	Large -scale privatiza- tion	Small-scale privatiza- tion	Governance & enterprise restructur- ing	Price liber- alization	Trade & foreign exchange system	Competi- tion policy	Banking reform & in- terest rate liberalization	Securities markets & non bank financial institutions	Infrastruc- ture reform
2,0	65	3+	4	2+	4	4+	2	3-	2	2

Source: EBRD Report, 2004

debt.

The unfavourable effects of the transition-
al shock were particularly felt in the first years
of transition, when the Republic of Macedo-
nia, due to negative growth rates, lost more
than one third of its GDP.

Although facing difficult circumstances,
the Republic of Macedonia did carry out
significant economic reforms: privatization
and restructuring of enterprises and banks,
changes in the key segments of the macro-

indicator Scores) in 2004 is the following:

Despite the significant reform efforts, the
macroeconomic indicators of the Republic of
Macedonia are unfavourable (see table 2).

Although the Republic of Macedonia has
been maintaining a high level of price stabil-
ity since 1995 (low inflation rates) and a low
budget deficit, the most important weak-
nesses of Macedonian economy are low –
practically stagnant – GDP growth rates and
enormously high unemployment. The unem-

Table 2. Basic Macroeconomic Indicators

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 Project.
Growth in real GDP %	-8.0	-9.1	-1.8	-1.2	1.2	1.4	3.4	4.3	4.5	-4.5	0.9	3.1	2.5
Inflation %	1664	338.4	126.5	16.4	2.5	1.3	0.5	-1.3	6.6	5.2	2.4	1.1	2.8
Unemployment %	-	-	-	-	31.9	36.0	34.5	32.4	32.3	30.5	31.9	36.7	37.0
General Government Balance - in % of GDP	-9.8	-13.4	-2.7	-1.0	-1.4	-0.4	-1.7	0.0	1.8	-7.2	-5.6	-1.6	-1.5
Current account balance	-0.8	0.6	-5.3	-5.0	-6.5	-7.8	-7.5	-0.9	-2.1	-6.9	-9.5	-6.0	-6.9
Foreign direct investment, net – in millions of \$US	0	0	24	12	12	18	118	32	176	439	77	94	150
Gross reserves – end-year – in millions of \$US	-	-	-	-	-	-	304	469	714	775	735	903	-
Total external debt stock – in millions of \$US	-	-	-	-	-	1139	1437	1490	1489	1506	1635	1813	-
Debt service – in % of exports of goods and services	-	-	-	-	15.8	10.4	11.1	8.7	10.1	13.9	13.1	19.0	-
External debt /GDP in per cent	-	-	-	-	-	31.4	40.1	40.6	41.5	43.9	43.1	38.7	-

Source: EBRD (2002) Transition Report (2002; Ministry of Finance (2004), State Statistical Office (2005).

ployment rate exceeds 30 percent and brings about high costs in terms of economic, social and budgetary funds losses. The reasons behind such a situation should be sought in the significant losses of GDP as a result of the severe monetary and fiscal restrictions imposed by the deflation policy which were necessary for bringing the enormous inflation down to a one-digit amount in a situation of slow implementation of the structural reforms in the enterprise sector (especially the slow restructuring of large loss-making companies) and a situation of strong influence of the non-economic factors of growth, practically throughout the entire transitional period. Macedonian economy initially suffered significant dam-

age with the loss of the traditional markets, the embargoes and the conflicts. The Stabilization and Association Agreement, following the process launched in 2001 between the Republic of Macedonia and the European Union, has been ratified by all European countries and entered into force as of 1 April 2004. The implementation of the agreement should further accelerate the much needed reforms to ensure stable, functioning institutions, the rule of law and economic development. The Republic of Macedonia submitted an application for membership in the European Union on 22 March 2004.

With an average real GDP growth rate of 0.9 percent in the period between 1992 and

2002, the Republic of Macedonia still has not achieved the 1989 level of real GDP – according to EBRD estimates; it is lower by 10 to 12 percentage points.

In the period to come – until 2010 and further on until 2015 – the country, which still has regular arrangements with the IMF and the World Bank as well as a submitted candidacy for EU membership, will maintain the already established favourable macro-economic framework (low inflation and low budget deficits) and will focus on the acceleration of its economic growth and mitigation of the unemployment. The conditions for this are an acceleration of the structural reforms, the improvement of the business climate, attraction of foreign direct investments and an increase of the rate of gross investments from

Macedonia *market regulating institutions*¹ are new, understaffed, with only moderate experience. Some of them are still non-existent and yet to be established. The lack of tradition in the regulation by the state and inexperience of Macedonian institutions in this area is a potentially serious handicap.

It is necessary to accelerate the reforms in the area of *the market-legitimizing institutions*. This area includes the pension system, schemes for assistance in case of unemployment and the remaining social funds. The reforms in this field were under the shadow of the privatization and the restructuring of the real and enterprise sectors. This is a problem in itself, as these institutions are also linked partially to the domains of market failure and



the current 18-19 percent to 25 percent (as a GDP share). This would enable the country to increase its GDP by about 40 percent by 2010 and double it in comparison with the current GDP level by the year 2015.

Institutions

Market economy depends on functional and efficient institutions. In the Republic of

the threshold of social durability of reforms.

Corporate governance

Improvement of corporate governance is a precondition for the development of the private sector and the growth of the entire economy. The nature of the privatization process (dominated by insider buyouts) and the inefficient banking system limited the

¹ Regulatory agencies in the field of telecommunications, energy, finance and banking

interest of foreign investors in Macedonian companies and the capital market. Although there is a lack of data regarding the financial health of the companies, the more recent empirical studies and interviews show very weak corporate governance. Management did not change significantly and obsolete management knowledge is one of the obstacles to growth.

The regulatory and the implementing agencies have difficulties in catching up with the fast changes in the demand of the private sector. The lack of expertise and resources in the operative and controlling activities is a particular inhibitor. For the purpose of harmonizing the regulations with the EU directives, numerous legal reforms have been undertaken and are ongoing. The elimination of legal and administrative barriers for the development of companies is among the priorities of the Government. There are a lot of segments that need to be changed to create a business-friendly environment, which will encourage the establishment of start-ups and expansion of companies, and at the same time reduce the motives for corruption and expansion of the grey economy.

The Judicial System

The judiciary is one of the pillars of a market economy and has an important role in the

post-privatization process; unclear property rights, lengthy bankruptcy procedures, mortgages, lack of law enforcement as well as corruption are negatively affecting economic development. In the Republic of Macedonia, the judicial system and the courts are still inefficient and overburdened. Slow and inefficient judicial reforms are one of the major obstacles to establishing credibility of institutions.

The essential goal of the reforms in the judiciary is to create conditions for swift and efficient punishment of corrupt practices and prevent possibilities of corruption in the judicial system. The future efforts for strengthening the rule of law should be aimed at enhancing the independence of the judiciary and improvement of the efficiency of the courts.

The reforms in the judiciary should include legislative measures, such as the improvement of the substantive and procedural law, but need to go much further into the reform of the organizational set up and functioning of courts, reform of the court administration, raising the level of criteria for appointment of judges, and level of professional qualifications of both the judges and the administration.

MDG 1

Reduce
poverty
and social
exclusion



Target	Indicators
Reduce the proportion of the population living below the poverty line to 9.5 percent by 2015	<ul style="list-style-type: none"> • Poverty incidence • Poverty depth • Regional disparities • Gini coefficient/index (EU)
	<p>Indicators +</p> <ul style="list-style-type: none"> • Profiles of poverty. Rates of poverty levels for the poor households facing highest risks • People living in jobless households (EU) • Rates of poverty depth • Long-term unemployment rate, more than 12 months as a % of the active population (EU) • Long-term unemployment share, more than 12 months as a % of unemployed (EU) • Very long-term unemployment, over 24 months (EU) • Social assistance beneficiaries • Life expectancy at birth (EU)

Freedom from want

Though the term 'poverty' is not explicitly mentioned in the international and regional instruments, human rights treaty bodies and other international human rights mechanisms refer to poverty as an infringement of freedom, and agree that the elimination of poverty should be addressed as a basic entitlement and a human right. The preamble to the **Universal Declaration on Human Rights** and the common preamble to the **International Covenant on Civil and Political Rights** and the **International Covenant on Economic, Social and Cultural Rights** emphasize the importance of "freedom from ... want". The rights to work, an adequate standard of living, housing, food, health and education, which lie at the heart of the Covenant on Economic, Social and Cultural Rights as well as other international and regional instruments, have a direct and immediate bearing upon the eradication of poverty. Articles 30 to 49 of the **Constitution of the Republic of Macedonia** also guarantee the wide range of social, economic and cultural rights for everyone. However, not only social and economic rights but also civil and political rights, as well as the right to development, are indispensable to those living in poverty. Non-discrimination and equality are integral elements of the normative framework of human rights. According to the findings of the treaty bodies and other human rights mechanisms, discrimination and inequality are often the root causes of poverty. Therefore, the international norms of non-discrimination and equality, which demand that particular attention be given to vulnerable groups and individuals from such groups, have profound implications for anti-poverty strategies.

Status and trends

Poverty profile - The process of transition in the Republic of Macedonia resulted in intensive changes in the socio-economic life and the social structure of the population. The prolonged transition, along with lagging economic growth, to a large extent was accompanied by impoverishment and social exclusion of a significant portion of citizens. The poverty profile reflects these features of the transitional process.

The process of impoverishment, which gained intensity at the beginning of the '90s, also continued during the period of 2000-2004. The human poverty index shows that, on average, 55.1 percent of the total population is suffering from various forms or flaws of human poverty. The high human poverty

the highest-risk groups.

The percentage of households living below the poverty line is constantly increasing, reaching 30.2 percent in 2003.

Vulnerable groups - Households with the highest-risk profiles are multi-member households, households with no employed members, households whose members have a low level of education, and households of elderly people. The share of the persons living in jobless households² in 2004 was 27.7 percent.

The poverty rate of households with six and more members is 43.6 percent. Compared with other regions, Skopje has the highest rate of poverty (33.6 percent), the other urban areas have a rate of 29.1 percent, and the rate in the



index is a result of the high rate of long-term unemployment and the high percentage of population illiterate in functional terms.

The labour market proved to be the most sensitive sphere of economic transition. Whereas all participants in the labour market, i.e. both the employed and the unemployed, felt the social consequences of the changes, it is the unemployed, who have become one of

rural ones is 29.0 percent.

The poverty rate in households with no employed members in 2003 was 36.1 percent. Households with two or more employed members are in a more favourable situation with a poverty rate of 18.9 percent; this, however, is still high, as a considerable number of the employed members receive wages on irregular basis or receive minimum wages. The highest risk

² The „persons living in jobless households“ is a Laeken indicator which shows the number of persons aged 0-65 living in eligible households where none of the members is working as a percentage (proportion) of the total population aged 0-65 who are living in eligible households.

of further impoverishment is faced by individuals at the age of 40 and with a lower level of education. The educational structure of the poor in 2003 shows that 51.4 percent of the heads of the households are with no education at all.

Unemployment

The Republic of Macedonia has one of the highest unemployment rates in Europe and unemployment rather than low income has become one of the key factors of poverty and social exclusion. It is characterized by a high rate of long-term unemployment and a low level of education of the unemployed. The high unemployment rates are a result of the loss of jobs due to restructuring and liquidation of companies and the start of the reforms in the public sector. The 3 Laeken indicators

Table 1.1. Long-term unemployment rate³

2003	2004
31,2	31,7

Source: Labour Force Survey

Table 1.2. Long-term unemployment share⁴

2003	2004
85,1	85,4

Source: Labour Force Survey

Table 1.3. Very long-term unemployment rate⁵

2003	2004
27,9	27,6

Source: Labour Force Survey

on long-term unemployment rate, long-term unemployment share and the very long-term unemployment rate are included under this section. As it can be observed, the figures are quite high according to all of the three indicators.

Social assistance

The financial social assistance, as the most widespread type of social assistance, was introduced in 1992. The basic intention of this social assistance is to ensure a minimum living standard for individuals and households with an income below a certain minimum.

Following the approval of the methodology of measuring relative poverty in 1997, the Government passed a decision according to which the level of social assistance is to be determined in accordance with the level of relative poverty.

Social assistance for one-member households is determined to the amount of 57 percent of the calculated relative line of poverty.

Since 1999, there has been an increasing trend in the number of households as social assistance beneficiaries.

The structure of financial social assistance beneficiaries points to the unemployed (92.1 percent) as the most numerous group.

By age, the majority of the beneficiaries (heads of households) are between 31 and 50 years old, whereas in terms of qualification, the group that dominates comprises unqualified individuals (45 percent) and individuals with secondary education (21 percent).

Table 1.4. Number of households beneficiaries of social assistance

Year	1998	1999	2000	2001	2002	2003	2004 ⁶
Households beneficiaries of social assistance	64160	74126	78170	80334	82670	61707	64804

Source: Strategy for Reduction of Poverty, June 2001

³ The long-term unemployment rate is the total number of long-term unemployed (at least 12 months) as a percentage of the total active population aged 15-64.

⁴ The long-term unemployment share is the total number of long-term unemployed (at least 12 months) as a percentage of the total number of unemployed.

⁵ The very long-term unemployment rate is the total number of very long-term unemployed (at least 24 months) as a percentage of the total active population.

⁶ Source: Ministry of Labour and Social Policy, situation in May 2003

Table 1.5. Rates of activity by ethnic groups

	Total	Macedonians	Albanians	Turks	Roma	Vlachs	Serbs	Bosniaks	Others
Rate of activity	54.6	63.2	32.3	42.4	50.4	62.0	59.8	47.8	51.5
Unemployment rate	38.1	32.0	61.2	58.2	78.5	25.3	30.9	60.3	40.8

Source: State Statistical Office, *Census of Population, Households and Dwellings, 2002*

To reduce the risk of the social exclusion of people and families that are exposed to a social risk caused by natural disaster, epidemics, longer treatment of some illness or any other social crisis, a one-time allowance is paid. The amount of the allowance depends on the level of the social risk; the level of the social risk is defined by special regulations, while the highest amount comes to the combined amount of two average monthly wages.

Due to the financial resources of the State Budget, on the one hand, and the increasing needs of citizens for this allowance on the other, this allowance is being paid in limited quantities and to fewer beneficiaries.

Regional differences

Although there are no available data on relative poverty by regions, differences may still be identified on a basis of other indicators such as the rate of unemployment, long-term unemployment and GDP per capita.

These indicators highlight the large regional disparities that have to be taken into consideration in the development of social and economic policies at all levels.

The unemployment rates of various ethnic groups move between the lowest of 25.3 percent among the Vlachs and the highest of 78.5 percent among the Roma population. These disparities are a result of the influence of several factors, but the educational level, age, and place of residence may be considered as the most important ones.

The unemployment rate was the lowest in the Skopje region (30.4 percent) and the highest in the Polog one (49.9 percent). Considering the activity rates, the unemployment rates among women in all regions are higher than that among men. Adolescents account for a high percentage of the high-risk social groups. The rates of unemployed adolescents are the highest in the Vardar (80.6 percent) and the Northeast (80.3 percent) regions. This

Table 1.6. Selected Indicators of the level of poverty

	1997	1998	1999	2000	2001	2002 ⁷	2003	2015 ⁸
Poverty rate ⁹	19.0	20.7	21.0	22.3	22.7	30.2	30.2	9,5
Poverty depth ¹⁰	4.6	5.1	5.7	6.0	5.4	9.3	9.4	3,5
Regional ¹¹ disparities in GDP per capita	n/a	n/a	n/a	n/a	n/a	25.7	n/a	25
Gini coefficient/index ¹²							29.93	

Source: State Statistical Office, Household Consumption Survey.

MSED Project: Mapping Socio-economic Disparities between Municipalities in Macedonia

⁷ Since 2002, the source of data has been redesigned.

⁸ Estimated data regarding the level to be reached by the given indicators in 2015. The estimates have been made on the basis of an analysis of the past trends of the phenomena and the expected movements in the coming ten-year period.

⁹ Share of the population living below the 70 percent of the median equivalent consumption.

¹⁰ Poverty depth index (frequency by depth of poverty; average proportional deficiency of expenditures/incomes of the whole population.)

¹¹ GDP in the poorest region, as a share in the GDP of the richest region.

¹² Gini coefficient is used to measure income inequality, but can be used to measure any form of uneven distribution. The Gini coefficient is a number between 0 and 1, where 0 corresponds with perfect equality (where everyone has the same income) and 1 corresponds with perfect inequality (where one person has all the income, and everyone else has zero income). The Gini index provides a measure of income or resource inequality within a population. It measures the extent to which the actual distribution of income, consumption expenditure, or a related variable, differs from a hypothetical distribution in which each person receives an identical share.

rate is lowest in the Eastern region (65.4 per cent), despite the fact that it is twice as high as the national rate of unemployment (38.1 percent).

Challenges and Recommendations

Reducing the portion of the population living under the poverty line to 9.5 percent requires fast changes in Macedonian economy, dynamic economic growth, adequate social policy, and fair re-distribution of income and resources.

The policy of attaining the main goal will be directed towards reduction of the overall poverty rate, the poverty depth, and the regional disparities, as well as income inequality (Gini coefficient) which is one of the primary Laeken indicators.

Table 1.7. Life expectancy at birth¹³, 2001/2003

Total	male	female
73,21	70,8	75,74

Life expectancy at birth is another EU indicator which is included as an indicator measuring progress under the poverty reduction goal. Though the indicator relates to health and gives an indication of the efficiency of the healthcare system, it also predicts the future ability of society to fight poverty and social exclusion, and largely depends on the general development level of the society.

What are the key areas and the groups at risk towards which the poverty reduction policies and activities should be aimed?

1. Reduction of the high unemployment rate and primarily of long-term unemployment will be the main challenge in the course of the process of reducing poverty.

2. Reduction of the risk for the employed with low education of losing their jobs and economic security. Better adjustment of the employed with low education to the needs of the labour market is to be ensured by improving the knowledge and skills of such individuals through appropriate trainings, re-qualifications and further qualifications. These activities would help to achieve an improvement of the individual economic status and standard and thus a reduction of the risk of impoverishment among the employed.
3. Shifting the role and function of the Employment Agency from the current role of operator of passive activities to one of a pillar of active measures.
4. Amendments in the Employment Relations Law, which are to ensure lower price of labour and, consequently, higher competitiveness of companies and enhanced interest of employers to legalize all employments.

In December 2003, the Republic of Macedonia adopted the 2004-2005 National Action Plan (NAP) with the intention of implementing active labour market policies such as: 1) support for the provision of jobs (information, mediation, and advice); 2) organization of training programmes (qualification and re-qualification); and 3) creation of conditions and support for direct opening of new jobs. The policies and measures planned within the NAP are aimed at increasing the employment rate, reduction of the unemployment rates, and reduction of the risk of social exclusion.

Yet, the NAP covers a short-time period; there is a need to have long-term active labour market policies that will continue in the same direction.

5. Enhancement of the assistance for individuals depending on social transfers (the needy, pensioners, disabled individuals). Special programmes should be developed for all these groups of the

¹³ The „life expectancy at birth“ indicator is defined as the number of years a person may be expected to live, starting at age 0, if subjected through their lives to the current mortality conditions.

population at risk (elderly, disabled, and other dependents), through which the state will ensure a high degree of social security for them. In the provision of social support for such individuals, the non-governmental sector should play an important role.

6. Reduction of the regional disparities, development of the municipalities, and reduction of poverty and unemployment at the local level. In the process of reducing regional disparities, particular attention should be given to the development of rural areas where there is a lack of well-prepared educational and employment policies.
7. Local infrastructure development programmes may provide employment for a certain period of time, and thus make the reduction of unemployment at local levels possible.

In the decentralization process, the local authorities should – by carrying out their competences related to the local economic development – act as the key instrument in the design and implementation of employment programmes. Those programmes should include active labour market policies, local infrastructure development, promotion of and support for entrepreneurship, and development of small and medium enterprises (SMEs).

The planned reforms of the local self-government ought to enhance the development capacity of the municipalities, but also to improve the allocation of development resources, on the basis of the level of development of the different regions.

In some municipalities, certain employment-related programmes financed by donors have already commenced, including the financing of small programmes for infrastructure, for creation of jobs of definite duration, acquisition of skills and trainings in information technology, and support for the local efforts for economic development.



Permanent Analysis of Poverty and Monitoring Mechanisms

The basic activities relating to poverty carried out thus far in the Republic of Macedonia have been the measuring and analysis of the basic poverty profiles. The development of an appropriate poverty reduction policy requires the development of a strategy for measuring poverty and for monitoring process.

The poverty monitoring system should ensure understanding of the root causes of poverty, selection of real priorities, and definition of the goals. Furthermore, the monitoring should help in defining the poverty reduction strategy through appropriate selection of activities and actions.

This system should enable monitoring and assessment of the implementation of activities defined in the poverty reduction strategy and should propose adequate measures that will support the poverty reduction process.

Policies on reduction of poverty and social exclusion

Poverty, by its nature, is a multidimensional phenomenon. This is why efforts to reduce poverty may not rely solely on economic policies, but also on complex and coordinated measures in several areas.

The lack of economic growth is the most significant factor affecting poverty. Long-term economic growth reduces poverty by opening up new jobs and by increasing the real available income of the households.

The fundamentals of the poverty reduction strategy are built upon the concept of the economic development of the country, incorporated into the *Strategy for Economic Development until 2020*. This concept is based on the view that economic growth is the most effective mechanism for tackling poverty and unemployment.

The following are the measures to be applied to reduce poverty and social exclusion:

- Establishing a dynamic growth pattern of the economy;
- Enhancing exports and investments (domestic and foreign), as sources of growth of the gross domestic product and the employment;
- Completing reforms of the labour market;
- Undertaking an active employment policy, as an efficient measure for combating poverty;
- Defining criteria for qualifying for social assistance, which will facilitate fair and more equitable distribution of social transfers;
- Reforms in all levels of the educational system, since the investment in human capital is a precondition for poverty reduction;
- Reforms in local self-government through capacity enhancement of municipalities (by creating local development institutions), to support local economic development.

MDG 2

Achieve

universal

primary

education



Targets	Indicators
Ensure that, by 2015, all children will be able to complete a full course of primary and secondary schooling	<ul style="list-style-type: none"> • Inclusion in the primary education • Proportion of pupils starting grade 1 who reach grade 5 • Literacy rate of 15+ year-olds • Inclusion in secondary education • Persons with low educational attainment (EU)
	<p>Indicators +</p> <ul style="list-style-type: none"> • Primary education completion rate • Enrolment ratio in primary education • Rate of completion of secondary education • Proportion of ethnic groups in the completion of primary and secondary education • Portion of the budget allocated to education, as a share in GDP
Eliminate gender disparities in primary and secondary education if possible by 2005, and in all levels of education by 2015	<ul style="list-style-type: none"> • Proportion of boys and girls in primary, secondary and higher education • Ratio between literate women and men at the age of 15 and over by ethnicity
	<p>Indicators +</p> <ul style="list-style-type: none"> • Proportion of girls and boys completing primary education, by ethnic background • Proportion of boys and girls completing secondary education by ethnic background • Proportion of boys and girls completing higher education, by ethnic background

Right to education

Education is both a human right in itself and an indispensable means of realizing other human rights. The right to education is guaranteed by the main international and regional human rights instruments acceded or ratified by Macedonian government: **Universal Declaration on Human Rights, Covenant on Economic, Social and Cultural Rights, Convention on the Rights of the Child, Convention on the Elimination of All Forms of Discrimination against Women, UNESCO Convention against Discrimination in Education**, as well as **European Convention on Human Rights and Fundamental Freedoms**. Article 44 of the **Constitution of the Republic of Macedonia** stipulates that everyone has the right to education; education is accessible to everyone under equal conditions, primary education is compulsory and free. In addition, the right to education is referred to in the recommendations of treaty bodies and other international human rights mechanisms. For example, the **Committee on the Rights of the Child** regarding MDG 2 recommended that the Republic of Macedonia pursue its efforts to increase the enrolment levels of all children from minorities in primary and secondary schools, with special attention to girls in general and children from the Roma minority in particular. Also, according to the general comment of the **Committee on Economic, Social and Cultural Rights**, education in all its forms and levels shall exhibit the following essential features: a) availability (sufficient quantity of educational institutions within the jurisdiction of the State party); b) accessibility (non-discrimination - education must be accessible to all, especially the most vulnerable groups, physical accessibility, economic accessibility - whereas primary education shall be available "free to all", States parties are required to progressively introduce free secondary and higher education; c) acceptability

(the form and substance of education have to be relevant, culturally appropriate and of good quality, d) adaptability (education has to be flexible so it can adapt to the needs of changing societies and communities and respond to the needs of students within their diverse social and cultural settings).

Status and trends

Primary education in the Republic of Macedonia lasts eight years and is mandatory for all children between seven and fifteen years. The latest amendments to the Law on Primary education¹⁴ suggest the introduction of a preparatory year, as part of a mandatory nine-year education.

Special elementary schools and classes in regular elementary schools are being organized for pupils with development problems and special educational needs. Following the global trends, and in an attempt to ensure inclusion of all children in a high-quality manner, there is an increasing practice of including children in regular schools whenever possible.

The pedagogical and educational work in the elementary school is carried out both in Macedonian language and Cyrillic alphabet and in the language and alphabet of the different ethnic groups. All children are obliged to study Macedonian language. The intention of primary education in the mother tongue is to facilitate the children's contact with the educational process and to assure the protection of the cultural heritage of a given ethnic group.

The elementary school is a public (state) institution. The law does not allow the possibility of setting up private schools for primary education.¹⁵ Primary education has no selective nature and all students who complete it are entitled to equal rights in terms of continuing their education.

The network of elementary schools enables almost complete inclusion of the population in the mandatory primary education.

There are central elementary schools with a legal status, and regional ones, which are established in settlements with a smaller number of inhabitants and are formally a part of a central school. In 2001/2002, the number of elementary schools was 1,010; 342 of them had the status of a legal entity (central elementary schools), while 668 were regional schools. In 505 regional schools, teaching is ensured for grades one to four.

The laws which regulate primary, secondary and higher education do not contain any provisions which regulate the issue of gender disparity in the approach to education. Unfortunately, there are no recommendations either with respect to positive discrimination in favour of the population of female pupils/students, in particular concerning vulnerable groups, where unequal coverage has been identified.



¹⁴ *Official Gazette of Macedonia*, No. 63, 2004.

¹⁵ Law on Primary Education, *Official Gazette of Macedonia*, no. 52/2002.

Inclusion, drop out, and progress: According to the statistical data and analysis of the inclusion and drop out of pupils, it is notable that problems appear mostly in rural areas (predominantly mountainous regions), as well as among certain ethnic groups (mostly among the Roma), regardless of the location of their residence. The reasons behind this are numerous, but the following are the most influential ones:

- o **Impoverishment of the population** and the lack of financial means for education within the families. As a rule, poverty produces low levels of education and this, in return, generates new poverty.
- o **Distance.** There are mountainous places where the children, in order to get to school, have to undertake long trips or to stay at boarding institutions, which is unfavourable for their development, having in mind their age – 10-14 years.
- o **Lack of public pre-school institutions in rural areas,** which would prepare the children for a successful start in primary education.
- o **Influence of the traditional beliefs,** according to which education is not an important factor of a successful and happy life.

Unlike the progress made in primary education, the picture in secondary is less positive. Despite the fact that the trend shows

an increased coverage, it still stands at a low level (56.5 percent in 1990 to 69.5 percent in 2002), which clearly shows that there is a generation vacuum, i.e. retention of pupils in primary education, temporal distance (break) in their progress to secondary education and a higher number of years of, or premature departure (drop out) from, secondary education.

Inclusion and drop-out rates – 2001/2002:	
•	The gross inclusion rate in the pre-school year is 83.23 percent
•	The gross inclusion rate in the primary education is 97.1 percent
•	The net inclusion rate in the primary education is 92.5 percent ¹⁶
•	The annual drop-out rate in the primary education is 1.71 percent
•	In the total number of pupils in the primary education, the share of Macedonians is 56.39 percent, that of Albanians is 33.18 percent, Turks comprise 4.20 percent, Roma 3.49 percent, Serbs 1.00 percent, Vlachs 0.18 percent, and others 1.55 percent. ¹⁷

In the past, there were several attempts in the Republic of Macedonia to achieve 100 percent inclusion in the primary education and to prevent any drop outs of pupils, as well as to increase coverage and reduce drop

Table 2. 1. Inclusion of pupils in the primary education / gross¹⁸

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
100.7	99,8	97,6	97,0	97,0	97,9	98,4	99,1	98,8	99,6	100,1	98,6	97,1	95,6

Source: NHDR 2004 - Macedonia, UNDP 2004

Table 2.2. Coverage of secondary education students / gross¹⁹

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
SGE	/	/	10,6	14,6	15,9	17,3	18	18,8	20,3	22,2	24,1	25,7	27	28
SVO	56,5	55,1	43,7	39,5	39,4	39,7	40,8	41,4	42,3	43,3	43,3	43,3	42,5	44,2
Total	56,5	55,1	54,3	54,1	55,3	57	58,8	60,2	62,6	65,5	67,4	69,0	69,5	72,2

SGE – Secondary general education SVO – Secondary vocational education

¹⁶ 2004 National Human Development Report – Macedonia, UNDP, 2004.

¹⁷ Ministry of Education and Science: Analysis of the Primary Education Activity, school year 2003-2004, in: Anica Dragovich, Macedonia, Education Modernization Loan – Dutch Grant, 2004.

¹⁸ All pupils in primary education as compared to the population at the age of 7-14. MONEE, Innocenti Social Monitor 2004, UNICEF, 2004 and State Statistical Office.

¹⁹ All secondary education students as a percentage of population at the age of 15-18, divided by general and vocational education. MONEE, Innocenti Social Monitor 2004, UNICEF, 2004.

outs from secondary and higher education. Penalty provisions were included in the laws and normative regulations, infrastructure capacities were improved and contemporary teaching models were introduced and the teaching staff trained. Unfortunately, despite these measures the trend of incomplete in-

country. An analysis of the vertical progress of pupils in primary education shows that 95.52 percent of the generation enrolled in primary education in the school year 1991/92 continued their education to grade 5, while only 88.32 percent of them completed their primary education. This means that 11.67

Table 2. 3. Proportion of pupils starting grade 1 who reach grade 5 ²¹

1994/5	1995/6	1996/7	1997/8	1998/9	1999/2000	2000/1	2001/2	2002/3	2003/4
93,63	95,52	96,42	95,36	96,20	96,85	97,75	96,87	95,21	95,41

Source: State Statistical Office

Table 2. 4. Ratio of completion of grade 8 (of those enrolled in grade 1 eight years ago)

1997/8	1998/9	1999/2000	2000/1	2001/2	2002/3
85,94	88,32	89,80	88,63	88,99	88,47

Source: State Statistical Office

Table 2. 5. Ratio of enrolment in secondary education (of those who completed primary education)

1998/9	1999/2000	2000/1	2001/2	2002/3	2003/4
85,02	87,58	86,05	84,87	86,88	88,09

Source: State Statistical Office

clusion and drop outs during the schooling continues. This leads to a high number of individuals with an educational handicap and has extremely adverse effects on the planning of the economic and social development and on the enhancement of the quality of life. This statement is reinforced if we look at the data on unemployment and the period of time spent waiting to obtain employment. Namely, looking at the length of unemployment, it can be seen that 44.60 percent of unemployed persons wait for more than four years before they actually enter employment. This represents the greatest period in the case of those unemployed who only have an incomplete primary education (72.40 percent) or do not have any education at all (61.16 percent).²⁰

Early dropping out of school is a trend that has for a longer period been present in the

percent of this generation was "lost" somewhere during those eight years. Usually, this number, to a lesser extent, comprises those repeating a year and to a greater extent those who have dropped out of school.²²

A survey of the percentage of pupils who completed their primary and enrolled in secondary education in the school year 1999/00 shows that it is 87.58 percent (for the school year 2003/04, this percentage is 88.09 percent). Yet, a survey of the students enrolled in secondary education within the framework of their generation (i.e. students who enrolled in grade one of primary school eight years ago), shows that only 77.35 percent of the same generation continues their schooling into secondary education, while merely 69.32 percent of them succeeds in completing their secondary education within the regular timeframe.

²⁰ State Statistical Office, 2003.

²¹ The data on the Indicators 7, 8, +/1, +/2 and +/3 have been obtained from the State Statistical Office.

²² State Statistical Office, 2003.

Table 2. 6. Vertical progress of a single generation of pupils / 1991/92²³

	1991/92	1995/96	1998/99	1999/2000	2002/3
	Enrolled in grade one	Enrolled in grade five	Completed primary education	Enrolled in year 1 of secondary education	Completed secondary education
No.	34,406	32,866	30,389	26,614	23,851
%	100,00%	95,52%	88,32%	77,35%	69,03%

Source: State Statistical Office

Table 2.7. Secondary education completion rate (of those that enrolled in grade 1 four years ago)

	1997/8	1998/9	1999/2000	2000/1	2001/2	2002/3
	86,34	84,80	87,41	90,61	89,11	91,26

Source: State Statistical Office

Compared to primary education, vertical efficiency in secondary education is much higher. So of the total number of students that enrol in secondary education, the completion rate has increased from 86.34 percent in 1997/98 to 91.26 percent in 2002.

Persons with a low educational attainment²⁴ is the Laeken indicator which indicates both the efficiency of the educational system and, consequently, society's potential and future ability to fight poverty and social exclusion since education is the key prerequisite for improving the living standard and expanding people's choices. According to

the data provided by the population census of 2002, the figure is 0.46 percent.

Drop outs and transition of students from ethnic groups - Data for the period between 1997/98 to 2002/03 show that the share of students of Macedonian and Serbian ethnic backgrounds has decreased against the rise in the number of students from other ethnic groups, in particular students from Albanian and Roma ethnic backgrounds as a share of the total number of students completing primary education.

This situation is largely due to: demographic trends, stronger campaigns and

Table 2. 8. Proportion of ethnic groups with completion of primary education (of the total number of graduated pupils)

	Macedonians	Albanians	Turks	Roma	Serbians	Vlachs	Other
1997/8	66,06	25,72	3,29	1,25	1,21	0,20	2,27
2002/3	61,07	29,47	3,81	2,08	1,16	0,21	2,20

Source: State Statistical Office

Table 2. 9. Proportion of ethnic groups with completion of secondary education (of the total number of graduated pupils)

	Macedonians	Albanians	Turks	Roma	Serbians	Vlachs	Other
1997/8	83,01	11,73	1,60	0,36	1,60	0,36	1,34
2002/3	76,56	17,70	1,66	0,59	1,42	0,29	1,77

Source: State Statistical Office

²³ The calculations do not include pupils repeating years, emigrants out of and immigrants into the country. As their number is close to 15 of the total number of pupils who completed their primary education, this does not significantly affect the picture of the trend of the vertical progress of a single generation of pupils.

²⁴ The „persons with low educational attainment“ indicator is defined as the percentage (proportion) of the total population of 25-64 years olds who have achieved ISCED level two or less.

activities undertaken in the area of primary education by government institutions, NGOs, as well as local initiatives over the period analysed.

The situation is similar when it comes to secondary education. This level of education is also experiencing an increase of the number of pupils of Albanian and to some degree of Roma and Turkish backgrounds. However, their share in the secondary education is significantly lower compared to their overall share in the population.

Coverage, drop outs and transition of female population - The ratio of girls and boys in primary, secondary and higher education shows a relative equality at the national level. The share of girls is the highest in higher education, followed by primary, with secondary education lagging slightly behind. Disparities appear when vulnerable groups overlap with gender.

A look at the share of female students by level of education, shows that girls living in

rural areas or coming from lower social strata and/or belonging to a specific ethnic group, such as the Roma or to a certain extent, ethnic Albanian, are at the highest risk of being excluded from the educational system at an early stage. In terms of vertical mobility it is obvious that with each subsequent level of education, the number of Roma girls decreases dramatically. This situation is largely due to an incomplete inclusion of girls in primary education and a high percentage of drop outs during schooling. This analysis is confirmed by a study undertaken by UNICEF and the Bureau for Development of Education in the Republic of Macedonia, in which the drop-out rate in 80 percent of schools in the country has been examined. The general drop-out rate identified is below 2 percent, but in the case of the Roma population, it stands at about 10 percent.

There are differences in secondary education with respect to girls from certain ethnic groups, primarily from the Roma, but also from the Turkish, Albanian and Serbian

Table 2. 10. % of female pupils/students enrolling in grade/year 1 of primary, secondary and higher education

	1997/8	1998/9	1999/2000	2000/1	2001/2	2002/3	2003/4
primary education	47,80	48,57	47,86	48,60	48,62	47,74	48,00
secondary education	45,82	45,57	45,99	46,05	45,79	45,49	45,55
higher education	51,55	50,70	50,96	51,40	50,48	50,79	52,33

Source: State Statistical Office

Table 2. 11. Students completing primary education

	1997/98			2002/03		
	Total	girls	girls %	total	girls	girls %
Total	30 741	14 861	48,34	30 095	14 527	48,27
Macedonians	20 308	9 966	49,07	18 380	8 996	48,94
Albanians	7 908	3 878	49,04	8 869	4 229	47,68
Turks	1 011	386	38,18	1 147	511	44,55
Roma	385	144	37,40	627	313	49,92
Serbs	372	148	39,78	348	150	43,10
Vlachs	60	23	38,33	63	25	39,68
Other	697	316	45,34	661	303	45,84

Source: State Statistical Office

groups. These data show the immediate priority areas for intervention. Nevertheless, the analysis of trends over the recent years points to the fact that over the past four years the share of girls in the total number of secondary school students has increased in nearly all groups other than the Roma and Serbs.

In higher education we can see that the number of female students is equal to the number of male students. In certain groups, the number of female students is even higher than that of male. However, at this level of ed-

is believed to cater for the needs for higher education of ethnic Albanians, and has already led to a significant increase in access to higher education for ethnic Albanian girls.

Financing: The 2003 budget for education - as a share in the GDP - is 3.49 percent. According to the data, the budget for education had a downward trend in the period between 1996 (4.26 percent) and 2003 by 0.77 percent. According to the 2003 budget allocation, 59.15 percent of the total budget for education was set aside for primary education,

Table 2. 12. Students completing secondary education

	1997/98			2002/03		
	Total	girls	girls %	total	girls	girls %
Total students	19 790	9 587	48,44	23 851	11 590	48,59
Macedonians	16 427	8 377	51,00	18 261	9 344	51,17
Albanians	2 321	835	35,98	4 222	1 724	40,83
Turks	316	90	28,48	396	166	41,92
Roma	72	33	45,83	140	48	34,29
Serbs	316	133	42,09	339	131	38,64
Vlachs	72	33	45,83	70	32	45,71
Other	266	86	32,33	423	145	34,28

Source: State Statistical Office

Table 2. 13. Students completing undergraduate studies

	1997/98			2002/03		
	Total	female	%	total	female	%
Total students	3,049	1,635	53.62	3,601	2,227	61.84
Macedonians	2,784	1,527	54.85	3,242	2,047	63.14
Albanians	100	40	40	172	82	47.67
Turks	18	7	38.89	30	15	50.00
Roma	3	1	33.33	8	2	25.00
Serbs	70	29	41.43	57	31	54.39
Vlachs	24	10	41.67	37	22	59.46
Other	50	21	42	55	28	50.91

Source: State Statistical Office

education, the share of female Roma students is way below the national average. As to the total population of ethnic Albanians, the opening of the South East European University

22.66 percent for secondary education, 12.46 percent for higher education, 1.92 percent for the pupils' standard, and 3.81 percent for the students' standard.²⁵

²⁵ Source: Ministry of Finance.

Out of the funds received by schools, nearly 80 percent are spent on wages; in higher education, this percentage exceeds 90 percent.

Table 2. 14. Budget for education, as a share of GDP

1996	1997	1998	1999	2000	2001	2002	2003
4.26	4.02	4.05	3.84	3.40	3.33	3.55	3.49

Source: Ministry of Finance

Literacy: The literacy rate in the Republic of Macedonia was 96.38 percent in 2002. According to the data, there are 63,562 (3.62 percent) illiterate individuals in the country, who are older than 15, which is a decline in the illiteracy rate identified during the 1994 census, when the number of illiterates was 87,749 – 5.96 percent. The rate is lowest among Macedonians (2.33 percent), who are followed by the Serbs (3.79 percent), the Albanians (4.80 percent), and the Turks (7.34 percent), while it is the highest among the Roma (20.63 percent).²⁶

Population – schooling ²⁷	Total:	%
Total	1,579,500	100
No education	60,700	3,85
Incomplete primary education	170,200	10,77
Primary education	549,200	34,77
3 yrs of secondary education	168,000	10,64
4 yrs of secondary education	465,100	29,45
Polytechnic education	51,200	3,24
Higher education	114,900	7,28

The above data are based solely on the statements of individuals given during the census regarding their own level of education. As the number of individuals with an incomplete primary education was 170,200 (10.77 percent) in 2002 – it can be assumed that the number of alphabetically illiterate people in the country is significantly higher than 3,62 percent.

²⁶ Census of the population, households, and apartments in Macedonia, 2002.

²⁷ Statistical Annual Book, 2004.

²⁸ Draft strategy for Roma people in Macedonia, Ministry of Labour and Social Policy, Macedonia, 2004.



The educational structure of the population is worrying as there is a large number of individuals in the country older than 15 years who have no education (3.85 percent), incomplete primary education (10.77 percent), or completed primary education only (34.77 percent). The Roma population is in the most unfavourable situation; in the case of the Roma, 33 percent have not completed primary education, and of the remaining 67 percent, 93 percent have completed primary education only.²⁸ The need to undertake measures to ensure that all children complete primary education, but also to increase the number of students in secondary education, is unquestionable, with a special emphasis on the most vulnerable groups.

76.41 percent of the total number of illiterate people at the age of 15 and over are women. Illiteracy increased between 1994 and 2002 by about 7 percent and varies among different ethnic groups. In 2002, the illiteracy rate of female Macedonians stands at 3.62 percent, Serbian females 6.86 percent, female Albanians 7.54 percent, female Turks 10.66 percent and female Roma 28.55 percent. Women are obviously at a higher risk

Table 2. 15. Literacy rate

	1994			2002		
	Total	male	Female	Total	male	female
Total	94,04	97,19	90,94	96,38	98,29	94,47
Macedonians	96,02	98,20	93,86	97,67	98,96	96,38
Albanians	90,21	95,31	85,35	95,20	97,89	92,46
Turks	88,21	93,65	82,80	92,66	95,91	89,34
Roma	74,50	85,44	63,48	79,37	87,17	71,45
Serbs	92,51	97,07	87,19	95,86	98,49	92,86
Vlachs	94,35	98,44	90,27	96,21	99,10	93,14
Other	93,68	97,73	89,96	95,69	98,27	93,27

Source: Census of population, households and apartments in Macedonia, State Statistical Office, 2002

of not attending and completing primary education, as well as in terms of employment opportunities, in particular among ethnic Albanians, Turks and Roma.

Challenges and recommendations

The efforts of the state to create stability of the national economy, through accelerated economic growth, enhanced the competitiveness of the public and private sectors. Additionally, this enhancement was also as a result of efficient legislation whose consistent enforcement will be directly dependent on the determination of the state to favour and strengthen education and training, i.e. on the generation of developed, functional, and usable human capital. Increasing the rate of inclusion in primary education, improving its quality and building democratic mechanisms for vertical mobility of students to higher levels of education, are preconditions for the development of human capital.

The total inclusion of children in grade one can be achieved through mechanisms of stimulation and reward, though no oversight should be made of the possibility of imposing penalty measures against families that refuse to enable/allow their children

to go to school, as well as against schools that fail to make records of such children. This calls for interventions in the regulation on guaranteeing data secrecy as currently the Ministry of the Interior does not furnish the schools with lists of those children who are at the age when they should enrol in grade one on the territory covered by those particular schools. Once this becomes the practice, schools will be expected to have all preconditions for carrying out their role in the realization of a total inclusion of pupils in the places of their activities.

In the future, measures will be undertaken to improve the capacities, the learning conditions and the school equipment, as well as continuous actions aimed at lifting the quality of the teaching. These measures are not only aimed at making total the inclusion of all children in primary education possible, but also at reducing the early drop-out rates.

Because of the dropping out of pupils and the weak vertical progress to higher levels of education, measures will be introduced to overcome the belief that only primary education should be mandatory. Otherwise, in the future there will still be a large number of individuals who have completed their primary education with no expert competencies and

possibilities for self-employment or employment in the public or private sectors. Therefore, mandatory nine-year education will be introduced, with grade one being preparatory. This measure will enable all pupils to acquire equal starting opportunities and it is expected to reduce drop-out rates in primary education and thus provide a strong contribution to the achievement of MDG 2 in the Republic of Macedonia.

Currently, the possibility of introducing a ten-year mandatory education, that will not only be oriented towards preparing pupils for their secondary education, but will also enable them to acquire minimum expert qualifications is under consideration. This model

make education more popular, but also specific assistance for families and children who have difficulties to progress at school, such as for instance, centres for the educational support of adolescents and adults.

The data reveal that the number of vacancies for enrolment in secondary education allows for a full transition of the generation of graduated 8 graders. Diversification and restructuring of the network of educational institutions will be necessary in order to adapt it to the changing need of the labour market. Modern day occupations and professions more interesting for young people, in particular for girls, still do not exist to a sufficient extent in secondary education.



will make it possible for all those who – for various reasons – will not be able to attend secondary school, to secure minimum existence and better quality of their lives.

In parallel with these activities education will also be promoted in rural areas and among ethnic groups in which the importance of education still is underestimated, such as for example among the Roma and Turks. This entails a high level of coordination not only to

Treatment of the above stated problems will be of use for all young people, not only girls. However, for the purposes of achieving equal coverage of girls, activities need to be undertaken focussing on those groups (primarily ethnic minorities in rural areas) which display a lower coverage of girls in secondary education. Similar to primary education, coordinated efforts on the part of the state, local educational authorities, the non-government-



tal sector and the community will be invested in this sphere so that traditional views regarding the education of girls is changed.

One additional activity that warrants attention is with reference to the component of education which deals with upbringing; the state will put together standards of adequate treatment of the issue of stereotypes in curricula and textbooks. This step will not significantly reflect on the improvement of equal access to education, but in the long run it will have a positive impact in terms of raising the awareness of the students and of the general population.

Environment for changes – policies and programmes

In order to overcome problems in the educational sphere, the Government developed a Programme for Education Development, which states “one of the key challenges in the coming period will be to *raise the level of education of all adolescents and adults*, with a special emphasis on the enhancement of the quality of their expert/working and social

competencies”.²⁹ Because of this – as pointed out in the draft-Programme – the education must be accessible for everyone living on the territory of the Republic of Macedonia, regardless of their age, sex, religious affiliation, ethnic origin, health condition and impediments in their development, and social and financial situation. In addition, education and training must fulfil all conditions for efficiency and effectiveness, to be able to provide sufficiently general and specific education to all.³⁰

Also underway is the finalization of the Education Decentralization Project. With its implementation, a large portion of the responsibilities in the field of education will be transferred to the local self-government and the schools. It is expected that the distribution of responsibility will have a positive impact on the realization of the full inclusion of children in the primary education and the efforts to have every child successfully complete their primary education.

In terms of attaining the MDG 2 it is worth noting that the Ministry of Education and Science places a particular emphasis on ad-

²⁹ Draft Programme for Development of Education, Ministry of Education and Science, Skopje, 2004

³⁰ Ibid.

addressing the issues affecting the inclusion and drop out of pupils during their schooling. Thus, for example, it is planned to:

- affirm the education in rural areas and among marginal groups;
 - provide transportation for pupils from areas difficult to access;
 - enter into partnerships with NGOs and work jointly on the realization of the strategic goals;
 - improve the learning conditions in the educational institutions;
 - raise the quality of teaching (particularly of teachers working in rural areas) through additional benefits and by introducing mandatory permanent improvement of the teaching staff, as well as introducing
- a model for career promotion of teachers, as a measure for their additional motivation;
 - raise the quality of the educational management through the introduction of mandatory training of the management staff in the educational institutions;
 - introduce a mandatory nine-year educational programme, with the intention for the latter to grow into a mandatory ten-year one;
 - modernize the curricula in all levels of education and link them functionally with the needs on the labour market and of society;
 - strengthen the IT component of all levels of education.



For the purpose of consistent realization of its strategic goals in the field of education, the Government needs to develop target-oriented programmes, i.e. special programmes for the development of the pre-school, primary, secondary and higher education. The realization of the Millennium Development Goals (MDG) is an integral part of these programmes and the MDG indicators should be used in order to measure progress.

The development programmes are also supported by special documents, such as adjusted regulation, financing programme, ICT programme, and a programme for professional development of teachers and managers.

The entire set of strategic and operative programmes is to reform the educational system and enable continuous actions for improvement of the quality of education, full inclusion of the children, elimination of drop outs during primary and secondary education, increasing access to and raising the quality of higher education, and creation of preconditions for smooth educational, working, and social inclusion and participation of all.

Environment and Monitoring Mechanisms

So far, the primary care for improving education has been vested with the Ministry of

Education and Science. With the new initiatives, the efforts are to reallocate this concern to other governmental sectors as well, but also to the non-governmental sectors and to local authorities. The process of decentralization – as well as the global integration process – imposes a need for active involvement of all actors in the field of education.

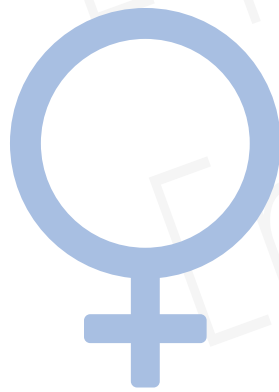
Government agencies will be focussed on monitoring the situation regarding the inclusion, educational progress, quality of knowledge and competencies obtained, and job placement of children and adolescents. To enable timely and preventive actions, a rich database will be built for all indicators in education. The base will be transparent and easily accessible for all interested entities.

At a local level, development education units will be set up within the local administration. These units will establish direct links with the local community (primarily with the families), the NGOs, state agencies, the private sector and educational institutions. In addition to the developing component, the activities of these units should aim at full achievement of this MDG.

The role of the non-governmental sector could be to support the activities of the state and local agencies. Actions aimed at raising the awareness of the importance of the education among the population will present a valuable contribution to the accomplishment of this MDG in the country.

MDG 3

Promote Gender
Equality and
Empower
Women



Targets	Indicators
Halving, by 2015, the proportion of women as unpaid family workers and reducing their inactivity rate by one third	<ul style="list-style-type: none"> Disparity in income Increased rate of inactivity
	Indicators + <ul style="list-style-type: none"> Activity rate Unemployment rate Employment rate Comparison of non-commercial activities sectors employing women and men
Doubling the proportion of women in governance	Indicators <ul style="list-style-type: none"> Proportion of women in Parliament Proportion of women in Government Proportion of women in government at local level

Equal rights for men and women

Equality of rights of men and women is a basic principle of the international and regional human rights instruments. The **Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the European Convention on Human Rights** clearly state that the rights set forth are applicable to all persons without distinction of any kind, putting forth sex among the grounds of impermissible distinction. In addition, each Covenant specifically binds State parties to ensure that women and men have equal right to the enjoyment of all the rights they establish. However, the main document addressing women rights is the **Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)**, often described as an international bill of rights for women which defines what constitutes discrimination against women and sets up an agenda for national action to end such discrimination. The Convention provides the basis for realizing equality between women and men through ensuring women's equal access to, and equal opportunities in, political and public life – including the right to vote and to stand for election – as well as education, health and employment. States Parties agree to take all appropriate measures, including legislation and temporary special measures, so that women can enjoy all their human rights and fundamental freedoms. Article 9 (Chapter II. Basic Freedoms and Rights of the Individual and Citizen) of the **Constitution of the Republic of Macedonia** stipulates that citizens are equal in their freedoms and rights, regardless of sex, ... and are equal before the Constitution and law.

Status and trends

Women and their position in the labour market: The transition to a market economy

had a negative impact on the position of women as well as men in the labour market. As a consequence of the privatization process and economic restructuring, thousands of men and women lost their jobs and dropped out of the

labour force. Though the transition obviously, negatively affected both genders, the share of women in the economically active population³¹ is much lower than that of men, women tend to be mostly represented in the low-paid sectors, and a lot of women are working in the informal sector.

Activity rate

In 2003 the activity rate for women (employed, self-employed and unemployed) was 43.4 percent whereas it was 65.6 percent for

men.³² This includes pensioners, dismissed workers, pupils and students and women on maternity leave. The lowest rate of inactivity is to be met among ethnic Macedonians, followed by the Roma, Vlachs and Serbs; the rate is the highest among ethnic Albanians – 70 percent.³⁴ The share of women in the total inactive population is 62.1, the share of men 37.9 percent.³⁵ The table 3.1 shows the inactivity rate by age and gender. As it can be observed, the share of women is higher than that of men among all age groups, with the exception of the



men.³² The reason for the lower share of women in the economically active population might be that women encounter bigger difficulties in finding a well-paid job or become discouraged and stop searching for employment.

Inactivity rate

45.5 percent of the total population is eco-

nomically inactive³³. This includes pensioners, dismissed workers, pupils and students and women on maternity leave. The lowest rate of inactivity is to be met among ethnic Macedonians, followed by the Roma, Vlachs and Serbs; the rate is the highest among ethnic Albanians – 70 percent.³⁴ The share of women in the total inactive population is 62.1, the share of men 37.9 percent.³⁵ The table 3.1 shows the inactivity rate by age and gender. As it can be observed, the share of women is higher than that of men among all age groups, with the exception of the

group 15-19. Among certain age groups it is two to four times higher. The reasons for such a high share of women in the economically inactive population are: 1) the lower retirement age for women and early retirement as a 'solution' for unemployment; 2) the traditional role of women as "housewives"; and 3) in the age group of 20-35 years, maternity leave.

³¹ Those in paid employment together with the unemployed are defined as „economically active“; this is the group that is actively present in the labour market.

³² Labour Force Surveys, 1996-2003.

³³ Those who are able to work, but are not seeking employment.

³⁴ National Human Development Report, 2004.

³⁵ Labour Force Survey, 2003.

Table 3. 1: Inactive population by gender and age, 2003³⁶ (in %)

	15–19	20–24	25–29	30–34	35–39	40–44	45–49	50–54	55–59	60–64	65 +
Women	49.1	58.9	74.3	77.2	81.2	80.6	77.2	73.1	69.0	59.9	55.5
Men	50.9	41.1	25.7	22.8	18.8	19.4	22.8	26.9	30.9	40.1	44.5

Source: Labour Force Survey, 2003, State Statistical Office

Unemployment:

Both women and men have equally suffered the negative consequences of economic transition. However, as studies suggest, the unemployment rates should always be examined in correlation with the activity rates in order to give a comprehensive picture of employment patterns.³⁷ One of the reasons for the fact that the activity rates are much higher than the unemployment rates could be that a large percentage of women, especially in rural areas, define themselves as “housewives” rather than as “unemployed”. Female unemployment also correlates with different ethnic origins.³⁸ The largest rate of unemployment is among the Roma population, followed by ethnic Albanians, Bosnians and Turks. Conservative cultural beliefs concerning the role of women particular among the Roma and ethnic Albanians need to be addressed in order to achieve gender equality.

Employment

In 2003 women 40 percent of the total number of employed were women.³⁹ But there is a noticeable disparity in the share of women and men in terms of qualification.⁴⁰ The share of women is the highest in the group of employed with higher education (46.8 percent) and with vocational college education (46.7 percent).

At the same time, women are mainly employed in the lower-paid sectors such as health and social care, followed by financial intermediation and education. Even in these sectors the proportion of women in the top positions is still insignificant.

Women more often appear in the category of employed than in the category of employers and self-employed, whereas men are mostly self-employed or employers, and have a very low share in the category of unpaid family workers. Most of unpaid family workers are women, which points to their special vulnerability within the family, and in society at large.

Women in governance and public life

Participation of women in the spheres of decision-making and public life both at the national and local levels is still marginal.

Despite an increase in the participation of women in Parliament from 4.2 percent in 1990 to 17.5 percent in 2002, women are still largely underrepresented. In the 18 standing working



³⁶ Labour Force Survey, 2003.

³⁷ Eva Fodor, *The Story Behind the Numbers: Women and Employment in Central and Eastern Europe and the CIS*, UNIFEM, 2004.

³⁸ National Human Development Report, these are based on data acquired during the 2002 census, 2004.

³⁹ Labour Force Survey, 2003.

⁴⁰ Labour Force Survey, 2003.

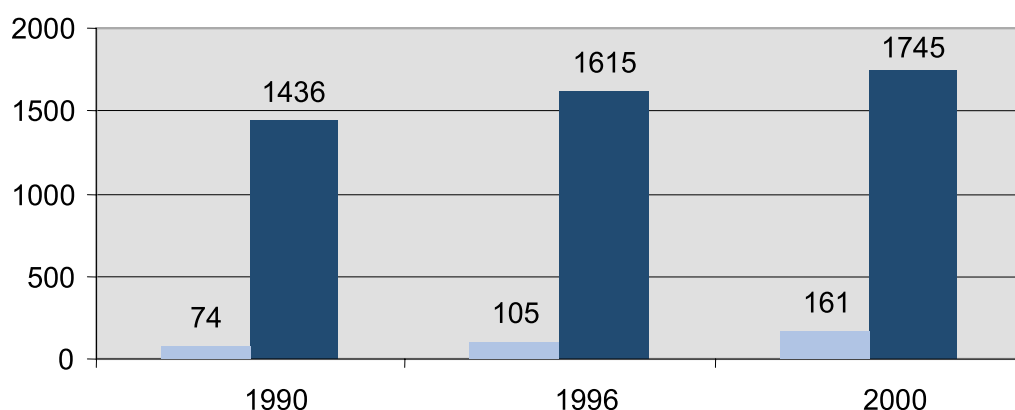
bodies of the Parliament, only five chairpersons and four deputy chairpersons are women.

The proportion of women in the Government is on the rise, but this is rather due to the reduction of the number of ministerial positions, than to a real increase in the participation of women. Before 1998 one to two women were appointed out of 20 ministerial positions, in 1998 four out of 27 positions and in 2002 two out of 17 positions.

instruments to achieve gender equality. It sets out strategic goals relating to human rights of women, women in government and decision-making, women and social policy, women and health, violence against women, women and armed conflicts, women and environment, and women and media.

Employment regulations and the introduction of quotas into the Election Law to increase the participation of women in politics at both

Figure 3.1.
Number of women elected councillors in local councils as compared to men



Women are also underrepresented in local government. In the local elections in 1996, no woman was elected as a mayor, while in the local election in 2000 and 2005 three women mayors were elected. Also, the number of women councillors in the municipality councils is significantly lower than that of their male colleagues.

Political parties, despite their verbal commitment are failing to undertake any concrete steps to significantly increase the participation of women in politics and public life.

Challenges and recommendations

The National Action Plan for Gender Equality is the basic document defining measures and

national and local levels are important achievements in terms of legal regulation. But the following steps still need to be undertaken in order to insure *de facto* equality:

- Mainstreaming gender equality in strategic documents and sector programmes, such as the Draft National Programme for Development of Education for the Period 2005-2015 and National Action Plan for Employment for 2004 and 2005;
- Strengthening the institutional mechanisms of gender equality at national and local levels, such as the Unit of Promotion of Gender Equality at the Ministry of Labour and Social Policy and the gender equality commissions in local self-government units. This should be done by clearly defining their mandate,



strengthening capacities and encouraging extensive cooperation with civil society organizations;

- Revision of the National Action Plan for Gen-

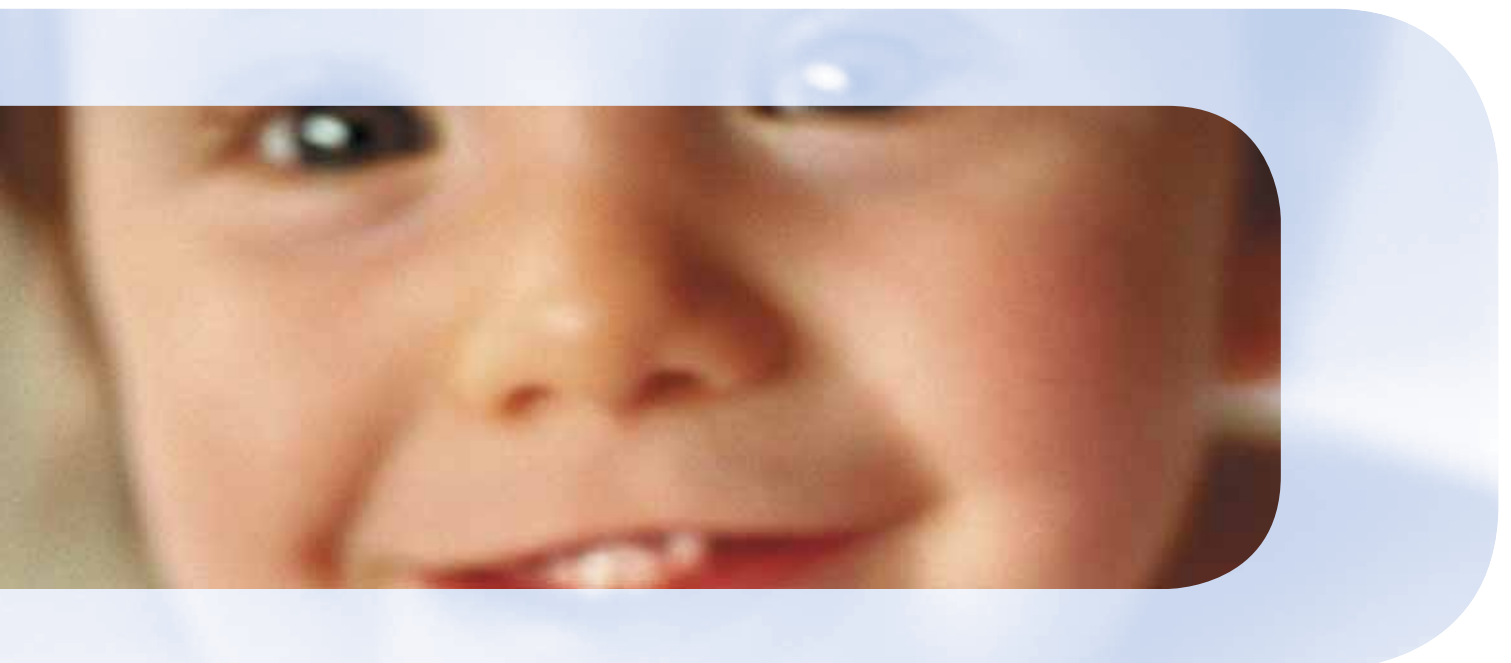
der Equality and identification of a definite timeframe for achieving the set goals; and

- Enactment of the Law on Equal Opportunities.

MDG 4

Reduce
child

mortality



Targets	Indicators
Further reduce the infant and under-five mortality rate	<ul style="list-style-type: none"> • Under-five mortality rate • Infant mortality rate
Eradicate measles by year 2015	<p>Indicators</p> <ul style="list-style-type: none"> • Proportion of one year old children immunized against measles • Reported cases with measles

Rights of the Child

“Motherhood and childhood are entitled to special care and assistance” - Article 25 of the **Universal Declaration of Human Rights**.

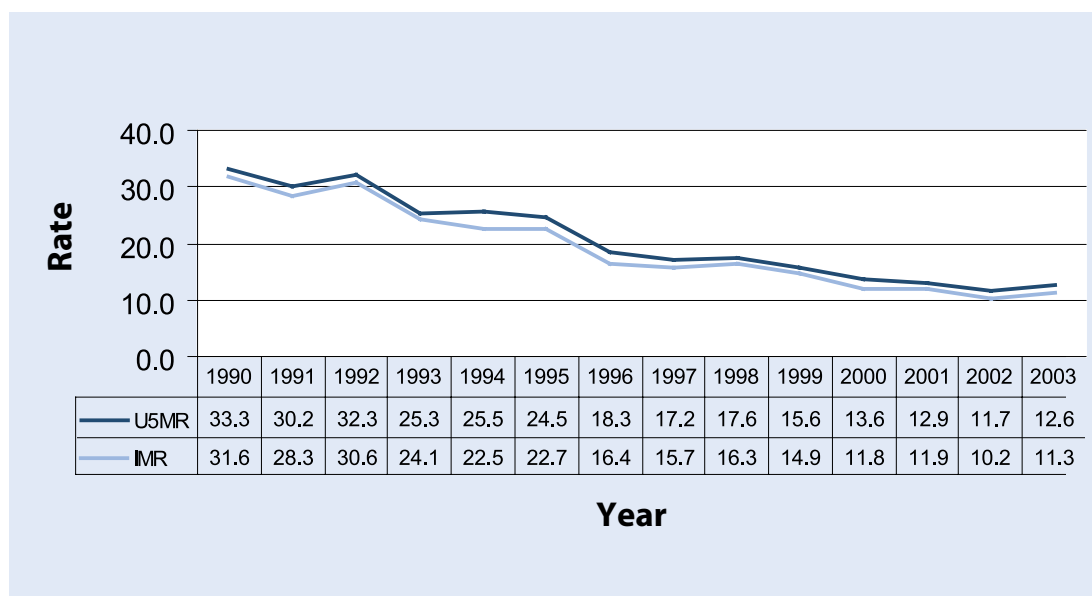
Article 12 of the **Covenant on Economic, Social and Cultural Rights** stipulates that the States Parties recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health, and should take steps achieve the full realization of this right, among them the provision for the reduction of the stillbirth-rate and of infant mortality and for the healthy development of the child.

By ratifying the **Convention on the Rights of the Child**, the Government of the Republic of Macedonia has recognized the right of all children to enjoy the highest attainable standard of health and access facilities for the treatment of illness and for the rehabilitation of health. The Government has committed itself to: diminishing infant and child mortality; ensuring the provision of necessary medical assistance and health care for all children; combating disease and malnutrition; ensuring appropriate pre-natal and postnatal health care for mothers; promote education on child health issues; ensuring that all segments of society, in particular parents and children, are informed, have access to education and are supported in the use of basic knowledge of child health and nutrition, the advantages of breastfeeding, hygiene and environmental sanitation and the prevention of accidents; developing preventive health care, guidance for parents and family planning education and services.

Committee on the Rights of the Child regarding MDG 4 noted the correlation between low education among mothers and high infant mortality, and between the incidence of such mortality and certain regions, and urged Macedonian Government to continue its efforts to address this concern, *inter alia*, through the effective provision of adequate health education to mothers.

Status and trends

Figure 4. 1. Infant And Under-Five Mortality Rate/1,000 Live Births, 1990 - 2003



Source: State Statistical Office

The number of live births has decreased from around 35,000 in 1990 to around 27,000 in 2003 with 94 percent of the children born in obstetric departments. Despite reduced public service investment throughout the transitional period, most indicators of child well-being show positive trends, mainly due to the implementation of well established vertical preventive programmes. The under-five (U5MR) and infant mortality rates (IMR) dropped from 33.3 and 31.6 in 1990 to 12.6 and 11.3 per 1,000 live births respectively in 2003. This is still far from the EU average which was 4.66 per 1,000 live births in 2001. A declining neonatal mortality rate, estimated at 8 per 1,000 live births, represents 66 percent of all infant deaths.

These indicators reflect the social, economic and environmental circumstances in which children live and which impact on their health status, including health care. There are variations in the under-five mortality rate in different geographical areas and urban-rural settings as well as between different socio-economic groups, such as Roma children which are at a higher risk

of malnutrition. Some 82.5 percent of the Roma population cannot buy enough food, which results in poorer health and can lead to death before the age of five.⁴¹ The under-five mortality rate is usually higher among boys (59 percent). The most common diseases among children from 0-5 are respiratory infections, anaemia and acute diarrhoeal diseases.

Infant-mortality rates vary between municipalities and between rural and urban areas. Rural and suburban mortality is higher than urban mainly due to low socio-economic status. Infants among some ethnic groups such as Roma are at higher risk of malnutrition, poorer health and higher infant mortality (16.8 in 2000 to 13.9 in 2003). According to field surveys more than 60 percent of Roma families with more than five children live with regular incomes of up to only € 70.⁴²

In more than 50 percent the cause of death is complications in the perinatal period (before birth). Infectious diseases are decreasing among causes of infant deaths from 16.4 percent in 1990 to 5.9 percent in 2003. More than

⁴¹ UNDP, Social Exclusion and Human Insecurity, National Human Development Report, Skopje 2001.

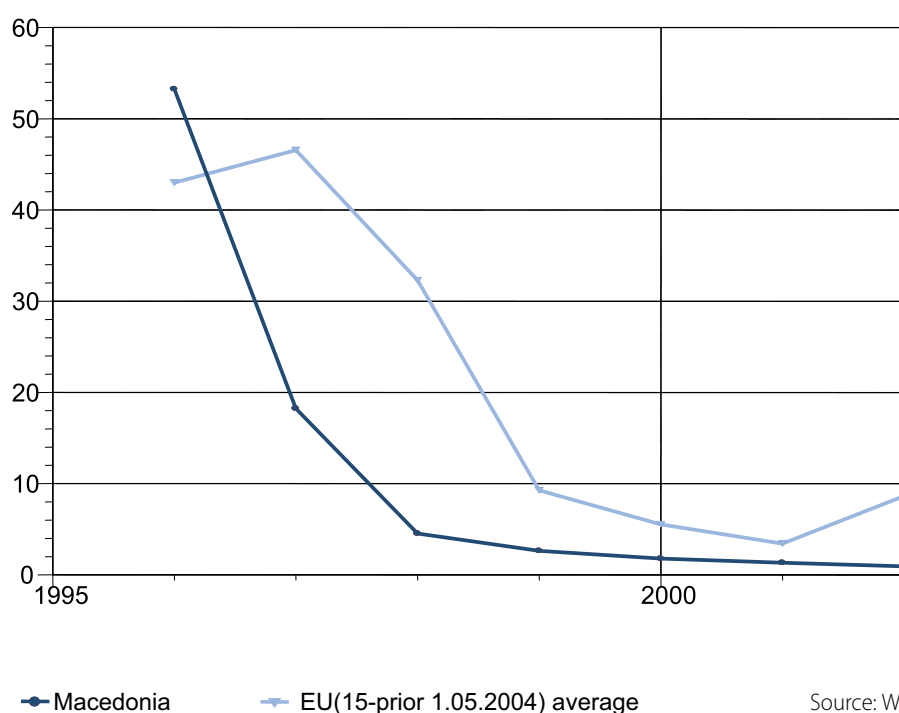
⁴² Roma and the Transition in Central and Eastern Europe: Trends and Challenges. World Bank, 2000; D. Ringold, MA Orensyein, E. Wilkens. Roma in the Expanding Europe: Breaking Poverty Cycle. World Bank, 2003; A. Revinga, D. Ringold, WM Tracy. Poverty and Ethnicity: A Cross Country Study of Roma Poverty in Central Europe. Technical Paper No 531. World Bank, 2002.

50 percent of mothers of children that do not live to one year have only primary or less than primary education.

The main objective of the National Perinatal Strategy for the Republic of Macedonia was to reduce the perinatal mortality rate, which was higher than in most other European countries. As a result, perinatal mortality was reduced by 21 percent within three years. This success was due to a combination of evidence-based education, development of infrastructure, partnerships and problem-solving methods and the result of teamwork and collaboration between

100,000 in 2001, which is even lower than the EU incidence rate of 3.42 in 2001. The main reason is certainly the high level of immunization coverage which in the whole period is above the recommended 95 percent except in 1992 and 1994. However, field data point to the existence of pockets with non-immunized children in poor rural and suburban communities. To achieve the new proposed target for this goal which is the eradication of measles, immunization coverage needs to be improved to reach 100 percent.

Figure 4. 2. Measles incidence per 100,000



Source: WHO – HFA 2003

the Ministry of Health, the World Bank and the UNICEF Baby Friendly Hospitals initiative.

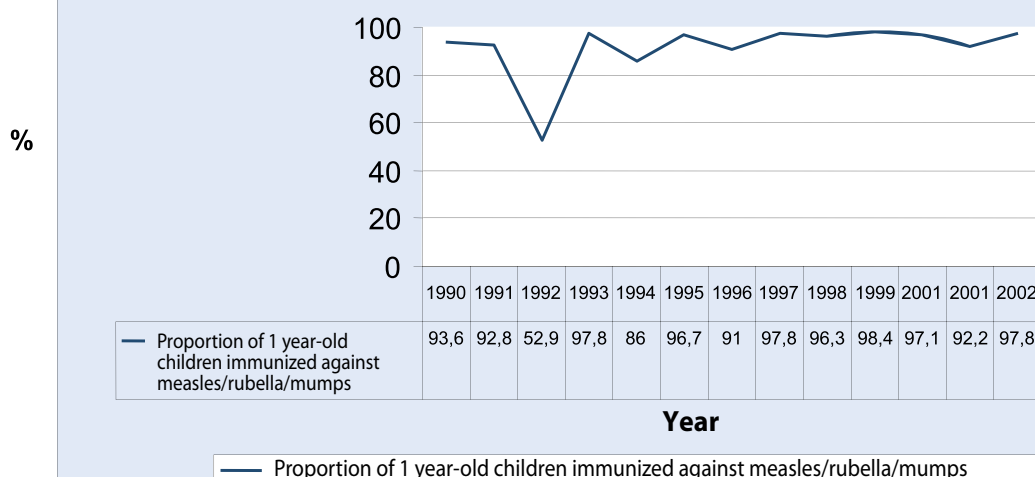
In the survey on health and nutritional status of children and mothers a mild and moderate anaemia was observed in 26 percent of the children (6-59 months). The prevalence of anaemia was significantly higher in children from rural areas.

Measles incidence in the country is significantly decreasing from 64.2 in 1990 to 1.33 per

Challenges and Recommendations

The Government through the Ministry of Health is preparing a special National Action Plan for Child Health Care. Having in mind the importance of perinatal complications, the actions outlined in the National Perinatal Strategy, aiming at reducing the perinatal mortality ratio in the country need to be a top priority at the policy as well as at the institutional level.

Figure 4.3. Proportion of 1 year-old children immunized against measles/rubella/mumps



Source: Republic Institute for Health Protection

There are important vertical preventive health programmes that can have a direct impact on child mortality such as the Action Plan for food and nutrition; the National Perinatal Strategy; the Programme for mothers and children; the Programme for immunization and the Programme for special population groups and specific diseases. There are policy papers and projects, which if implemented will be crucial for achieving MDG 4 - such as the National Strategy on Measles Eradication (starting from 2005), the National Programme for Improvement of the Iodine Deficiency; the Project for the Rehabilitation of the Patronage System, the Country Programme Action Plan 2005-2009 between Macedonian Government and UNICEF and the Biannual Country Agreements between the Ministry of Health and WHO and Children's Health and Environment Action Plan for Europe (CEHAPE).

Health care for children is delivered through a system of institutions covering the country's territory relatively evenly, especially primary health care. Potential for improvement is given in the cooperation within the health sector between different institutions, disciplines, levels and regions, for example the cooperation between neonatologists and obstetricians. Access to good quality health services, equity in terms of gender, ethnicity, race, sexuality and social

status, protection, and the fulfilment of human rights need to be promoted through a coordinated multisectoral approach. In this regard education and social protection institutions are playing an important role. The most vulnerable groups, such as the Roma, the poor and the uninsured need specific attention. As an efficient outreach mechanism, the patronage services will be further strengthened through the imple-





mentation of the Project for the Rehabilitation of the Patronage System.

A serious problem and possible obstacle for achieving the health-related Millennium Development goals could be the lack of continuity of activities after the end of project support. Emphasis needs to be put on proper institutionalization of activities, instead of limiting them to project periods.

Evidence-based medicine, continuous medical education and professional development of health professionals, licensing and accreditation and the permanent improvement of health care services are important for achieving the health goals. Public health measures need to be taken as well, to ensure and to promote dietary recommendations.

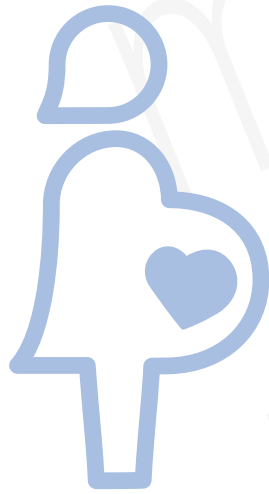
Actions to increase the efforts to improve the timely initiation of breastfeeding, the pro-

motion of exclusive and continued breastfeeding and the early introduction of liquids need to be undertaken. Also, complementary feeding, including meat, dairy products, fruit and vegetables from about the sixth month should be promoted. This will also impact on the widespread micronutrient problem, which although not severe, can be dealt with by dietary modifications or food fortifications.

A newly established programme for thyroid screening will detect and treat children with congenital anomalies, which, if ignored, lead to mental and physical handicap. With ten children per year, the incidence of these anomalies is higher compared to neighbouring countries because iodine deficiency is still a problem in the Republic of Macedonia.

MDG 5 Improve

maternal
health



Target	Indicators
Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	<ul style="list-style-type: none"> • Maternal mortality ratio • Proportion of births attended by skilled health personnel (doctors, nurses or midwives).

Right to health

The right to health is recognized in numerous international and regional instruments: **Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, Convention on the Rights of the Child, Convention on the Elimination of All Forms of Discrimination against Women, the European Social Charter.**

Article 25 of the **Universal Declaration of Human Rights** stipulates that “motherhood and childhood are entitled to special care and assistance”.

Article 12 of the **Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)** requires the states to ensure that women have appropriate services in connection with pregnancy, confinement and the postnatal period, granting free services where necessary, as well as adequate nutrition during pregnancy and lactation.

Article 24 (d) of the **Convention on the Rights of the Child** obligates the states to pursue full implementation of the right to health and, in particular, shall take appropriate measures to ensure appropriate pre-natal and postnatal health care for mothers.

According to the general comment of the **Committee on Economic, Social and Cultural Rights**, the right to health in all its forms and at all levels contains the following interrelated and essential elements: a) availability (sufficient quantity of functioning institutions); b) accessibility (non-discrimination, physical accessibility, economic accessibility (affordability)); c) acceptability (all health facilities, goods and services must be respectful of medical ethics and culturally appropriate); d) quality (health facilities, goods and services must be scientifically and medically appropriate and of good quality).

Article 39 of **Macedonian Constitution** guarantees the right to health to every citizen.

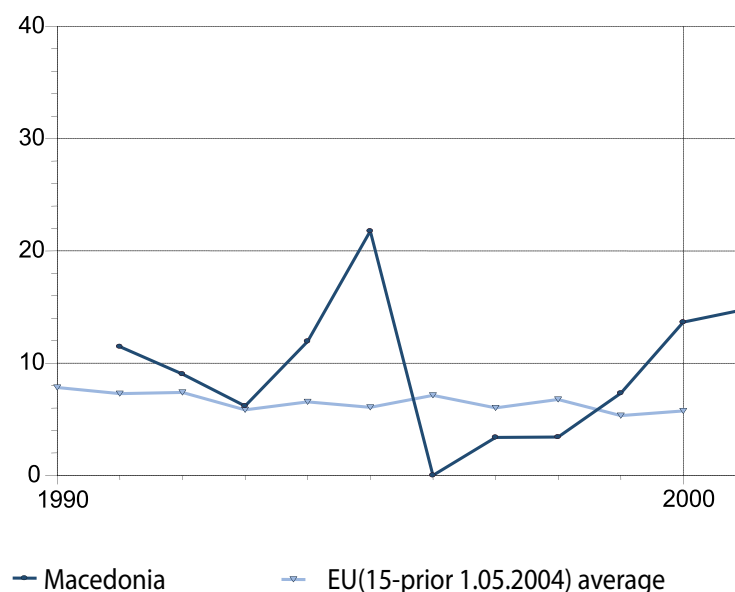
Status and trends

The maternal mortality rate is affected by various factors including the general health status and conditions related to sex and reproduction as well as by the availability of education and services during pregnancy and childbirth.

The improvement of maternal health can be measured by two indicators: the maternal

mortality ratio per 100,000 live births and the proportion of births attended by skilled personnel. Maternal mortality in the Republic of Macedonia is decreasing, from 11.5 in 1991 to 3.7 in 2003. The 2001 rate was still higher than the EU average of 5.42, but is consistent with pertinent data from other countries from the CEE region (11-15 cases in 100,000 live births).

Figure 5. 1. Maternal deaths per 100,000 live births



Source: WHO HFA 2003

These figures have to be treated with caution, since the variations between the years as well as the relative low number of cases might be due to under reporting. Some cases might be classified as death from other reasons not related to delivery; women without health insurance might not be able to use health services/facilities and data about women that deliver outside

of health facilities or without the assistance of professional health workers is not included.

In the period 1990-1999 maternal mortality decreased by 35 percent. According to the 'Safe Motherhood Needs Assessment in the Republic of Macedonia' published in 2000 by UNICEF, the Ministry of Health and WHO, the reasons for this improvement are the well-established network of health facilities and a good emergency referral time, but the report also points out the possible lack of monitoring of maternal deaths that occur 7-42 days after leaving hospital.

In order to have a more realistic picture of maternal deaths in the country, it should be reported in two groups: 1) direct obstetric deaths resulting from obstetric complications of pregnancy, illegal and/or unsafe abortions, labour and puerperium, from interventions, omissions or incorrect treatment and 2) indirect obstetric deaths resulting from previously existing disease or disease developed during pregnancy and that were not directly due to obstetric causes but aggravated by the physiologic effects of pregnancy.

From a quantitative point of view, services for pregnancy and childbirth are sufficient and cover most of the population; only women living



in isolated villages might not have access to maternity services, in particular during wintertime. The quality of neonatal care is good and is improving, as a result of joint efforts of the Perinatal Project (Ministry of Health/World Bank) and the Baby Friendly Hospital Initiative (UNICEF). Poor care, however, has been observed in antenatal care and, even more, during labour and delivery. The right of women to privacy, respect and social support needs to be respected. There is also a lack of awareness among mothers for the need to use the health services, requiring information and health promotion activities for pregnant women and mothers, especially in rural and poor urban communities. In these communities other factors such as bad environmental conditions for health, widespread poverty, low education levels and conservative cultural behaviour are additional obstacles that need to be addressed at the same time in order to further reduce maternal mortality.

The proportion of births attended by skilled health personnel is generally high and has significantly increased from 88.9 percent in 1990 to 98.2 in 2002 which is important in order to keep the maternal mortality rate low.

Yet, particular attention should be paid to Roma women as a highly vulnerable and

marginalized group. Roma mothers often do not have health insurance and can not afford the co-payment and informal costs linked to regular antenatal visits, delivery and postnatal visits, even for the health services that are free and subsidized by the vertical preventive programmes.

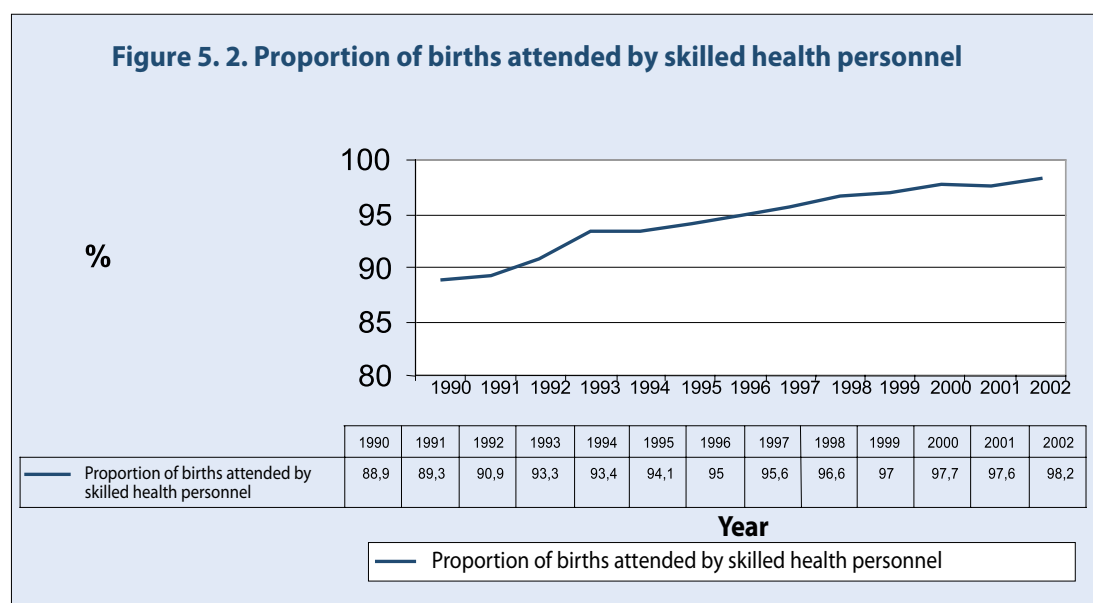
Challenges and Recommendations

The vicious circle of poor maternal health and education resulting in child mortality can be stopped only through addressing child mortality, maternal health and gender disparities at the same time.

Health care policy in the Republic of Macedonia supports the approach of continuous care for maternal and newborn health with a special emphasize on the development of human resources; availability, access, use and quality of services; the capacities of women, families and the community and collaborative links with other key primary health care programmes.

One of the results of this policy approach is the Preventive Programme for mother and child health care which still needs additional funds.

Figure 5. 2. Proportion of births attended by skilled health personnel



Source: State Statistical Office



Other programmes contributing to reduce maternal mortality are the Programme for Immunization, the Programme for Special Population Groups and Specific Diseases of the Uninsured, the Action Plan for Food and Nutrition, the Programme for Rehabilitation of the Patronage System, Nursing and Midwives, the Strategy for Perinatal Health Care and programmes for safe pregnancy and reproductive health.

Health promotion particularly in poor and rural areas is equally important. It is highly recommendable that the Ministry of Health, the Ministry of Education and the Ministry of Labour and Social Policy jointly finance and run a programme for health information, promotion and education for girls and women and mobilize teachers, health personnel, and social workers.

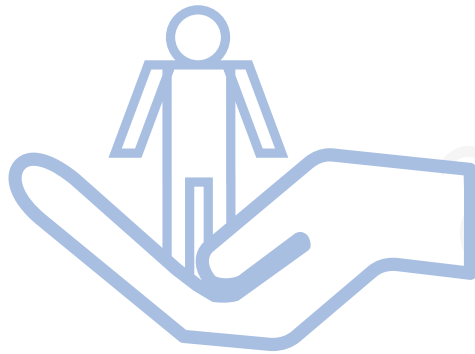
Resources need to be allocated to the Medical and Nursing School for changing the curricula, and continuous training and professional development of the staff working in this area.

Maternal mortality is significantly influenced by socio-economic status, poverty, the level of education, hygiene, by culture, cultural accessibility, religion and tradition (early marriages, frequent pregnancies), lifestyle and risk-taking behaviour (smoking, nutrition, drug addiction, alcohol) as well as inadequate health care (antenatal, delivery, perinatal and postneonatal). Public health interventions can directly address these issues and thus emphasize preventive instead of curative activities especially in the primary health care.

Maternal health is closely related to sexual abuse and domestic violence in peace and conflict situations. Therefore it is important to obtain specific and reliable data on domestic violence and to undertake evidence based preventive interventions.

MDG 6 Combat
HIV/AIDS

and
Tuberculosis



Targets	Indicators
Have halted by 2015 and begun to reverse the spread of HIV/AIDS	<ul style="list-style-type: none"> • HIV/AIDS incidence rate • Number of voluntary tests and consulting for HIV/AIDS
Have halved by 2015, and begun reverse the incidence of tuberculosis and other major diseases	<p>Indicators</p> <ul style="list-style-type: none"> • Prevalence and death rates associated with tuberculosis • Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course) • Number of cases with multiresistant forms of TB

Combating HIV/AIDS and other diseases

Article 12 of the **Covenant on Economic, Social and Cultural Rights** stipulates that the States Parties to the Covenant recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health, and the steps should be taken to achieve the full realization of this right, including.... d) the prevention, treatment and control of epidemic, endemic, occupational and other diseases.

By signing the **Declaration of Commitment on HIV/AIDS**, the Macedonian Government committed itself to ensuring the development and implementation of multisectoral national strategies and financing plans for combating HIV/AIDS that address the epidemic in forth-right terms; confront stigma, silence and denial; address gender and age-based dimensions of the epidemic; eliminate discrimination and marginalization; involve partnerships with civil society and the business sector and the full participation of people living with HIV/AIDS, those in vulnerable groups and people mostly at risk, particularly women and young people; are resourced to the extent possible from national budgets without excluding other sources, *inter alia*, international cooperation; fully promote and protect all human rights and fundamental freedoms, including the right to the highest attainable standard of physical and mental health; integrate a gender perspective; address risk, vulnerability, prevention, care, treatment and support and reduction of the impact of the epidemic; and strengthen health, education and legal system capacity.

Regarding MDG 6 the **Committee on the Rights of the Child** recommended that the Republic of Macedonia continues with its current efforts to address HIV/AIDS concerns, including through the continuous use of effective monitoring and prevention mechanisms.

Status and trends

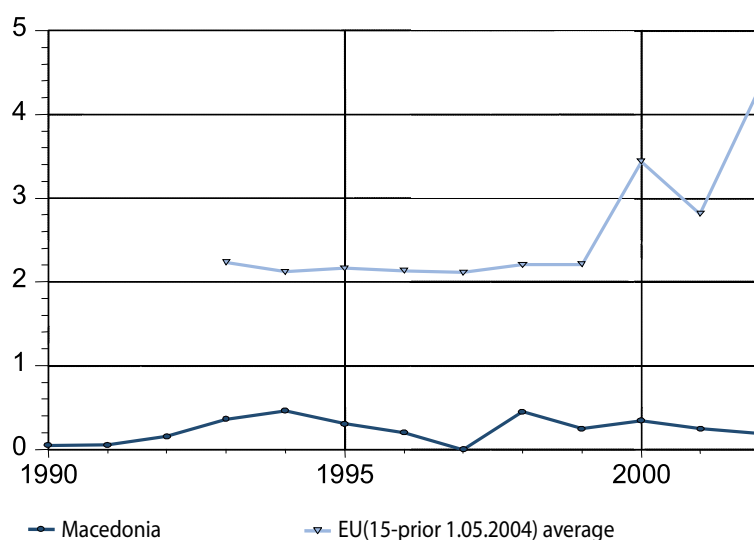
HIV/AIDS

The Republic of Macedonia is still among the countries with the lowest clinically diagnosed incidence rate in the region and Europe - with 0.2 reported cases per 100,000, compared to the EU average of 4.31 in 2001.

The first HIV positive case in the country was registered in 1987, and the first AIDS case

But the official data are far from reflecting the real situation. The surveillance system to measure prevalence and incidence of HIV/AIDS is underdeveloped and does not specifically address high-risk groups. Almost all registered HIV positive persons were not tested for HIV until after the development of health problems; 99 percent of all registered HIV/AIDS cases came to the clinic at their own initiative due to health problems related to the infection. As for now, no random anonymous serum testing has been

Figure 6. 1. New HIV infections reported per 100,000



Source: WHO HFA 2003

in 1989.⁴³ According to official data the total number of reported cases with HIV/AIDS in the Republic of Macedonia is 64 (46 AIDS and 18 HIV positive). Most of these cases have been registered at a late stage of HIV infection or when the patient has already developed AIDS. Out of the total of 46 people who have developed AIDS in recent years, 41 have died. Currently five people with reported AIDS and 18 HIV-positive individuals are living in the country. Three new cases have been recently reported.

conducted in the Republic of Macedonia as one of the ways for detecting the prevalence of the HIV infection in the country. The data available on HIV/AIDS cases is based on test results such as blood/organ donor tests. In addition, there is a high number of cases coming from other European countries in the terminal stage of the disease.

The dominant way of transmission is heterosexual (56 percent), 13 percent homosexual (man with man), 13 percent intravenous drug users, 8.7 percent haemophilic, 4.3 percent from

⁴³ The Data for both indicators HIV/AIDS incidence rate and the number of voluntary tests and consulting for HIV/AIDS are collected from the Republic Institute for Health Protection.

mother to child and 5 percent unknown. The number of cases with unknown causes of transmission could also be due to homosexual type of relationship. For a variety of reasons, including culture, religious or social traditions it is still very difficult for people to speak openly about their sexual behaviour irrespectively of their ethnic affiliation.

According to the results from 2003 the male-female ratio of HIV/AIDS infection in the Republic of Macedonia is almost 2.21:1 compared to 1.02:1 a couple of years ago. Taking into account that women traditionally are taking care of the sick members of the family, there is no data on how they perceive the problem of HIV/AIDS and other diseases that can be sexually transmitted. The most dominant age group is 30-39 followed by the age group 20-29. Most of the registered HIV cases develop AIDS within a period of 6 to 12 months.

There is evidence of high levels of risk-taking behaviour among young people in the country. Knowledge about HIV/AIDS among the population appears to be low, especially among intravenous drug users, commercial sex workers, men that have sex with men, prisoners, trafficked people, refugees and displaced people. In addition, there are still high levels of stigmatization and medicalization of HIV and Sexually Transmitted Infections.

Ethnic distribution of HIV/AIDS reported cases in the Republic of Macedonia is the following: Macedonians 47.6 percent, ethnic Albanians 33.3 percent, Roma 11.1 percent, Turks 1.6 percent, Serb 1.6 percent, Macedonian Muslims 1.6 percent and foreigners 3.2 percent. The share of the Roma and to a lesser extent, ethnic Albanians, is significantly higher than their share in the total population. Some 69 percent of the reported cases are from urban areas and 31 percent from rural.

There are no surveys about the link between drugs and HIV/AIDS incidence in the Republic of Macedonia, but field surveys in the SEE Region point in this direction. Although harm reduction services (e.g. needle exchange programmes,



methadone therapy, counselling services and detoxication centres) were provided in most SEE countries, the issues of accessibility and quality of these services still needs to be addressed.

Trends of tuberculosis

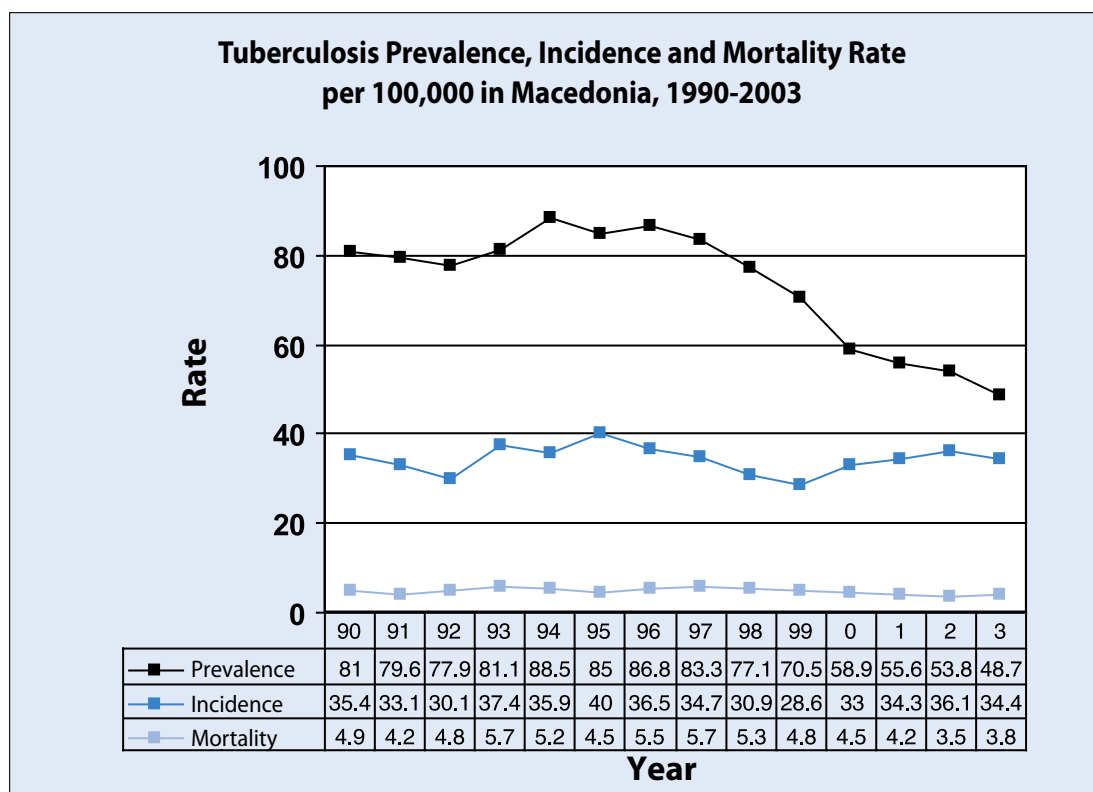
The Tuberculosis (TB) rates have significantly decreased between 1990 and 2004. The TB incidence in the country varies between 35-40 per 100,000 and thus is lower compared to the countries in the CIS region, similar to Albania and Bosnia, but high compared to the countries in other parts of Europe. The TB prevalence rate shows a decreasing trend within the period 1971-2003. In 2003 the prevalence was around 50 per 100,000 with higher prevalence in the western part of the country - Gostivar, Tetovo,

Ohrid and Skopje. The mortality rate is slightly decreasing, but is still much higher than in the European Union where it was 0.73 in 2001. The respiratory form of TB is still dominant, the mortality rate is higher among men and the predominant population group is over 65 years.

However, tuberculosis is a leading cause of death from infectious diseases among women. Since tuberculosis affects women mainly in their economically and reproductively active years, the impact of the disease is strongly felt by their children and families. A recent review of socio-economic and cultural factors relating to gender differences calls for further investigation.

Data on both the detection rate and the treatment success rate of tuberculosis are derived from the WHO DOTS Programme, which

Figure 6.2.



Source: State Statistical Office, Republic Institute for Health Protection

reports detected cases and monitors treatment progress and programme performance. Through the acceptance of the DOTS strategy the Macedonian Government committed itself to careful detection, consistent treatment, uninterrupted supply of anti-tuberculosis drugs and a monitoring and reporting system to evaluate treatment outcomes for each patient. DOTS is a proven system based on accurate diagnosis and consistent treatment with a full course of a cocktail of anti-tuberculosis drugs.

Direct measuring of tuberculosis is done through the vital statistics registration (State Statistical Office) while data for the health statistics are routinely collected in the National Institute for Tuberculosis and Lung Diseases as well as the Republic Institute for Health Protection.

Challenges and Recommendations

HIV/AIDS - When the first HIV positive case was reported, a Health Sector Commission for HIV/AIDS was established in early 1987 and replaced by the Multisectoral Commission on HIV/AIDS, created in April 2003 under the auspices of the Prime Minister. The Commission is chaired by the Minister of Health and is responsible for planning and coordinating HIV/AIDS prevention and intervention. The National AIDS Strategy 2003-2006 was publicly launched in 2003 and the proposal submitted to the Global Fund for the fight against AIDS, Tuberculosis and Malaria.

Achieving MDG 6 depends on the full implementation of the National HIV/AIDS Strategy in its six priority areas: preventing the spread of HIV/AIDS among groups of interest (youth, intravenous drug users, commercial sex workers, homosexuals, mobile groups, Roma and prisoners); improving access to, and the quality of, counselling and testing services; improving national epidemiological and behavioural surveillance systems (with a special Monitoring and Evaluation Plan); preventing HIV transmission in the health care settings; strengthening

capacity and coordination within the national response to HIV/AIDS. HIV testing was identified as priority objective of the national policy on HIV by a national multisectoral commission; the annual number of implemented voluntary testing, accompanied by counselling, will be used as an impact indicator.

Although the Republic of Macedonia has obtained funding from the Global Fund, the financial gap between the national budget money allocated for HIV prevention and the actual cost of the interventions is still substantial; there is also a weak institutional capacity to provide leadership and coordination of internal and external stakeholders. Together, these are serious obstacles that need to be overcome. The United Nations Theme Group on HIV/AIDS, comprising UNDP, UNICEF, WHO, IOM, UNHCR, UNODC and the World Bank has been active in the Republic of Macedonia since 1999 and is currently chaired by WHO and UNAIDS. It already contributed significantly to strengthening the partnership between the Government and civil society, NGOs, academia, the media and other organizations.

Under the umbrella of the UNAIDS funded project the "three ones" – **one** nationally agreed HIV/AIDS action framework, **one** national HIV/AIDS authority and **one** agreed country level monitoring and evaluation system – are promoted with a special emphasis on the establishment of the integrated country Monitoring and Evaluation system and introduction of the Second Generation of surveillance, as well as financial monitoring. The need for Monitoring and Evaluation activities is broadly understood and there is a political commitment for their continuation. However, additional support for the newly established working groups is needed.

Another important component for an overall national response to the HIV/AIDS epidemic is the functioning of the national Multisectoral Commission on HIV/AIDS, which brings together governmental sectors and civil society, but still is not fully inclusive. Especially the inclusion of people living with HIV/AIDS need to be further enhanced.

Tuberculosis – Improving TB prevention and treatment requires thorough implementation of the National Preventive Programme for tuberculosis control and the National TB Control Strategy programme 2000-2005. Emphasis needs to be put on strengthening the network of national TB institutes.

Supported by WHO, the Ministry of Health has started to establish an Early Warning and Re-

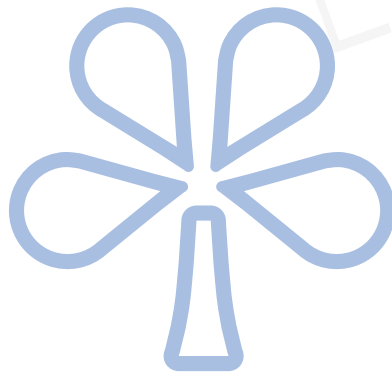
sponse System, which will significantly improve the process of reporting but also management of infectious diseases.

The ongoing activities in health projects under the Stability Pact, especially the project for strengthening the surveillance and control of communicable diseases and blood safety will also contribute to achieving this goal.



MDG 7

ENSURE
ENVIRONMENTAL
SUSTAINABILITY



Targets	Indicators
Integrate the principles of sustainable development into national policies and programmes and reverse the losses of environmental resources	<ul style="list-style-type: none"> • Percentage of territory covered by forests • Percentage of protected territory for maintaining biodiversity • Energy consumption (expressed in kg of oil equivalent) per US\$ 1 GDP • Percentage of population using solid fuels
Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation	<p>Indicators</p> <ul style="list-style-type: none"> • Percentage of population (urban and rural) with sustainable access to (sanitary) improved water sources
Have achieved by the year 2020 significant improvements in the lives of people in terms of safety of their dwellings (homes)	<p>Indicators</p> <ul style="list-style-type: none"> • Percentage of population with access to secure tenure

Right to healthy environment

The many linkages between protection of human rights and protection of the environment have long been recognized. The 1972 United Nations Conference on the Human Environment declared that "man's environment, the natural and the man-made, are essential to his well-being and to the enjoyment of basic human rights – even the right to life itself". **The International Covenant on Economic, Social and Cultural Rights** refers to the right to healthy environment (Article 12.b) According to the **Committee on Economic, Social and Cultural Rights**, "the improvement of all aspects of environmental and industrial hygiene" (art. 12.2 (b)) comprises, *inter alia*, preventive measures in respect of occupational accidents and diseases; the requirement to ensure an adequate supply of safe and potable water and basic sanitation; the prevention and reduction of the population's exposure to harmful substances such as radiation and harmful chemicals or other detrimental environmental conditions that directly or indirectly impact upon human health. The Committee takes note, in this regard, of Principle 1 of the **Stockholm Declaration** of 1972 which states: "Man has the fundamental right to freedom, equality and adequate conditions of life, in an environment of a quality that permits a life of dignity and well-being", as well as of other developments in international law, including General Assembly resolution 45/94 on the need to ensure a healthy environment for the well-being of individuals and Principle 1 of the **Rio Declaration**. The other main principles of the Rio Declara-

tion include a state's sovereign right to exploit its own resources in accordance with its own policies, without harming the environment elsewhere; the right to development; environmental protection as an integral part of development; sustainable development that requires reducing "unsustainable patterns of production and consumption", and that promotes "appropriate demographic policies"; access to information and citizen participation; the precautionary principle; the polluter pays principle, including the internalization of costs and the use of economic instruments. Article 43 of the **Constitution of the Republic of Macedonia** guarantees the right to a healthy environment to everyone; everyone is obliged to promote and protect the environment; the State provides conditions for the exercise of the right of citizens to a healthy environment. Also, Article 55 of the Constitution regarding the freedom of market and entrepreneurship stipulates that this freedom can be restricted by law only for reasons of the defence of the State, protection of the natural and living environment or public health.

Status and trends

the Republic of Macedonia is facing a series of challenges associated with the need for ensuring environmental sustainability. Efficient institutional and administrative capacities for implementation of the environmental legislation are still missing. At the same time, financial resources required for ensuring environmental sustainability are limited largely due to the inadequate allocation of funds from the National Budget. Environmental problems which are topical at present are directly linked with the method of waste and waste water management. The quality of air is at a low level, which contributes to the occurrence of so-called Hot Spots, i.e. locations where there is a direct impact on human health. The level of public awareness as to the principles of sustainable development is limited. At a time when there is an intensive decentralization underway in the Republic of Macedonia, it is particularly important to improve the situation with the institutional capacities of municipalities, as well as the situation with the public awareness about the principles of sustainable development of local communities.

As to the new legislation, the Assembly of the Republic of Macedonia, at a proposal made by the Ministry of Environment and Physical Planning in 2004, has passed the following acts: Law on Protection of Nature, Law on Waste Management and Law on Quality of Ambient Air. The

laws are consistent with the EU standards and as such, they represent a model for harmonization of the remaining legislation with EU. The procedure is under way for the passage of the Law on Environment and the Law on Waters, which are also consistent with both EU standards, as well as with conventions of UN and the Council of Europe pertaining to the environment which have already been ratified by the Republic of Macedonia.

Integrate the principles of sustainable development into national policies and programmes and reverse the losses of environmental resources

Percentage of territory covered by forests

The Republic of Macedonia is situated in the central part of the Balkan peninsula, with a semi-arid climate (cold winters and dry summers), which means that it experiences a very unfavourable distribution of precipitations. Hence the need for storing and accumulating water and its subsequent use during the summer period, when water is most needed.

Coverage of the Republic of Macedonia with forests is slightly above the European level with 319 species of trees and bushes and more than 80 subspecies and varieties falling under

119 orders and 54 families. They account for 81 forest phytocenosis falling under 31 colonies, 11 orders and 6 classes, though mention has to be made of the fact that most of the forests are short trunk and degraded forests and shrubs (with the exception of the western and mountainous areas of the eastern region), with low absorption power and low production of wood stock. Hence the need for a change in the forest range in favour of long trunk forests, accompanied with a supply of sufficient quantities of water during the summer period and protection against fires.

Table 7. 1. Percentage of territory covered by forests

Year	1990	2000	2015	EU
Percentage of territory covered by forests	35,2	37,2	37,9	36,4

Source: State Statistical Office

Percentage of protected territory for maintaining biodiversity

Natural conditions in the Republic of Macedonia have made it one of the few countries in Europe with a plethora of natural riches. The richness and heterogeneity are the basic features of biodiversity in the Republic of Macedonia. Biodiversity of the Republic of Macedonia is evident in over 18,000 taxons from the flora, fauna and fungi, of which over 900 are endemic taxons, the most important of which are Macedonian endemic species. The territory of the Republic of Macedonia is one of the most important endemic centres in Europe.

Under the *Spatial Plan of the Republic of Macedonia*,⁴⁴ by 2020, the following categories will be protected through various degrees of protection: five national parks, eight strict nature reserves, 38 scientific-research nature reserves, six areas with special natural characteristics, one characteristic landscape, 26 special nature reserves, 14 separate plant and animal species and 167 monuments of nature. The total area space of the said regions will account for 11.6 percent of the total territory of the country. At present, protected areas account for 7.30 percent of the national territory



⁴⁴ Spatial Plan of Macedonia.

Table 7. 2: Percentage of protected territory for preserving biological diversity

Year	1990	2000	2015
% of protected territory for preserving biological diversity	7,3	7,3	11,6

Source: State Statistical Office

Energy consumption (expressed in kg of oil equivalent) per US\$ 1 GDP

This indicator has thus far not been calculated in the Republic of Macedonia; it will be covered for the first time in this report.

Table 7.3: Energy consumption (expressed in kg of oil equivalent) per US\$ 1 GDP

Year	1993	1999
Tons of oil equivalent/US\$ 1 GDP	1.24	1.07

Source: State Statistical Office

According to this indicators, the Republic of Macedonia falls into the group of undeveloped countries where energy consumption for production of US\$ 1 of GDP is pretty high. For comparison, this indicator in 1999 in France stood at = 0.18, Great Britain = 0.19, USA= 0.29 and it is the lowest in Switzerland = 0.10. There is an obvious need for an integral approach and integrated activities aimed at reducing the consumption of electricity required by production companies to US\$ 1. It is particularly important to design and implement in a consistent fashion measures envisaged in the Energy Efficiency Strategy of the Republic of Macedonia.

Emissions of CO₂ tonnes/per capita

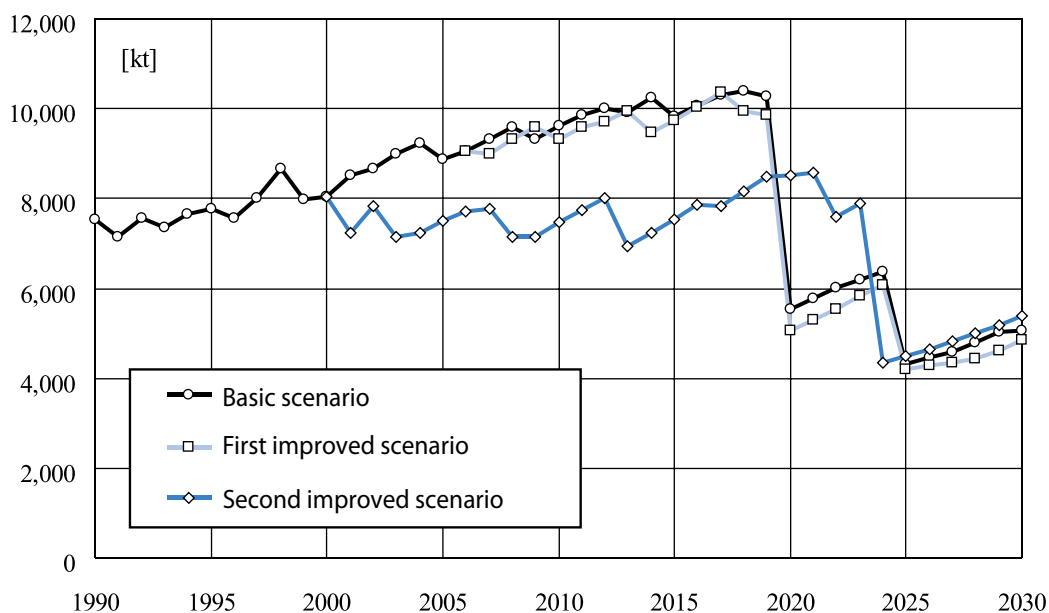
In the Republic of Macedonia the main sources of CO₂ emissions are: production of electricity, production of heat and transport. In equivalent CO₂ emissions, the energy sector accounts for the highest share of 70.04 percent (in 1994). Electricity consumption by households is rising both in absolute as well as in relative terms, and the rise is even higher in the public and service sectors. Liquid fuels consumption is increasing, largely as a result of the growth in road traffic.



Energy supply in the Republic of Macedonia is primarily based on domestic coals (lignite), imported liquid fuels and natural gas, hydro power potential and wood. Electricity production is largely based on lignite powered thermal power plants (more than 80 percent). Since reserves in coalmines are limited and will be fully depleted in about ten years, partial crude oil supplement to lignite is proposed (up to 30 percent). Depending on the hydrological conditions in any given year, 15 to 18 percent of annual electricity output is generated from hydro power plants. Since 1999, the central gas pipeline for transportation of natural gas has been in use. In 2000, less than 10 percent of its total capacity was utilized. Natural gas consumption is expected to increase in all energy sectors.

Concerning renewable energy sources, hydro power holds the highest share. Over the next two decades, intensive construction of new hydro plants is envisaged with additional capacity of 673 MW. Geothermal energy accounts for 2.4 percent of heat production. There are possibilities for increased exploitation of the existing sources and use of new ones. Geothermal waters on the territory of the Republic of Macedonia have such characteristics as to render them unusable for the production of electricity. Use of solar energy is symbolic, mainly when it comes

Figure 7.1



Source: The First National Report of Macedonia to the UN Framework Convention on Climatic Changes.

to generation of warm water. However, the geographical position and the climate in the Republic of Macedonia offer good prospects in terms of intensive use of solar collectors. There is no tradition in the Republic of Macedonia of using the energy potential of wind. Certain publications which report the measures of the values of wind intensity taken at the existing meteorological stations show low values, which in the context of technical and economic use of energy are not attractive. Until new studies of the technical and economic potential are carried out in certain locations where windmill construction is feasible, it is not possible to include the energy potential of wind in the balance of energy development on a more enduring basis. The situation is similar when it comes to the use of biomass. Stable economic condition of livestock breeding farms is a precondition for their future upgrade and introduction of energy plants which might use the energy generated from biological waste such as the biomass.

The Energy Development Strategy of the Republic of Macedonia is the crucial strategic document which contains energy development projections.

Table 7.4: Emissions of CO₂-eq /tonnes/per capita

Year	1990	2000
Emissions of CO ₂ -eq /tonnes/per capita	7.65	8.02

Source: First National Report of the Republic of Macedonia to UN Framework Convention on Climate Change

We may state on the basis of detailed research that significant reduction of the volume of construction of fossil power plants may be effected with economically justified preference to the construction of reversible hydro plants. Reduction of greenhouse gases emission produced from the existing thermal power plants would be made possible with the introduction of liquid fuels as a secondary fuel source. This measure is also economically justified, as it provides a long-term supply of fuel to the existing thermal plants, thus reducing the investments required for the construction of new facilities. According to the analytical documents produced, thermal power plants scheduled for con-

struction will use natural gas and exhibit high energy efficiency, and in turn lower the specific emission of greenhouse gases.

The above chart shows the comparison of emissions produced in all scenarios of electricity production. It is obvious that only in the second improved scenario, emissions over the period 2001-2020 may be kept at a level approximate to the level of emissions recorded in 2000. It is recommended that this scenario be observed in the planning of the energy system.

Percentage of population using solid fuels

Use of solid fuels for heating of dwellings, though decreasing in recent years, still accounts for a high percentage of fuel use, as there are no central heating systems in place in most of the cities and in rural areas. The heating system (area central heating) is available only in the city of Skopje. It uses crude oil and natural gas. In urban environments, most people use electricity to heat their homes, and in rural environments they use mainly wood and electricity. The development of combined central heating systems in the Republic of Macedonia and the increased use of natural solid fuels.

Table 7.5: Percentage of population using solid fuels

Year	1990	2000	2015	EU
Percentage of population using solid fuels	93,05	58,3		

Source: State Statistical Office

Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation

Percentage of population (urban and rural) with sustainable access to (sanitary) improved water sources

Access of population to technically and biologically and chemically clean water is for the time being on a comparatively high level, though due to the climatic and anthropogenic factors, the threat of compromise of the water regime is ever present. Therefore, it is necessary to take greater care in preserving the natural water resources. Rural areas experience bigger water supply problems, as water is still being used from questionable sources and of dubious quality. Also, construction activities with poor planning in most of the cities in the Republic of

Table 7. 6: Population (urban and rural) with sustainable access to (sanitary) improved water sources

Year	1990	2000	2015	EU
Percentage of population (urban and rural) with sustainable access to (sanitary) improved water sources	82.13	85.51	93.00	

Source: State Statistical Office

Macedonia have led to a distorted water supply regime, which is particularly afflictive during the summer period. Construction of modern water treatment stations, as well as provision of drinking water to the population is a priority which should be an item on the long-term agenda in the Republic of Macedonia.

The supply of drinking water to households is shown in the table below as per the 2002 census⁴⁵

Table 7. 7: Number of Households according to the water supply system

	Total number of Households	Public water supply system	Public tap	Boreholes	Drilled and piped well	Arterial wells	Protected spring wells	Unprotected spring well
Number of households	564296	511,462	12,946	21,704	11,061	673	5,004	1,446

⁴⁵ Source: State Statistical Office

Have achieved by the year 2020 significant improvements in the lives of people in terms of safety of their dwellings (homes)

Percentage of population with access to secure tenure

Data obtained from the most recent census of the population show that this category of space/dwellings which do not meet the conditions for normal living as proportion of the total number of dwellings is very small, though as a result of the overall situation in the country, it is on the increase. The exact number of individuals without a permanent address of residence and homeless people in the Republic of Macedonia has not been ascertained due to the difficulties associated with recording such individuals.

It is obvious that the number of people in such a predicament is increasing due to the poverty growth, which is why it is necessary to pursue the action with the authorities aimed at the registration and care of such individuals within the framework of the implementation of the **National Strategy for Poverty Reduction** adopted in 2002. In this context, we should also highlight the activities aimed at the drafting of an act on urban policy of the country, which is meant to propose solutions to the problems faced by the urban areas in the country in the context of the attitude of urban centres to the suburban and rural areas which surround the cities.

creation of efficient policies and programmes pertaining to the environment in the Republic of Macedonia.

In the area of environmental protection in the framework of the EU integration process, the implementation of the environmental part of the EU Council's decision on the principles, priorities and conditions is of particular importance, contained in the European partnership with the Republic of Macedonia, adopted on 14 June 2004 by the Council of the European Union. The decision singles out the following priorities in this area:

- Enactment of laws on: environment, waste management, conservation of natural resources and air quality, in line with the standards of the EU;
- Development of a **National Strategy of Sustainable Development** in accordance with the EU *Acquis*, including a comprehensive plan for implementation of recommendations and conclusions reached at the UN Summit for Sustainable Development held in Johannesburg (2002).

Under the resolution adopted at the session of the Government of the Republic of Macedonia held on 29.03.2004, the Ministry of Environment and Physical Planning is the national coordinator of development of the National Strategy for Sustainable Development.

The new legislation governing the environ-

Table 7.8: Percentage of population with access to secure tenure

Year	1994	2002	2015	EU
Number of households	501,963	564,296		
Number of dwellings which do not meet the conditions for normal living	28	614		
% of dwellings which do not meet normal living conditions as a proportion of the total number of households	0.00055	0.00109		

Challenges and recommendations

The process of integration of the Republic of Macedonia into the European Union is the general framework and the driving force for the

ment provides for a number of new elements which have been transposed directly from the EU legislation. Certain strategies, plans or programmes adopted by central or local government bodies make provisions for environmental



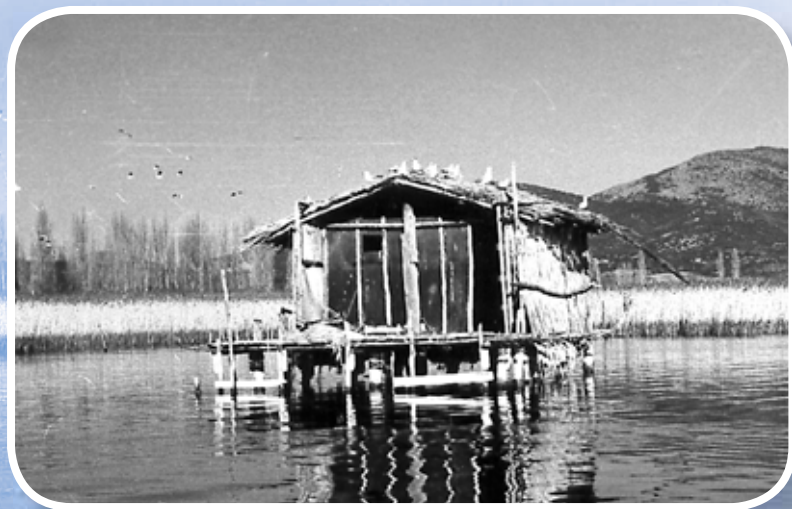
impact assessment procedures to ensure that that impact is assessed prior to their adoption. Plans have been made for the introduction of a **system of integral environmental licences** to be granted to facilities which have an impact on the environment. This approach takes into account waste management, or better put, minimum waste production and efficient use of energy so that a higher level of environmental protection is attained. The principle of the 'polluter pays' has been defined as an obligation on the part of the polluter with respect to the covering of costs associated with the threat of polluting the environment, defraying the rehabilitation costs and paying a fair compensation for the damage caused to the environment, as well as restoring the environment to the greatest extent possible to the situation prior to the damage. Protected areas have been categorized in **six categories under the IUCN** criteria. It is the first time that **an integral regulation of all issues of nature conservation has been introduced**, such as protection of biological landscape diversity, protected areas and protection of minerals and fossils. With respect to biodiversity, a red list and a red book are being established. Management plans and spatial plans are underlined as single planning and programme documents for protected areas. The new legisla-

tion also lays down the limit values of levels and type of pollutants in ambient air in line with the EU standards. In the area of waste management an approach is being promoted which is based on an integral and preventive concept. Also, the obligations regarding record keeping and reporting of all parties involved in waste management have been prescribed, which in turn creates conditions conducive to realistic planning and high degree of control of all activities pertaining to waste

With the EU support, the development of the **second National Environmental Action Plan (NEAP) has started**. **NEAP 2** is the basic instrument through which the goals associated with environmental protection will be translated into implementable actions with sufficient details required for its operationalization through relevant mechanisms and instruments.

As an obligation arising from the membership of the country in the Convention on Biological Diversity, the Ministry of Environment and Physical Planning in 2003/2004 drafted a **Study of the Situation with Biodiversity in the Republic of Macedonia** (the first national report) and a **Strategy and Action Plan for Protection of Biodiversity in the Republic of Macedonia**.

The study provides an overview, in terms of dispersion of species, their prevalence and



the extent of threat to which they are exposed, then in terms of use of biodiversity for commercial purposes, thus showing the full length and breadth of influences which contribute to the changes in biodiversity, be it positive or negative. The study contains information of the current situation with biodiversity pertaining to the sustainable development of the country, including possible threat to the flora and fauna, so that it can provide the basis for planning and decision-making

The Strategy and the Action Plan for Protection of Biodiversity were adopted by the Government of the Republic of Macedonia in January of 2004. The Strategy defines the integral approach to the protection and sustainable use of biodiversity components, while the Action Plan provides an overview of specific activities which should be carried out as a function of the overriding and the specific goals specified in the Strategy. The Action Plan contains detailed information as to the methods to be used to achieve the goals in the context of the country and the prevailing conditions. The activity aimed at improving the system of management with protected areas is of particular importance. These activities entail the drafting of National Park and Strict Nature Reserves Management

Plans for the period 2004-2006, whilst for other categories of protected areas, the relevant period is 2006-2008.

The first National Report of the Republic of Macedonia to the UN Framework Convention on Climate Changes (2003) has been put together as an obligation of the Republic of Macedonia arising from its membership in the UN Convention on climate changes.

Constituent parts of this report are the following three components: **inventory of emissions and removals of greenhouse gases, analysis of decrease and projections of greenhouse gas emissions; assessment of vulnerability and adjustment measures.**

The inventory was developed in line with the guidelines on greenhouse gas emissions (IPCC, 1996), with special emphasis on the three main gases: carbon dioxide (CO₂), methane (CH₄) and dinatrium oxide (N₂O). According to this report, greenhouse gases are decreasing in industrial processes (by 35 percent) and in agriculture (by 22 percent) over the period analysed as a consequence of decreased activities. In forestry, emissions fluctuate, and as to waste, they remain unchanged. Only the energy sector has seen an increase (by 6 percent). Measures on decreasing emissions have been designed in a way that

will monitor the current status of Macedonian economy and its developmental capacities. The report gives concrete recommendations regarding the influence of climatic changes. The average annual temperature in the Republic of Macedonia by 2010 may grow by 4.6°C, whilst average temperature in summer may increase by 5.1°C. Most disconcerting is the data on rainfall during the summer period, with forecasts of up to 25 period. Rise in air temperature will bring about increased quantities of water and water vapour in the atmosphere, which impact upon the global hydro cycle. The anticipated climatic changes in the 21st century will have a negative impact on all sectors in the country. As a result of the significance of future changes in climate, special projects for modernization and introduction of a fully-fledged monitoring system will be put together at a national and local level.

The national plan and feasibility studies for **solid waste management** are being prepared, which should also give data on the quantities and type of waste generated, as well as indicate

the directions for resolution of the problems in this area.

Of particular importance with reference to MDG 7 are the adopted **Environmental Monitoring Strategy and the Environmental Data Monitoring Strategy** (May 2004). The National Strategy for Communication in the Area of Environment and the National Strategy for Public Awareness are expected to be adopted by the Government in 2005. Also, implementation of the **Master Plan for Phasing out Lead from Petrol** is still underway. It has thus far been very successful, and lead is expected to have been phased out from petrol in the Republic of Macedonia by 2006.

The strategic response to the deterioration of the situation with river eco-systems in the Republic of Macedonia is non-existent at present, so the top priority identified is the drafting of an integral water management and waste water treatment strategy.

Soil pollution is at a considerably large scale. Several important sources of pollution may be



identified: industry and mining (through atmospheric emissions and waste waters, above all those carrying heavy metals). Occasional irrigation with waste water in some regions (heavy metals, nitrates), as well as the use of pesticides and artificial fertilizers (persistent organic compounds). There is an obvious need for an integral strategy for prevention of soil pollution.

The industry in the Republic of Macedonia causes the degradation of vast areas of soil from surface mines in mining, slag, industrial waste from kilns and power plants, then it creates industrial dumping sites full of hazardous and dangerous waste, and on top of that, there is no system in place for reclamation of abandoned digs and dumping sites. The economic standstill and the application of obsolete technologies, poor quality of energy sources as a result of the

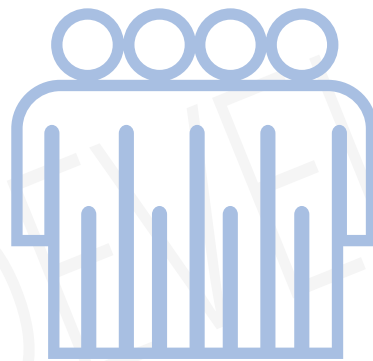
low level of economic power, failure to apply waste water treatment and treatment of gases which compromise the quality of air, land and surface and underground waters all contribute to industry's position of a significant factor of deterioration of the overall environmental situation. We expect that the new laws governing the environment which provide for integrated environmental licences, environmental impact assessment and the development of own monitoring systems will contribute to the mitigating of negative effects which industry produces. The implementation of the strategy for energy efficiency, the establishment and operation of centres for clean production and the accelerated introduction of environmental management systems will additionally contribute to the reduction of the negative impact of industry.

MDG 8

PARTNERSHIP

FOR

DEVELOPMENT



Targets	Indicators
Create an environment conducive to increase the inflow of FDI up to 7 percent of GDP by 2015	<ul style="list-style-type: none"> • FDI inflows as percentage of the GDP • Cumulative FDI inflow per capita
	Indicators
Increase the share of foreign trade on the world markets up to 60 percent of the GDP and reduce the trade deficit to 12 percent of the GDP	<ul style="list-style-type: none"> • Share of foreign trade in the global trade • Share of foreign trade in GDP

Status and trends

Table 8.1: FDI in Macedonia between 1994 and 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2010*	2015*
Amount in mil. US\$	24.0	9.5	11.2	30,9	127,7	32.7	174.5	441.5	77,8	94,6	686,9	1.090,8
Share of GDP	0.7%	0.2%	0.2%	0,8%	3.6%	0.9%	4.5%	11.9%	2.2%	2,1%	8%	12%

Source: National Bank of Macedonia, www.nbrm.gov.mk

Foreign Direct Investments – Since its independence, the Republic of Macedonia has accomplished only modest results in the field of inflow of foreign direct investments and is lagging behind the successful transitional countries as well as in comparison to other countries in the region. The reasons for the poor results in attracting FDI are numerous: the existence of non-commercial risks because of the political and security situation in the country; the small size of the market and limited natural resources; an unfavourable privatization strategy; slow advancement in the reconstruction of companies as well as legal and institutional instability due to poor copyright protection, slow implementation of agreements, inefficient administration and slow registration of firms, the absence of promotion of the opportunities for investment

in the country, corruption and a negative image of the county.⁴⁶

Immediately after independence, the government of the time undertook a series of actions to stimulate the inflow of FDIs in the country:

- Article 59 of the Constitution guarantees the right of foreign investors to free repatriation of invested capital and profits.
- The country is a member of the Multilateral Investment Guarantee Agency and the Oversees Private Investment Corporation.
- With the goal of alleviating the limits of the small market, the Republic of Macedonia entered into customs free arrangements with all countries in the region and all EFTA Members.

⁴⁶ The classification follows the methodology of UNCTAD in which three major factor groups are referenced, which determine the FDI: economic factors, macroeconomic and microeconomic politics and business convenience – UNCTAD – World Investment Report 1998, 1999.

- In accordance with the IMF Charter, the Republic of Macedonia lifted the tax on repatriation of profits from the Republic of Macedonia to the country of origin.
- The Republic of Macedonia signed agreements for correlative protection of investments with 27 countries, as well as numerous agreements for double taxation avoidance.
- The Republic of Macedonia has the lowest corporate tax (15%) in the region.
- The country's taxation system also foresees other forms of tax relief for foreign investors: if the investor is 100 percent owner of the firm, the firm is entitled to a three years' tax exemption, starting from the year in which the firm begins making profits and if the foreign investor has a stake of more than 20 percent, corporate tax is decreased in proportion with the stake; foreign but also internal investors enjoy tax relief in cases when they invest capital in economically underdeveloped areas in the country and in

border zones, as well as tax relief for investments involving environmental protection and technological modernizations.

- In August 2003, the Government approved a programme for encouraging foreign investments in the Republic of Macedonia, prepared with the support of UNDP. The programme contains three major recommendations: a detailed action plan for decreasing the barriers for investment, the establishment of an agency for foreign investments and the creation of further tax relief for foreign investors.

Challenges and recommendations

- Considering the fact that the protection of ownership rights, efficient implementation of agreements and the rule of law are of essential importance for establishing a functional market economy, in the next three years, complex reforms of the judiciary are to be implemented.



- A one-stop-shop system will be introduced in 2005 for the registration of companies and administrative obstacles for starting new businesses will be removed.
- The reforms of the public administration are going to be intensified, which should contribute to rationalization as well as to the increased efficiency and working capacity of the administration.
- Soon, an agency for foreign investments will be established, with the basic task of attracting foreign investments in the country, continually supporting foreign investors, and providing services for them in the periods of pre-investment, investment and re-investment.

These actions should contribute to the achievement of the target of reaching an FDI income of 5 percent of GDP by 2010 and 7 percent of GDP by 2015. The annual income of FDIs should reach US\$ 686.9 million by 2010 and US\$1,090.8 million by 2015. Such a level

the share of the foreign trade of the Republic of Macedonia in the global trade is marginal.

The export capacity of Macedonian economy has been stagnating during the entire transitional period. On the other hand, imports manifest a tendency to increase and fuel the country's foreign trade capacity. Therefore, the trade deficit is the main reason for the deficit of the current account balance, which is long-lasting and of a structural nature, and unsustainable even at the mid-term. The solution to this requires the implementation of structural policies.

The most significant export products of Macedonian economy are: textile, steel, tobacco, fresh fruit and vegetables. The external demand for Macedonian products is evidently unstable, because the two most important export products are steel (sensitive to antidumping actions) and textile (increased competition as from 2005, WTO Agreement on Textiles and Clothing). The two main export products are under strong influence of the movements in the world market and the increased competition in developing countries.

Table 8.2: Openness and Size of the Economy

	1995	1998	2000	2002
Share of foreign trade in GDP – in %	87,2	90,2	87,6	81,9
Share of Macedonia's foreign trade in the global trade – in %	0,028	0,029	0,027	0,024

Sources: NBRM, State Statistical Office and Ministry of Finance

of income should ensure that the Republic of Macedonia has a capital inflow of US\$ 4,000 per capita in 2005, which would mean an increase of 800 percent in comparison with 2003.

Status and Trends

Foreign Trade - the Republic of Macedonia, as a small country in transition with about two million inhabitants and a market of moderate absorption power, is objectively turned to intensive foreign trade and exchange of goods and services. The share of foreign trade in the gross domestic product of the country remains at the level of above 80 percent. On the other hand,

Trade policies

- High liberalization of the international trade has already been accomplished – 95 percent to 97 percent of Macedonian import and export are under a free trade regime.
- The non-weighted average custom rate was decreased from 26 percent in 1994 to 15 percent in 1998, and to 14.6 percent in 2003.
- Free trade agreements have been signed with Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, Bulgaria, Romania, Turkey and Ukraine.



- In April 2003, the Republic of Macedonia obtained membership in the World Trade Organization.
- The Stabilization and Association Pact with the European Union came into force on 1 April 2004, increasing the opportunities for exporting Macedonian products to the EU.

The most significant part of Macedonian exports is oriented towards the developed countries; in 2002, they represented 62 percent of the total exports of the country. The share of EU Member States is 50.8 percent. Furthermore, 31 percent of Macedonian exports is directed towards the countries of former Yugoslavia, 5.3 percent to the countries of Central and Eastern Europe and the former USSR, and 1.5 percent to the developing countries. On the imports side, the EU Member States account for 45 percent, ex-Yugoslav countries for 19.5 percent, CEE countries and former USSR also for 19.5 per-

cent and developing countries for 5.8 percent. The ten largest trade partners of the Republic of Macedonia are: Germany, Serbia and Montenegro, Turkey, Italy, Slovenia, Bulgaria, USA, Russia, Croatia and Slovenia. They constitute almost 74 percent of the Republic of Macedonia's foreign trade.⁴⁷

Challenges and recommendations

- A significant progress has been achieved in the completion of the privatization programmes of loss-making enterprises that, once restarted and modernized, will contribute to the increase of the exports.
- The Government will enhance its activities for improvement of the investment climate and for attracting foreign direct investments that may provide considerable contribution to the increase of the country's exports.
- The establishment of free economic and export promotion zones could contribute to

⁴⁷ National Bank of Macedonia (2002).

increasing the level of FDI and export competitiveness.

- Economic policy should pay special attention to the agricultural sector (in the framework of the WTO Agreements) given its potentials for increasing export, as well as for the promotion of regional and rural development.

Such measures are to contribute to the further enhancement of the openness of Macedonian economy. For a country of the size of Macedonia, it is optimal that 60 percent of the GDP is exchanged on the world markets, i.e. its imports and exports together should constitute 120 percent of the GDP. This goal is to be achieved by 2015. Over this period, the trade deficit should also be reduced and brought down to 12 percent of the GDP. This should be achieved through an increase of the exports, which should grow by an annual rate of 11.2 percent, while imports should grow by a rate of 8.3 percent.

CONCLUSION

The first MDG baseline report was aimed at assessing the current situation and the progress made towards the achievement of the Millennium Development Goals. The report also made an attempt to provide linkages between the MDG achievement and EU integration processes which are both priority for the country.

The report has demonstrated that while a series of achievements were made in different fields, serious problems still persist. During the last decade, a profound and complex social transformation towards the establishment of market economy, democratic institutions and a vibrant civil society has been underway in Macedonia. The process of transition in Macedonia has been quite slow and widespread and poverty remains a serious problem. The process of transition resulted in intensive changes in the socio-economic life and the social structure of the population which, accompanied by weak economic growth, led to the impoverishment and social exclusion of a large portion of popula-



tion. Poverty, by its nature is a multidimensional phenomenon and, therefore, the reduction of poverty does not imply solely economic measures but rather complex and coordinated efforts in several areas, such as education, health, gender equality, environment, etc.

Therefore, the national MDG process resulting in the preparation of the MDG baseline report was timely in order to stress the multidimensional character of poverty and formulate concrete recommendations of a short-term and mid-term nature, which have to be followed and coordinated in different sectors in order to achieve poverty reduction goals. Consequently, the report is not an end in itself and requires an adequate follow-up on the part of all actors in the Macedonian society.

First, it is very important to continue the awareness raising efforts about the MDGs among all the sectors of the population since without a common understanding, vision and coordinated efforts, and broad and meaningful participation the goals cannot be achieved.

Second, it is crucial to further harmonize all the national and local development policies

with the MDG framework by using nationalized MDG indicators while formulating, implementing, monitoring and evaluating those policies. Third, the efforts should be made to improve the data collection and provide the missing data for the rest of the EU Laeken indicators in order to be able to better harmonize the MDG and EU integration processes in the country. The last, but not least, is to strengthen the partnerships between the governmental, private and civil sectors since the recommendations proposed in the report and necessary for the achievement of the MDGs will require the joint and coordinated

effort of these sectors. The partnership with the NGOs should be particularly strengthened. The NGOs in Macedonia have been quite active and greatly contributed in different fields relating to the MDGs, especially in gender, environment, human rights, education, and HIV/AIDS. However, other NGOs should also be sensitized to the MDG issues to be able to advocate for them among the general public. The Government, for its part, should encourage the participation of NGOs in its policy elaboration and implementation.

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**REDUCE POVERTY
AND SOCIAL
EXCLUSION**



2

**ACHIEVE UNIVERSAL
PRIMARY EDUCATION**



3

**PROMOTE GENDER
EQUALITY AND
EMPOWER WOMEN**



4

**REDUCE
CHILD MORTALITY**



5

**IMPROVE
MATERNAL HEALTH**



6

**COMBAT
HIV/AIDS AND TUBERCULOSIS**



7

**ENSURE ENVIRONMENTAL
SUSTAINABILITY**



8

**PARTNERSHIP
FOR DEVELOPMENT**