

## *Europeanization of Social Inclusion Policy in Macedonia – Trends, Challenges and Potential Benefits*

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### **Abstract**

*The article explores policies, trends and challenges related to social inclusion in Macedonia, and assesses the contribution of EU strategic frameworks and instruments towards the country's greater inclusive growth. In this respect, the article starts by exploring existing instruments for pre-accession (IPAs) which are relevant for the achievement of the EU 2020 goals. Then the article offers a country analysis related to issues such as poverty, material deprivation, as well as exclusion from the labour market, accompanied by an overview of policies and measures undertaken by the current government in the respective domains. Unfavourable socio-economic trends, such as undeclared work, jobless growth, high unemployment and poverty rates, present serious challenges to the creation of an effective social inclusion policy. On the other hand, the 'delayed' negotiation process with the EU, which in social policy results in a lack of Joint Inclusion Memorandum (JIM) and Joint Assessment Paper (JAP) processes even after seven years of candidate status, slows down the adoption of more strategic policy approach towards sensitive issues, such as social inclusion and anti-discrimination. The main aim of the article is to assess whether there is a significant difference between current social inclusion policies, measures, indicators and trends with the similar EU standards and practices. In addition, the article explores the potential benefits of the process of Europeanization for Macedonian social inclusion policy.*

### **Keywords**

*'Delayed' Europeanization; Social inclusion; Poverty; Material deprivation*

### **Introduction**

Since Macedonia's independence from Yugoslavia in 1991, national social policy has been subjected to profound changes, resulting from both internal factors (restructuring towards a market-oriented economy, ethnic tensions, prevailing informal economy accompanied by high unemployment, and so on), as well as external ones (crisis in neighbouring Kosovo and Serbia, the interventions of international organizations, etc.). Among the external factors,

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Table 1

## Macedonia's path towards the EU

Stage in the process	Date
Stabilization and Association Agreement	Signed: April 2001 Enforced: April 2004
Candidate country	Application: March 2004 Candidate status granted: December 2005
European partnership	January 2006
Accession partnership	February 2008

*Source:* Delegation of the European Union to the former Yugoslav Republic of Macedonia, *EU – the former Yugoslav Republic of Macedonia relations*, [http://ec.europa.eu/enlargement/candidate-countries/the\\_former\\_yugoslav\\_republic\\_of\\_macedonia/cu\\_the\\_former\\_yugoslav\\_republic\\_of\\_macedonia\\_relations\\_en.htm](http://ec.europa.eu/enlargement/candidate-countries/the_former_yugoslav_republic_of_macedonia/cu_the_former_yugoslav_republic_of_macedonia_relations_en.htm) (accessed 10 July 2012).

most prominent have been international actors, such as the international financial institutions – the World Bank and the International Monetary Fund (IMF), and lately the EU. The impact of the EU, as an external actor, upon social policy in Macedonia, has been limited, mainly for two reasons. First, the weak social dimension of the EU accession process, as discussed by many authors (de la Porte and Deacon 2002; Vaughan-Whitehead 2003; Lendvai 2004b), has been demonstrated through a lack of concrete policy reorientation attached to the pre-accession instruments (PHARE [Poland and Hungary Assistance for the Restructuring of the Economy], CARDS [Community Assistance for Reconstruction, Development, and Stabilisation] and currently IPA [Instrument for Pre-accession Assistance]). Second, the ‘unique’ candidacy status of Macedonia – i.e. an EU candidate country without a negotiation process – additionally limits the possibilities for Europeanization of the country's social policy. As shown in table 1, Macedonia was the first ex-Yugoslav country to sign the Stabilization and Association Agreement in 2001. Still mainly due to unresolved issues with neighbouring Greece (a long standing bilateral dispute over the use of Macedonia's constitutional name), the country's progress towards the EU has been halted. In this respect, even the negligible and soft effect arising from the *acquis communautaire*, as well as participation in the Open Method of Coordination, is being hampered by the political standstill position of the country vis-à-vis the EU.

### **Pre-accession Instruments since the Adoption of Europe 2020**

For the eight candidate countries from Central and Eastern Europe that entered the EU in 2004, as well as for Bulgaria and Romania (member states since 2007) and Croatia (expected to join the EU in 2013), the main strategic governance framework offered by the EU were the Maastricht and Lisbon Agendas (Lendvai 2009). In terms of social policy, these Agendas introduced the Open Method of Coordination, and the obligation for candidate countries

to prepare the JIM in the field of social inclusion, JAP in the field of employment, followed by consequent national action plans in the respective fields. These, alongside the Copenhagen criteria, social *acquis* and the regular Progress Reports, were the main yardsticks according to which changes and reforms in social policies of the candidate countries were assessed. However, these instruments have been criticized in terms of their social policy effect. Vrbeek, discussing the Progress Reports (in the context of Macedonia), notes that 'it does not go a step further from the descriptive assessment, which in a context of a passive political culture and "protectorate mentality", where the reform process follows exclusively "top-down" logic, contributes to nothing more than sustaining the status quo' (Vrbeek 2012: 39). Lendvai (2004a) challenged the meaning of these instruments (JIM, National Action Plan [NAP]) 'and their respective targets, goals in the context of fiscal consolidation on which EU maintains a silence' (Lendvai 2004a: 12). Lack of allocated funds as well as non-participation of important line Ministries in the preparation of JIM was seen as unfavorable on the volume and effectiveness of proposed measures in the Czech Republic (Potucek 2009). However, for some, 'the EU Employment Strategy and the Joint Inclusion Memorandum formed a frame for today's social policy in Estonia' (Leppik 2005). Stubbs and Zrinščak (2010) have also argued that the JIM allowed for articulation of a clearer social policy agenda in Croatia.

Current EU candidate countries (Turkey, Macedonia, Iceland, Montenegro and Serbia) since the adoption of the newest EU strategic framework – Europe 2020 – will be monitored through a different/additional set of instruments. While Turkey has already been contributing to the JIM and JAP exercise, it is still not clear whether there will be a replacement of these instruments for the other candidate countries. The operationalization of Europe 2020 in the social field for the EU member states has meant replacement of previous NAPs with National Reform Programmes (NRPs), as well as replacement of National Strategy Reports on Social Protection and Social Inclusion with the National Social Report (NSR). Current absence of more explicit Europe 2020 accession mechanisms additionally decreases the role of the EU in candidate countries' social policies.

One of the newly suggested initiatives, which is planned to integrate and extend the coverage of the existing PROGRESS (Programme for Employment and Social Solidarity) and two other programmes (EURES [European Employment Services] and the European Progress Microfinance Facility) is the Programme for Social Change and Innovation (PSCI), supporting employment and social policies throughout the EU. The PSCI forms part of the Commission's proposed legislative package for EU regional, employment and social policy for the period 2014–20. The Council and the European Parliament are set to discuss the Commission's legislative proposals with a view to adoption by the end of 2012. If adopted, PSCI will start in 2014, with a total budget of €958 million for 2014–20, of which 60 per cent will be allocated to PROGRESS. If the PSCI is approved, PROGRESS will continue with its current work, which is to support the development of EU policy in the areas of employment, social integration, working conditions, anti-discrimination and gender equality. But there will also be a specific

budget for 'social innovation and experimentation' to allow innovative policies to be tested on a small scale and for the most successful of these to be upscaled at a later stage by being 'incorporated' into the European Social Fund (DG Employment, Social Affairs and Inclusion 2012). As, with PROGRESS, the PSCI is not exclusively targeted at the candidate countries, and participation depends on the capacity to compete and attract EU funds and projects. In that respect, the expectations from its impact on the overall trajectory of social policy reform in the candidate countries are less enthusiastic.

The IPA is a direct EU mechanism through which candidate countries are supported in aligning with the social Europe 2020 goals. The new financing period IPA 2014–20 (or IPA II) introduces changes, which reflect the need to align the pre-accession assistance with Europe 2020. Hence, IPA II will 'support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth' through 'fostering employment and developing human capital; and social and economic inclusion, in particular of minorities and vulnerable groups' (European Commission 2011b: 18).

However, current experiences with the IPA instrument show that its potential for social policy reorientation is low. It has been observed that the participation of local authorities and civil society organizations (CSOs) in the process of designing IPA priorities and drafting national or local strategic documents has been limited. In addition, all Western Balkan candidate countries have encountered some common difficulties in dealing with IPA rules (EMA 2010). Bureaucratic burdens, related to use of the pre-accession assistance, as emphasized by Mojsavska (2010), contributed to only about 25 per cent of the use of the total available IPA funds per year in Macedonia. Identified obstacles, if not addressed promptly and sufficiently, may also hamper the effectiveness of IPA II and its potential to contribute towards greater alignment of candidate countries towards Europe 2020 goals.

## **National Social Inclusion Trends and Policies – Similarities and Differences with the EU**

Despite the lack of progress of the country towards the EU in terms of its accession, still on the level of soft legislation, a significant degree of regulatory convergence in social policy and social inclusion can be detected. The latest Europe 2020 framework and its emphasis on inclusive growth and target indicators has been the underlying principle in the creation of the *National Strategy for Employment – 2015* (MSLP 2011b), as well as the *National Action Plan for Employment 2011–2013* (MSLP 2011a). The *National Strategy for Employment – 2015* provides insight into the national targets related to Europe 2020 targets, as well as disaggregated employment targets, according to different profiles of the unemployed – such as young people, women and older workers. In addition, the *National Action Plan for Employment 2011–2013* lists employment measures, according to goals in Guidelines 6–10 of the Europe 2020 framework. However, annual EU reports regarding the actual progress of the country in the field of social policy and employment show that despite

regulatory convergence, actual reforms and output indicators imply a significant divergence with EU expectations. As indicated in the 2011 Progress Report, 'The unemployment and poverty rates remain high. Inclusion of Roma, people with disabilities and other socially excluded people is slow. Preparations in the area of social policy and employment are not very advanced' (European Commission 2011a: 54).

Analysis of different social policy domains shows that there has been little or partial legislative and administrative progress in the last two years. The main identified challenges in the administration and implementation of national social policy, according to the 2011 Progress Report, include: 'slow implementation of laws, low co-operation between relevant institutions, lack of comprehensive approach in monitoring and evaluation, lack of adequate human and financial resources as well as insufficient administrative capacity for developing a sustainable and equitable social protection system' (European Commission 2011a: 52–3).

The social profile of the country, particularly in relation to poverty and social exclusion, also identifies a significant gap with the EU average. In terms of measurement, the State Statistical Office uses a different threshold than the EU, i.e. measuring poverty as people living below 70 per cent of median expenditures. While the argument behind measurement of poverty according to expenditures rather than incomes is reasonable taking into consideration the high prevalence of undeclared work, it remains uncertain why the 70 per cent threshold is used (rather than the 60 per cent threshold used in the EU). However, the country's high poverty rate (30.9 per cent according to official data, measured as 70 per cent median equivalent expenditure, or 22.9 per cent according to research data, measured as 60 per cent of median equivalent income) mainly results from high prevalence of unemployment, employment with minimum incomes as well as from undeclared work with irregular and low incomes. Research data using the Europe 2020 methodology and assessing the extent of material deprivation, poverty and social exclusion show that, unlike the most of the EU countries, Macedonian households are more affected by material deprivation rather than by income poverty or joblessness. This indicates lower purchasing power which is below the level of living costs in the country (Gerovska Mitev 2012).

As indicated in table 2, similar trends (higher material deprivation than income poverty) in the EU are also found in Bulgaria, Latvia, Hungary and Romania. Country comparisons show that Macedonia's rate of material deprivation is lower than that in Bulgaria and close to that in Romania, but significantly above the material deprivation rate in Croatia and almost three times higher than the average EU rate of material deprivation.

According to a recent analysis on material deprivation, poverty and social exclusion in the country (Gerovska Mitev 2012), the profile of households at risk of poverty and social exclusion suggests the following factors to be main contributors: living in a region with low gross domestic product (GDP) per capita (Northeast region), belonging to a particular ethnic community (Roma), living on social assistance, lack of basic education (households where the household head is without primary or completed primary education), lack of employment (household head unemployed) as well as household size and

Table 2

People at risk of poverty or social exclusion in EU member and candidate countries, 2010  
(% of the total population)

	Severely materially deprived people	At risk of poverty (after social transfers)	People living in households with very low work intensity	People at risk of poverty and social exclusion
EU27	8.1	16.4	10.0	23.5
Latvia (LV)	27.4	21.3	12.2	38.1
Hungary (HU)	21.6	12.3	11.8	29.9
Bulgaria (BG)	35.0	20.7	7.9	41.6
Romania (RO)	31.0	21.1	6.8	41.4
Croatia (HR)	14.5	20.5	15.4	31.3
Former Yugoslav Republic of Macedonia	30.8	22.9	17.2	44.5

Source: Eurostat, *Headline Indicators*, [http://epp.eurostat.ec.europa.eu/portal/page/portal/europe\\_2020\\_indicators/headline\\_indicators](http://epp.eurostat.ec.europa.eu/portal/page/portal/europe_2020_indicators/headline_indicators) (10 July 2012) and (for the former Yugoslav Republic of Macedonia) Gerovska Mitev 2012.

structure (couples and households with children are more affected by poverty, while households without children and elderly households are more affected by material deprivation).

The multi-ethnic character of the country is represented through two dominant ethnic groups in the country – Macedonians (64.18 per cent of a total of 2,022,547 inhabitants) and Albanians (25.17 per cent), but also other ethnicities, such as Turks (3.85 per cent), Roma (2.66 per cent), Serbs (1.78 per cent), Bosniacs (0.84 per cent), Vlachs (0.48 per cent) and others (1.04 per cent) (State Statistical Office 2002). Among the ethnicities, Roma stand out as the most vulnerable ethnic community. This is reflected through their high rates of joblessness and low incomes, making them at high risk of poverty and social exclusion. While Roma seem to have adequate coverage within the social protection system, elderly Albanians are mostly lacking coverage with pensions, while ethnic Macedonians are less represented as beneficiaries of social assistance or unemployment benefit (Gerovska Mitev 2012). Taking into consideration anecdotal evidence of the prevalence of informal and undeclared work among Albanians (in the past), the lack of contributory-based pensions seems obvious. Less clear is the prevalence of Macedonians among those lacking coverage with unemployment and social assistance protection, but reasons such as increased rigidity in the social protection system and living in multi-generational households (as a type of informal social support), may be some of the explanatory factors. Spatial dispersion of poverty and social exclusion shows three (statistical) regions as most affected – Northeast, Southwest and Polog. These are also the regions with the lowest GDP per capita in

Table 3

Trends in the labour market 2008–11

Unemployment (LFS + registered)	2008	2009	2010	2011(II)
Unemployment rate (LFS)	33.8%	32.2%	32%	31.3%
Numbers of newly registered unemployed (in thousands)	2.508	2.708	1.837	1.705

*Source:* State Statistical Office, *Labour Force Surveys 2008–2011*, Skopje: State Statistical Office, <http://www.stat.gov.mk/PublikaciiPoOblast.aspx?id=3&rbrObl=14> (accessed 5 July 2012) and Agency for Employment, *Statistical data, Unemployment, Review of incoming and outgoing registered unemployed*, <http://www.zvrm.gov.mk/default-mk.asp?ItemID=7F13D751081678438D367A4A63EAA2D6> (accessed 5 July 2012).

*Note:* LFS = Labour Force Surveys.

the country, which may explain their prevalence among those most deprived. In addition, a large group of those living in poverty and social exclusion are social assistance beneficiaries, indicating that the social protection system does not significantly support a decent living standard of its beneficiaries. Hence, reliance on the social protection system increases the chances of poverty and social exclusion among households in the country.

Labour market trends are also quite unfavourable. As indicated in table 3 (based on Labour Force Surveys (LFS) and registered unemployment), the number of unemployed was on the rise up to 2009 (32.2 per cent), after which there was a very small decrease. It must be noted that the high registered unemployment rate in the country results from high undeclared work, which along with seasonal work and work in neighbouring countries, does not seem to be captured by the LFS. According to the World Bank, one of the reasons that might affect the measurement of unemployment in the country is the 'non-response rate in the LFS, which if not properly taken into account in the weights may cause that groups with high/low risk of unemployment are under or over-represented in the sample' (World Bank 2008: 6). In addition, Djerf (2005) notes that there are some specific groups needing further consideration in the LFS in relation to their non-standard labour market status, for example self-employed, unpaid family workers, women on parental leave and pensioners. Some of these groups in certain conditions may be regarded as inactive although the correct status may be employed or unemployed.

Long-term unemployment is also a distinctive feature of unemployment in the country, representing a serious problem for social exclusion, as the majority of the long-term registered unemployed wait for job between four and eight years. Eurostat data from 2009 show that the country's long-term unemployment (12 months and more) stood at 26.3 per cent, compared to 5.2 per cent in Croatia, 3.5 per cent in Turkey and 10.5 per cent in Serbia. Comparison of long-term unemployment trends among the registered unemployed indicates that there is a persistence of long-term unemployment, with negligible fluctuations of up to one percentage point in the period 2009–11. Youth unem-



ployment (aged 15–24) is also problematic as it continued to increase to 54.9 per cent in the second quarter of 2012, compared to 54.6 per cent the year before. This age group accounts for about 10 per cent of the labour force, but for some 18 per cent of the total unemployed (European Commission 2012).

In relation to governmental policies and financing in the field of social inclusion, recent developments are not optimistic. Current national targets for reducing poverty and social exclusion set for 2020 (MLSP 2011b), forecasts a reduction of the poverty rate from 30.9 per cent in 2010 to 29 per cent by 2020. The target is based on a risk of poverty indicator (measured as 70 per cent of median expenditure), with no correlation to material deprivation or people with low work intensity. The modestly projected poverty decline signals that governmental programmes and measures aimed at increasing employment will have little effect on simultaneously decreasing the country's high poverty rate.

In addition, overall financing of social protection, as part of GDP and the central budget, continually declines. Although recent estimations are not publicly available, nor synchronized with ESPROSS (European System of Integrated Social Protection Statistics) methodology, data since 2008 show a continual declining trend (UNICEF 2009). Data for the 2000–05 period, based on State Statistical Office calculations, show that the expenditure on social protection as a percentage of GDP has declined from 13.7 per cent in 2000 to 12.2 per cent in 2005 (European Commission 2007). Taking into consideration difficult economic conditions arising from the global economic crisis, but also due to ongoing national economic constraints, it may be expected that expenditure on social protection has further decreased in recent years.

According to the recent rebalance of the 2012 central budget (May 2012), the country's expenditure on social transfers represents 31.6 per cent of the budget (item 47 of the budget, including social benefits, benefits for the Pension and Disability Fund, benefits to the Agency for Employment and benefits to the Health Insurance Fund). This represents a slight increase of 1.43 per cent compared to social transfer expenditure in the 2011 central budget. The increase is mainly in the field of pension and disability fund transfers, arising from the deficit of the Pension and Disability Fund, mainly a result of the reduced contribution rate for pensions from 21.2 per cent in 2008 to 18 per cent in 2012.

The financing of social protection in 2012 is facing serious challenges, due to few previously undertaken reforms, such as reduced contribution rate for social insurance as well as the introduction of the fully funded pension pillar. The combination of these two reforms has decreased the overall budgets of the Pension and Disability Insurance Fund and the Health Insurance Fund. This shortage has indirectly also impacted the regular provision of basic social services (i.e. closure of primary health centres in some rural municipalities due to lack of financing), as well as the amount of benefits. The newest adopted changes in the law for pension and disability insurance (August 2012) stipulate reduction of the annual pension replacement rate from 1.8 per cent to 1.6 per cent. Recent analysis shows that pensions are the primary source of income



for 24.3 per cent of the households in the country (Gerovska Mitev 2012). Hence, suggested reduction may destabilize future pensioners' benefits, but also overall family budgets in households whose main source of income are pensions.

Some of the other governmental measures in the field of social inclusion, created and adopted in 2012, include the introduction for the first time of the statutory minimum wage (effective from January 2012), the creation of an SOS hotline for reporting/registering socially vulnerable categories (elderly, street children, disabled persons, homeless persons, as well as for reporting child abuse and sexual abuse) and the continual support in funding community kitchens. In addition, a governmental package of eight socio-economic measures includes an increase in the financial subsidy for energy consumption for social assistance beneficiaries (effective from August 2012); a programme of public works for 4,000 registered unemployed; summer/winter vacation for children from households that are social assistance beneficiaries; vouchers for computers for students and children from households that are social assistance beneficiaries. While some of these measures, such as the energy subsidy, seem to contribute towards the living standards of those most vulnerable, their practical impact is reduced due to difficulties in providing the required documents and the low amount of the benefit. The social package of the anti-crisis measures seems to have been created without any concrete research into the real needs of vulnerable categories during economic crisis, but rather on the basis of ongoing governmental projects where these measures are streamlined.

The focus on and expectations of public employment programmes in the country have increased (support for self-employment, public works). Despite negligible financial expenditure on active employment measures, representing 0.11 per cent of GDP (see table 4), the majority of international agency support (United Nations Development Programme) as well as EU funds (IPA component IV) have been targeted and used for the purpose of increasing employment opportunities for the registered unemployed. The most recently promoted programme is public works for 4,000 registered unemployed (long-term registered and aged above 55, with low educational qualifications) for a period of six months, for which the beneficiaries will receive an amount of 7000 MKD (€114), which is even below the statutory minimum net wage (set at 8,050 MKD or €132). Employment opportunities enabled through the *National Action Plan for Employment 2011–2013* fail to mention measures targeted at the most vulnerable, including low skilled workers. There is a lack of measures providing elementary or vocational classes for these groups, who remain a significant problem in terms of activation. Generally, active employment measures lack sustainability, and lack more tailor-made employment opportunities for the most vulnerable amongst the registered unemployed. Comparisons of expenditures on labour market policy by type of action compared with the EU average shows that Macedonia spends half as much in each labour market category.

Introduction of the statutory minimum wage, which became effective in January 2012 theoretically, represented a mechanism for income support for low-wage workers. However, the practice reveals many abuses of this law, where particularly vulnerable social groups, such as the disabled, Roma and

Table 4  
Labour market policy (LMP) expenditure by type of action,\* 2008–10

	2007		2008		2009		2010	
	Macedonia	EU27	Macedonia	EU27	Macedonia	EU27	Macedonia	EU27
% of GDP								
LMP services (category 1)	0.06%	0.19%	0.06%	0.19%	0.06%	0.23%	0.06%	n.a.
LMP measures (categories 2–7)	0.07%	0.46%	0.16%	0.46%	0.25%	0.53%	0.12%	n.a.
LMP supports (categories 8–9)	0.44%	0.95%	0.37%	0.96%	0.42%	1.39%	0.45%	1.35%

Source: *National Strategy for Employment—2015* (MLSP 2011b), Eurostat, *Public expenditure on labour market policies, by type of action*, [http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/dataset?p\\_product\\_code=TPSo0076](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=TPSo0076) (accessed 5 July 2012).

Note: LMP = Labour Market Policy. \* = total expenditure is broken down into LMP services (category 1), which cover the costs of the public employment service (PES) together with any other publicly funded services for jobseekers; LMP measures (categories 2–7), which cover activation measures for the unemployed and other target groups including the categories of training, job rotation and job sharing, employment incentives, supported employment and rehabilitation, direct job creation and start-up incentives; and LMP supports (categories 8–9), which cover out-of-work income maintenance and support (mostly unemployment benefits) and early retirement benefits (Eurostat, above).

older workers, do not receive the whole amount. Hence, a stricter labour inspectorate, particularly focused on companies which employ workers with only minimum wages, should be introduced.

Taking into consideration the above trends and policies, some of the main gaps for achieving greater reduction of poverty and social exclusion in the country may be seen in a lack of evidence-based policy-making (lack of policy proposals based on up-to-date qualitative and quantitative analysis), which prohibits more targeted and efficient social inclusion measures; the economic emphasis of social inclusion measures, which envisage that employment itself will solve the problems of poverty and social exclusion (whereas evidence suggests that a large group of households living in poverty and material deprivation are employed with low incomes); and a lack of tailored policy measures according to the profile of socially vulnerable categories (mismatch between capacities of the vulnerable and offered active labour market measures).

Some of the main drivers for achieving greater reduction of poverty and social exclusion in the country should be looked for in a combination of factors, such as greater financial incentives for registered unemployed for start-ups of individual businesses; provision of free education (or non-formal and vocational classes) for registered unemployed without education; provision and access to basic social services among the rural population and vulnerable people; as well as introducing income support for those aged above 65 not covered within the social protection system (an estimated 70,000 people aged above 65 are not entitled to pension benefit).

### **The Europeanization of National Social Inclusion Policy**

As the processes of accession and negotiation of Macedonia with the EU have been 'delayed', mainly due to political reasons, there is a visible trend of growing skepticism and wariness towards further Europeanization. A survey released in 2010 by the Macedonian Secretariat for European Affairs, SEA, reveals a 7 per cent drop in support for Macedonia's EU membership bid among respondents, dropping from 82 per cent to 75 per cent. Also, 82.1 per cent of ethnic Macedonians surveyed said that for them the preservation of the name the Republic of Macedonia was more important than the EU and NATO accession of their country (Balkan Insight 2010). In addition, some authors have also suggested that without a credible EU membership perspective more limited Europeanization effects could be expected in the current EU candidate countries than in those that joined the EU in 2004 (Epstein and Sedelmeier 2008: 799; Sedelmeier 2011). Even more problematic is the fact that the EU conditionality in the Western Balkan candidate countries touches upon sensitive questions such as statehood and national identity (see also Freyburg and Richter 2010; Subotic 2010).

Hence, a legitimate question would then be: what are the potential benefits from the 'Europeanization' of Macedonian social inclusion policy? Taking into consideration some of the current challenges in the national socio-economic context, as well as experiences from previous EU candidate countries, it may be expected that speeding up the process of Macedonia's

accession into the EU would be beneficial for the overall social policy agenda, as well as for social inclusion policy in particular. The main areas in which positive EU impact might be expected are in the fields of social expenditures, anti-discrimination and inclusion principles, inter-agency coordination and social impact assessment.

As shown in the previous section, expenditure on social protection in Macedonia is continually falling. The predominant economic logic, mostly owing to the impact of international financial institutions, contributes to concentrating social expenditures on those most deprived (social welfare), reduction of the duration and amount of social benefits (unemployment benefit, social assistance), as well as increased rigidity of social benefits criteria (lowering of pension replacement rate, conditionality and workfare attached to receipt of social assistance benefits). In this respect, the accession process as well as the EU objectives in different domains – such as monitoring the adequacy, sustainability and safety of pensions; promoting accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies; and supporting social benefit schemes and tax-benefit systems that assist active inclusion and the lifelong learning of those receiving transfer incomes – might be used as a critical and opposing voice against the prevailing economically led social reforms. Even in the light of the current economic crisis, and possible EU reorientation towards the ‘social investment approach’, social spending is still high on the EU agenda and, as indicated by Vandenbroucke, a social investment state is not a substitute for social spending (Vandenbroucke 2002: x). Experiences from the previous candidate countries (such as Slovakia) also show that the preferences and principles of structural funds substantially contributed towards promotion of social expenditures as an investment in productive capacities, rather than the previous case when they were taken solely as an economic burden (Kusá and Gerberly 2007).

Principles of anti-discrimination particularly in the field of social inclusion are a recent phenomenon in Macedonia, and their legal basis can be mainly attributed to the ongoing approximation of national laws with the EU. However, their practical realization is still lacking. Judging by the 2011 Progress Report, some of the issues in the anti-discrimination sphere in Macedonia include: (i) ‘Over-representation of Roma children in classes for children with special educational needs, which is not in line with the non-discriminatory schooling; (ii) the framework law on anti-discrimination is not fully in line with the *acquis*, particularly because it does not explicitly prohibit discrimination on grounds of sexual orientation in employment and occupation; (iii) the Lesbian, Gay, Bisexual and Transgender (LGBT) community continue to be subjected to discrimination and stigmatisation; (iv) capacities of the equal opportunity commissions at local level remain inadequate’ (European Commission 2011a). Taking into consideration the EU impact in the candidate countries from Central and Eastern Europe, positive developments can also be expected in Macedonia. In this context, summarizing the evidence from the 2004 accession countries, Guillén and Palier noted that the experiences from Central and Eastern Europe suggest that while the World Bank seem to have had more influence on the content of social policy reforms in

these countries than the EU, the EU appeared more able to influence debates and some policies, such as gender equality, anti-discrimination policies and the fight against social exclusion (Guillén and Palier 2004: 205). Also, the accession experience of Poland confirms the positive impact on national anti-discrimination principles, due to the introduction of a non-discrimination clause for part-time, compared to full-time workers, which came as a result of the EU accession in 2004 (Leiber 2007).

Many of the criticisms associated with the governance of social inclusion policies are directed towards lack of coordination between relevant institutions, partners and actors. A recent study on social services in Macedonia (Dimitrievska 2011) indicates that 'there is currently no effective mechanism for cross- or multi-sectoral coordination of strategy, policy, or program interventions across Ministries and Agencies at the administrative or service delivery level' (Dimitrievska 2011: 12). The 2011 Progress Report noted that 'efficient cooperation and coordination between enforcement bodies in the area of employment policy is still lacking' (European Commission 2011a: 53). In addition, the Report identifies that 'significant improvements are needed in order to enhance the efficiency of the operating structures of the IPA regional development and the human resources development programmes, which includes overcoming the lack of inter-ministerial coordination within these programmes' (European Commission 2011a: 57). A forthcoming synthesis report on local capacities for social inclusion, conducted as part of an Organisation for Economic Co-operation and Development (OECD) regional study in the Western Balkans, and based on national reports, outlines that on social inclusion issues there is minimal coordination among responsible institutions, which results in partial policies and measures, which do not always correspond to the needs of vulnerable population. Also this study cites the representatives of the local level institutions in charge for social inclusion, which 'complain about a lack of formal power to decide about the format/structure of the local action plans, as well as the actual profiles and numbers of people benefiting from the local action plans' (OECD 2013, forthcoming).

In this respect, the process of Europeanization, and particularly the JIM exercise (or its successor), can contribute towards improved co-operation between different Ministries in charge of social inclusion. The Croatian experience, as suggested by Stubbs (2009), shows that the JIM produced a 'number of positive changes in social inclusion policy in Croatia, among which were: improved and more meaningful stakeholder communication and increased transparency, as well as a degree of improved communication between respective line Ministries' (Stubbs 2009: 9). In the analysis of three of the eight Central and Eastern European candidates that entered in 2004, Zubek and Staronova show that according to the experiences in Estonia, Poland and Slovenia, 'the way in which ministries adapt to EU membership in states with less embedded organizational legacies, the Europeanization effect appears to be more substantial than in states with more established administrations' (Zubek and Staronova 2010).

Lastly, the influence of the EU upon impact assessment, particularly in the field of social policies, should contribute towards greater effectiveness and proper take-up of social measures. Macedonian social policy does not have a

tradition of policy impact assessment or evaluation of adopted policies. The lack of ex-ante or ex-post assessments in many cases has led to incorporation of measures which were not properly utilized, or without clear evidence of the impact of a policy on the population concerned. For example, the introduction of the mandatory fully funded pension system in 2005, supported by the World Bank and the IMF, was based only on the financial and demographic analysis of the needs for such reform. No assessments were ever made in relation to the impact of this reform on those remaining in the public pay-as-you-go system. Such analysis might have shown, as is now the case, that in a society with a high unemployment rate, a compulsory fully funded system will inevitably impact the amount and replacement rates of those receiving pensions only from the first (pay-as-you-go) pillar. In this respect, the EU, encouraged both by the importance of maximizing the overall cost effectiveness of policies and by peer pressure arising from the Open Method of Coordination, is paying increasing attention to the prior evaluation of the social effects of policies which member states plan to introduce. Accordingly, there is a common interest in member states in methods of carrying out such evaluations (Nicaise 2008). Participation in the peer reviews as part of the Open Method of Coordination should also have a positive impact on the introduction of impact assessment in the Macedonian social inclusion policy.

## Conclusion

The arguments presented in the article show that, in the context of the low prioritization of social inclusion on the national political agenda, the process of EU accession may bring some positive developments, particularly related to social expenditures, anti-discrimination and inclusion principles, inter-agency coordination and social impact assessment. However, the current lack of more straightforward EU accession instruments advocating these principles as part of the 'soft social *acquis*' may jeopardise their promotion in the current candidate countries. The pre-dominant neo-liberal agendas in social policies of the current candidate countries, mainly advocated by the international financial institutions, present an additional challenge which puts the further Europeanization of social policies in these countries at risk. Hence, a timely substitute for the JIM and JAP instruments, as well as a greater involvement of EU candidate countries in the Open Method of Coordination and the peer review processes, may prove beneficial both for the EU as a leverage in national social policy agendas, as well as for strengthening the candidate countries' social policies towards inclusive growth.

## Note

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