

7. Macedonia

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INTRODUCTION

When mapping the impact of international organizations upon social policy in Macedonia, one can notice an outstanding example of ‘coerciveness and conditionality’ in the process of developing national social policy goals, contents and instruments. International governmental organizations (IGOs) have had the role of being the main catalysts in inducing changes within crucial domains of social policy, such as employment, pensions and social protection. By doing so, they have succeeded in reorienting the country’s social policy from a virtually ‘universal’ into a ‘safety net’ model. If the ‘global tide is turning’ back to universal social provision (Deacon, 2005), the case of Macedonia surely does not prove that. This chapter will try to outline the main factors that have contributed towards global policy ‘imposition’ and illustrate the main effects in the national social policy arena. The chapter is divided into three chronological parts, according to the level of presence and influence of particular intergovernmental organizations within different time periods in Macedonia.

LOCAL INERTIA VS EMERGENCE OF INTERNATIONAL ACTORS (1991–96)

The direction and dynamic of social policy creation in the first years of Macedonian independence (from 1991) can be defined as static and almost identical to the social policy practice which used to exist in the pre-1991 socialist period. The features of this socialist social policy, which were also shared by other countries that were part of that regime in South East Europe, were a bureaucratized and non transparent welfare state; universal social services but with standards that differed for different clientele; non-involvement of social partners and the civil sector in the planning and/or administration of welfare; and centralism and non-independence of the institutions that were administering the social security system. Still, Macedonia as part of the then Socialist Federal Republic of Yugoslavia

(SFRY), developed quite early (by 1965) a dispersed network of centres of social work (social services), established a School of Social Work (early 1960s), and had a degree of decentralized social protection through the so called self-managed communities of interest, where certain social rights and services were created on a local level. Overall, it can be stated that the socialist legacy in social policy contributed towards the creation of comprehensive welfare legislation and an institutional network, which proved to be important attributes for Macedonia in the first years of its independence. Therefore, it seems overstated when Amitsis classifies the period between 1992 and 1996 as a 'phase of creation of the social welfare policy in Macedonia' (2004: 21). It feels more convenient to describe this period as a phase of redefinition of previous legislative norms, although as already mentioned nothing vital changed.

Another important set of factors must be mentioned, which presented an immediate challenge to the universality of the welfare delivery that existed in the past. Unfavourable economic, political and social conditions in the beginning of the 1990s came mainly from the:

- (1) loss of Yugoslav markets, frozen Yugoslav bank accounts and the forced closure of many of the largest unproductive enterprises, which had been located in Macedonia in an attempt to counter its underdeveloped status within Yugoslavia;
- (2) economic sanctions against Serbia also disproportionately affected Macedonia;
- (3) economic blockage imposed by Greece in protest against the use of the name 'Macedonia' deprived the republic of any southern trade;
- and (4) existence of an Albanian minority which also contributed to the instability. (Deacon et al., 1997: 188)

All these have contributed towards a permanent increase in the unemployment rates, from 23 per cent in 1990 to 38.8 per cent in 1996, accompanied by a rise in the number of social welfare (in cash) recipients, from 13 937 in 1991 to 28 407 in 1996. These new circumstances distorted an already unfavourable social position that existed in Macedonia. Owing to the rural and urban overpopulation a century ago, the trends of working abroad, emigration and unemployment were already prominent. Efforts to resolve these problems after the Second World War and until 1990 included forced industrialization and over-employment in the existing and new enterprises. But they did not prove efficient. Hence, Macedonia entered independence with a level of registered unemployment that was among the highest in the ex-Yugoslav republics (MANU, 1997).

Rising social problems prompted an increase in the social welfare expenditure (Table 7.1), with ascending transfers for the unemployed: pensions and social assistance, on the one hand, and plummeting education, health and family transfers, on the other.

Table 7.1 Social expenditures as percentage of budget in Macedonia comparing 1991 with 1996

Social expenditures	1991	1996
Pensions	36	44
Health	36	22
Education	21	21
Family supplement	4	1
Social assistance (cash)	2	4
Unemployment (cash transfers)	1	8

Source: World Bank (1999)

It can be interpreted that the initial governmental reaction to rising unemployment and other social problems targeted early retirement, unemployment and social assistance cash benefits. Investment in education or training and retraining (as active measures) were not seen as possible solutions. This came back as a boomerang in the later years, with masses of people dependent on public transfers on the one hand and shrinking public money on the other.

Legislative changes that were initiated in this period did not follow either the dynamic or the priority of the social problems that were increasing. New regulative solutions involved: minimal renewal of the existing acts (Labour Law, Employment Law, Family Law); introduction of the new programme for the socially deprived population (which set the compensation for those living below an existence level); and restrictions within the Pension Act (an increase in the age of pensioners, lowering of the replacement rate and elimination of early retirement). This lethargic attitude towards more profound reforms contributed towards the increase in social costs of the transition. The absence of more energetic reforms in the first years of Macedonian independence may be interpreted as a result of the decrease in the economic growth of the country, the lack of a clear ideological orientation of the government, as well the shortage of (local) expertise in tackling new social problems. This trend of sporadic, inert and non-transparent creation of social policy became a fertile ground for international organizations, whose increased presence in Macedonia (Table 7.2) slowly became reflected in the intensity and path of national social policy reform.

Among the first international organizations that initiated a much needed in-depth analysis of the social policy field was the UN Preventive Deployment Mission (UNPREDEP). Although primarily focused on peacekeeping and securing ethnic stability in the country, this mission was

Table 7.2 International governmental organizations in Macedonia, 1991–96

	IMF	WB	UN	WHO	ILO	EBRD	COE	EU (mission/ programme)
Membership date	1992	1993	1993	1993	1993	1995	1995	1993 (ECHO) 1996 (PHARE)

also characterized by a very energetic social element. Consultants and experts who were contracted by the mission offered the first really systematic analysis of the social welfare system in the country, accompanied by a proposed social action programme, involving pilot projects for reforms in several social policy sectors (Deacon et al., 1996). However, despite initial acceptance of these project plans by the relevant Ministry of Labour and Social Policy, they were forgotten and abandoned after the UNPREDEP Mission left the country.

Although many other international governmental organizations established their missions and offices in the country in this period, their influence was not yet visible. Many projects were initiated, but their full realization and impact become evident in the period after 1996.

LOCAL DEPENDENCY AND PATERNALISM OF THE INTERNATIONAL FINANCIAL ORGANIZATIONS (1996–2003)

The phase in which international governmental organizations had a major impact in orienting the country's social policy path was the period between 1996 and 2003. Some of the reasons for the increased international presence in this period include: (1) NATO bombardment of Yugoslavia in 1999, which caused a stability crisis both in the region and in the country; (2) the refugee crisis from Kosovo, which brought around 360 000 refugees into the country (around 17 per cent of the total population of Macedonia) and which overburdened the country's economic and welfare resources; and particularly (3) the internal ethnic conflict (between the Albanians and Macedonians) in 2001, which distorted the planned socio-economic development. The armed conflict took more than 200 lives and displaced, at one time or another, more than 100 000 people.

At the same time, internal social trends also continued to remain negative, through an increased rise in the unemployment rate (according to the

Labour Force Survey it increased from 31.9 per cent in 1996 to 37.7 per cent in 2004), an escalating grey economy and a rising poverty rate (relative household poverty rose from 19 per cent in 1997 to 22.6 per cent in 2000), all of which prompted even greater demand for and use of social transfers (in 2003 around 64 453 households were using social assistance benefits and 45 867 people were using unemployment cash benefits in 2004).

Stifled economic growth and escalating social problems, accompanied by the lack of national independent solutions, created a particular space for international financial organizations, who offered their assistance in the form of targeted funds, prearranged reforms and 'safari' experts. The World Bank and the International Monetary Fund (with the emphasis on the former) became main leaders of national social policy orientation, both in an ideological and in a practical sense. Their influence can be tracked particularly in the fields of employment, social protection, poverty reduction and pensions.

Employment

As already mentioned, the employment sector in Macedonia, since its independence, was continuously decreasing. Employment in the formal sector was declining, at the expense of the widespread informal sector. According to Janevska, the grey sector 'served as a "security valve" in calming the social tensions' (2002: 109). A shrinking employment sector and rising unemployment rate made different governments prioritize this sector, and undertake different policy measures. Some of the main governmental activities were targeted towards:

- legislative changes – creation of the Law on Employment and Unemployment Insurance (1997) and the Law on the Promotion of Employment (1997 and 2003);
- institutional adaptation – redefinition of the services offered by the Employment Bureau (later Agency); and
- creation of new jobs – giving agricultural land for use to the social assistance beneficiaries (2003), and so on.

The main financial and expert contributor to employment policy reform was the World Bank, and to some extent the IMF. The Breton Wood's funds and arrangements had an impact on shifting the employment policy direction from mainly passive to active measures, and prompted the increased targeting of unemployment compensation and reductions in the amount and length of unemployment benefits. This was accompanied by measures for the institutional capacity-building of the Employment Bureau, thus making it more reflexive towards new trends by offering tailor-made employment services.

However, the 'activation' policy had a few negative features in the local context, which were manifested through mistreatment of the legal provisions and mismatched targeting, as well as absence of public support. As such, governmental employment measures proved quite ineffective and consequently impaired positive employment growth. All in all, governmental employment policy could be described as 'bland, passive and clichéd', and in desperate need of more original, proactive and customized reforms.

The European Union, as an international factor, did not contribute significantly towards employment policy in this period. Although some of the its programmes, such as CONSENSUS, had some connection with the revision of the labour legislation to ensure compatibility with that of the EU, their intervention was far from steering the social policy course or offering any financial or technical support towards the main employment initiatives. However, the EU as part of the international community and together with other players (such as the US administrators) had a role in facilitating the creation and signing of the Ohrid Framework Agreement (2001), which was signed by all political parties in Macedonia, and which instituted 'more' rights for the (mainly) Albanian ethnic community in Macedonia. The Ohrid Framework Agreement impacted upon the employment sector through the introduction of specialized courses for training and employment of public administrative workers for minorities in Macedonia. In this way, almost 600 course participants were involved, out of which 530 belonged to the Albanian minority. This contributed towards dissatisfaction among other ethnic groups in Macedonia (Turks, Roma, Vlachs) who felt that the Ohrid Framework Agreement was an exclusionary project (Working Group on Minority Issues, 2004: 21).

Social Protection

Another important domain which was the object of systematic reforms was social protection. Within this field, new legislation was prepared in 1997,¹ introducing comprehensive and innovative forms of welfare services. This law introduced for the first time the possibility of offering welfare services via the private sector, and also placed an accent on provision of non-residential forms of protection. However, the terms of reference for these services were not specified in the law, which inhibited the immediate practical realization of the new Acts. Additional amendments that followed in the next period² focused on issues such as decentralization, de-institutionalization, pluralization and social inclusion.

In parallel with the introduction of the Law on Social Welfare, a new directive on the conditions of use for social assistance was passed. A new decree on conditions, criteria, amounts and the procedure for determining

the right to social assistance from 1998 (and later amendments) brought increased rigidity of payments, through reductions in length of period of entitlement as well as through the introduction of more strict criteria for social assistance use. Hence, the amount of social assistance was created on the basis of the relative poverty line, which on the annual level for Macedonia was fixed at 36.000 Macedonian denars (MKD)/585 euros (until 2005), or 3.000 MKD per month/49 euros. For one-person households the amount of social assistance was calculated as 57 per cent from the determined relative poverty line, which works out as 1700 MKD/28 euros. The length of using social assistance benefits was also a subject of permanent reductions, which resulted in paying the total sum for the first two years, then 70 per cent for a period of between three to five years, and then 50 per cent for using social assistance for more than six years.

Along with these changes which were aimed at improving the working motivation of social assistance users, other more strict measures of activation were introduced. The rigid form of workfare resulted in the transformation of social assistance from unilateral transfer to bilateral transfer, that is, the right to assistance was conditioned by an obligatory 'contra service'. In this way, social assistance users capable of work were obliged to accept public work in their local community when it was required, otherwise the right to social assistance was terminated. This rigid activation of social assistance users contributed towards a reduction of the previously existing minimum social standards, and diminished the prevalence of universality and solidarity, as the main principles in the social protection system. Through this, the social policy was reoriented from almost a universal model towards a 'safety net' model, where only a few are guaranteed their social assistance right.

Later legislative changes which supported the welfare mix in social provision were supported by the EU project for the institutional capacity-building and development of the social protection sector (2000–2002). According to Ministry employee Ms Petkovic, changes that were introduced with this project resulted from the 'positive effects from 11 pilot projects, which focused on co-operation between Social Work Centres, the central government, non governmental organizations and the local community'.³

The empowerment of the local communities has been indirectly supported through the adoption of the Ohrid Framework Agreement, which put an end to the armed inter-ethnic conflict in the country in 2001. This agreement stipulates that the development of decentralized governance is one of the key priorities with respect to reforming the political system. Therefore, some of the constitutional provisions regarding local self-government were modified with the constitutional amendments passed in 2001 and more responsibilities returned to the municipalities.

The practical realization of decentralization matters were not initiated until the beginning of 2005, but the transfer of responsibilities to the local governments in the field of social welfare in Macedonia, was stipulated through:

1. the organization and construction of facilities for social and child care, including nurseries and elderly care facilities (ownership, financing, investments and maintenance); provision of social care for disabled people, children without parents and parental care, children with special educational and social needs, children from single parent families, homeless children, individuals exposed to social risks, and drug or alcohol abusers; raising the awareness of the general public; housing for people at social risk; realization of rights related to raising pre-school children;
2. the organization and improvement of education, involving the establishment, financing and administration of primary and secondary schools in conjunction with the central government and in accordance with the law, and the organization of transportation of students and their accommodation in student boarding facilities; and
3. the organization, construction and management of the network of primary healthcare organizations and facilities. This was to be achieved by: management of the network of public primary health care organizations and facilities (which were required to involve the local self-government in all the boards of all publicly owned health-care providers, health education and promotion); preventive activities, health care for workers and occupational health; environmental health monitoring; monitoring of communicable diseases; care for special needs patients (for example, mental health, child abuse, and so on) and other areas specified by the law (Law on Territorial Division of the Republic of Macedonia and Determination of the Local Government Unit Regions).

Finally, if one tries to apply the ethnic lens to perceive the social protection situation in Macedonia, a picture emerges that is not so rosy. Although many legal acts (including the Constitution of the Republic of Macedonia, 1991; the Framework Agreement, 2001; and the Council of Europe's Framework Convention for Protection of National Minorities, 1996/1997) were adopted and ratified in Macedonia in order to guarantee the equal rights and access to services regardless of gender, ethnic, religious, political or social affiliation, there were still indirect legal, institutional and other impediments that prevented the practical realization of these objectives. For example, the attainment of citizenship status (which is among the basic requirements for acquiring social welfare service/benefit) was being hindered

due to the legal precondition of having a 'permanent source of income'. Having in mind the huge rate of unemployment in Macedonia, which for the ethnic minorities is even greater (78.5 per cent among Roma, 61.2 per cent among Albanians according to the 2002 Census), this requirement prevented many Roma and Albanians from establishing their basic social rights. According to the Erduan Iseini (mayor of the Roma local community, Shuto Orizari, in 2004) in 1997 there were 4356 Roma without citizenship and 7407 Roma with unidentified citizenship. Another particular aspect of concern with regard to ethnic social welfare rights, was their unemployment/inactivity rates. The huge level of unemployment among minorities, accompanied with the similarly high rate of their economic inactivity (52.4 per cent among Roma, 70.7 per cent among Albanians) made them particularly dependent upon the social welfare system. However, it must be emphasized that the actual rate of unemployment and economic activity might be lower, having in mind some of the particularities characteristic for these ethnic groups. Both Roma and Albanians tend to have jobs that are not formally registered, or are part of the grey economy. Also, among Albanians this is accompanied by high migration trends, which contribute towards their additional (unregistered) sources of income. Although this informal type of support largely improves their financial stability, it also significantly impacts their labour mobilization and their 'passivity' with regard to the formal labour market. Some of the other more general problems associated with the unequal access of minorities to labour/social welfare rights might be attributed to reasons such as the concentration of the main employment capacities in the bigger cities where minorities (with the exception of Roma's in Skopje) are less settled, investments and employments related to ethnic preferences, and the lack of training and retraining customized to the language and needs of particular ethnic groups.

Poverty

Poverty issues, which were neither tackled strategically nor statistically during the first years of transition, became an object of intensified interest after 1996. The poverty level was determined by co-ordinated activities between the State Statistical Office, the Ministry of Labour and unavoidably with the World Bank within the framework of the project for social reforms and its subcomponent for social assistance. The national standard for the calculation of the poverty level is the relative method. For the period 1994–96, the poverty rate, according to experimental calculations, was determined as 60 per cent of the average equivalent expenditure of households (Government of the Republic of Macedonia, 2002). However, since then (1997 onwards) the poverty rate is determined as 70 per cent of the average

equivalent expenditure of households. Experimental calculations proved that if 60 per cent of the median expenditure is used as a threshold, the level of poverty would be at least 10 per cent higher, which would indirectly put greater pressure on the public budget. As mentioned earlier, the financing of social assistance in Macedonia is based on the poverty line threshold, hence if this threshold was raised, the number of claimants and recipients would increase considerably.

Basic data sources for the calculation of the poverty line are the Household Expenditure Survey, the national Census, different socio-economic studies of households as well as other sources, such as Labour Force Surveys and administrative sources.

The first and only strategic document aimed at combating poverty was the National Strategy for Poverty Reduction, prepared in 2000–2001 (interim version), and published in 2002 (final version, Government of the Republic of Macedonia, 2002). This document, which was mainly created for the purposes of the Poverty Reduction and Growth Facility arrangement with the International Monetary Fund and the World Bank, represented the first multi-sector and multi-discipline analysis of the poverty problem. The goals of the strategy were to be achieved in the period 2002–2005. However, despite some of its shortcomings, such as lack of quantitative and measurable goals, which prohibited its implementation and efficacy, the Poverty Reduction Strategy Paper (PRSP) in Macedonia proved less significant because of other domestic factors. The timing of the PRSP creation coincided with the 2001 ethnic crisis in Macedonia. This contributed towards a major change and reorientation of the political priorities and funds from economic to national stability measures, hence knocking poverty issues off the current agenda. Another factor that also made the PRSP process marginal was the political change that occurred which disrupted the assigned responsibilities, actors and plans.

Other activities in this field were also prompted by the World Bank, through its expert and technical support within the Social Support Project from 2000 until 2002 and its subcomponent Poverty Monitoring; and also through the Poverty Assessment from 2004 until 2006. Their main goals were to advance the capacities for poverty calculation, to improve analysis for mapping and determining poverty characteristics and to develop analysis for poverty profiles.

Pensions

This domain of social security was subjected to the most profound changes, through the introduction of paradigmatic reform (Holzmann et al., 2003: 8). The leading agent of this reform was again the World Bank, through its

Pension Reform Technical Assistance project (1998–2002). Their pension reform design was no different than that offered to other post-socialist countries: a model, which beside slight parametric reforms, was mainly based on reducing the role of the pay-as-you-go financing based on inter-generational solidarity and the introduction of fully funded pensions. With the exception of Slovenia and the Czech Republic, most other transition countries in South East Europe have accepted the mandatory fully funded pension model. Hence, in Macedonia in April 2002 a new Law on Mandatory Fully Funded Pension Insurance introduced the following pension scheme:

- first pillar, managed by the state and comprising of mandatory pension and invalidity insurance based on PAYG;
- second pillar, privately managed and comprising of mandatory capitalized pension insurance; and
- third pillar, comprising of voluntary and privately managed savings accounts.

Although the contribution rate of 21.2 per cent had not changed (increased) with the reform, now it was being divided between the two mandatory pillars, where the first pillar was financed with a contribution rate of 13.78 per cent, and the remaining 7.42 per cent was channelled into the second pillar, which was financed on a capitalized basis. The first pillar delivered a replacement rate of approximately 30 per cent for a person with a full career. This pension scheme was obligatory for all new employees since January 2003, while others had the option of choosing whether or not to join the multi-pillar system. The practical implementation of this law began in 2006, and since then around 110 000 employees have joined the multi-pillar system (out of 559 702 employed people).

The introduction of the multi-pillar pension system in Macedonia also brought institutional changes, mainly through the creation of the new Agency for Supervision of the Fully Funded Pension Insurance – MAPAS, but also other institutional novelties were seen in the shape of the pension companies governing the pension funds and the custodian of pension funds' assets (the National Bank of the Republic of Macedonia).

Although the new pension system included an energetic public campaign, still very little was said about the downside or the potential pitfalls of this reform. There was a lack of national critical expertise towards the proposed pension model, which left the biggest systematic risks unexplained. Among the few who challenged this reform were the trade unions, but their impact can be described as 'too little, too late'. According to a representative of the Union of Trade Unions in Macedonia 'the characteristics on the new pension system in Macedonia are the worst in comparison to other neighbouring

countries'.⁴ She named the following problems, which the trade unions considered as worrying:

- (1) lack of economic pre-conditions for successful and effective operation of the second pillar (as the low number of new employees accompanied with the low level of salaries – 60 per cent of the workers have salary less than 60 euros);
- (2) high administrative cost of 8.5 per cent (and according to some experts it should not exceed 3 per cent);
- (3) the small investment market in Macedonia.

Because of this, she noted that the trade unions were in favour of a voluntary rather than mandatory second pillar.

Despite trade union efforts to point out these problems by organizing a general strike in 2000, their activities didn't impact on political will and decisions. As Jankulovska noted: 'the government openly told us that the pension reform is an obligation that they have to fulfil because of IMF and WB arrangements'.⁵

Health

After the initial legislative and institutional changes introduced within the field of health protection and health insurance in 1991, 1993 and 1995, no greater alterations were seen until 1996. The main changes, directed at the introduction of private health services and pharmacies, 'did little to streamline the public health system, create incentives for increasing efficiency, or define legal and regulatory environment for the private providers' (Donev, 1995; Mishovski, 1995). Also the instigation of co-payments for health care in 1993 was not effective and did not improve the revenues of the health institutions. Institutionally, the main reform involved the discontinuation of the previous decentralized system of financing and health provision with the introduction of the Health Insurance Fund. However, this fund was situated within the framework of the Ministry of Health, which prevented its greater autonomy and flexibility.

The period from 1996 brought about comprehensive health-care reform. This was enabled through the World Bank loan of US\$16.9 million, which was operationalized through the Health Sector Transition Project (1996–2002). The legislative changes included a new Law on Health Insurance (2000), which contributed towards the separation of the Health Insurance Fund from the ministry framework and its formation as a separate independent institution with the authority to administer the compulsory health insurance. Within the field of primary health care, the positive effects involved increasing patient choice through patient enrolment and capitation-based payment to private family medicine practice. As part of the maternal and child-care endeavours, a dramatic reduction in the rate

of perinatal mortality was achieved: the number of foetal and early neonatal deaths per 1000 births has been reduced by over 20 per cent, thus contributing towards the accomplishment of one of the Millennium Development Goals regarding child mortality.

Throughout the realization of this project, many challenges and problems were signalled, which can also be seen as main obstacles for health reforms in the future. They included: (1) the absence of sustainable political consensus on the main objectives in the project and frequent changes of ministers and directors; (2) weak capacities in the Ministry of Health and Health Insurance Fund with frequent changes in staff and weak inter-institutional collaboration and support; (3) initial resistance from the doctors and professional associations; and (4) insufficient conditions and possibilities for the trained staff to implement their acquired knowledge (European Observatory on Health Care Systems, 2004).

From this review of social policy changes occurring in the period from 1996 to 2004 it can be said that the previous minimalist approach towards legislative and institutional changes was replaced by a trend of continuous and paradigmatic reforms, which gave a new shape and size to national social policy. The changed social policy model is based on the introduction of elements including: (1) a policy of activation, which manifests itself in the domains of employment and in the delivery of social transfers; (2) the introduction of pluralization, which signalled the abolishment of the traditional provider role of the state thus creating a space for private and non-governmental organizations as service providers; (3) a diminished principle of solidarity within the overall social protection system; and (4) the increased selectivity and targeting of social service users. Although these characteristics may be similar to those ongoing in the other countries in the region, it is important to note that these changes were not based on the previous experiences and practices in Macedonia, nor were they realistically linked to the true capabilities of the newly promoted service providers. Also, the current demand for social protection was on a constant rise which did not correspond with the social policy model based on increased targeting and selectivity. Overall, the model of social policy which was installed in this phase was completely contrary to the needs and capacities of Macedonian economic and social conditions.

EUROPEANIZATION VS AMERICANIZATION (2000 ONWARDS)

The latest phase in social policy development in Macedonia is connected with efforts for greater co-ordination with EU priorities and legislation.

The application for EU membership (22 March 2004), entering into the Stabilization and Association Agreement (1 April 2004) and being given candidate status (17 December 2005) were all important milestones, which necessitated the need to harmonize national public interventions and policies towards the EU standards. These actions also mean that the EU, as an international player, is slowly taking over the leading position in influencing and directing national social policy.

The first concrete EU contribution within the social policy sphere was advocated through the Community Assistance for Reconstruction, Development and Stabilization (CARDS) programme, with the project entitled 'Technical assistance for institutional building as a support to the employment policy in Macedonia'. As a result of the financial and expert assistance given within this project, the government of Macedonia has adopted the first National Action Plan for employment (NAP) for the period of 2004–05 (Ministry of Labour and Social Policy, 2003). The NAP represents a new systematic operationalized programme, which follows the European recommendations on the labour market according to the three priorities (increasing employment, improving quality and productivity of work as well as the strengthening of social cohesion and inclusion) and the ten employment guidelines of the European Employment Strategy, adopted by the European Council in July 2003. Another important component is that this project contributed towards the new organizational setup of the Bureau of Employment (now the Agency for Employment) through the reorganization of the regional units of this bureau (now Centres of Employment), and by providing them with new computers, software applications and staff training. All these have contributed towards the goal of improving the process of supporting clients in their active pursuit of work.

An interesting insight into the European route towards social policy reforms in the country could be seen through the National Strategy for Integration in the EU (September 2004). In the section which elaborates on adequate provision and targeted social protection in order to eliminate negative social consequences from the transition, the document, in a quite contradictory way notes that: 'the system of social protection which is robust and egalitarian and that offers a relatively high degree of protection, needs to be transformed to prevent endangering the balance of the public finances, as well as companies' competitiveness' (Government of the Republic of Macedonia, 2004: 133). Yet, it acknowledges the difficult economic conditions which necessitate the need for more inclusive social protection, so in the continuation it argues that 'the system must be transformed quickly, without damaging the social inclusion in the society and without causing greater social tensions' (ibid.: 134). However, it is difficult to imagine that these two, mutually exclusive goals (reduction of the egalitarian approach without

damaging social inclusion) can be achieved quickly, and without social tensions. What is also interesting is that this strategy suggests social reforms based on individual responsibility, reduction of social transfers in line with budgetary capabilities, and enabling the social sector to perform its tasks in the context of the needs of the market economy (ibid.: 134). The proposed reform agenda reads as if it is written by a former World Bank consultant who forgot the EU goals and priorities concerning social cohesion, sustaining adequate social transfers and maintaining market competitiveness through universal social security and protection.

Within the framework of other legislative novelties in this period, a trend of creating and publicly announcing national programmes in different social policy fields was initiated. Hence, the National Programme for Social Protection and the National Programme for Child Protection were adopted in 2006. Both of these programmes comprise activities according to the goals of decentralization, pluralization, deinstitutionalization and social inclusion. The National Programme for Social Protection is based on, and envisaged to be implemented, according to international conventions and recommendations including: the Social Cohesion Strategy of the European committee for social cohesion; the Joint Memoranda for Social Inclusion; the UN Millennium Development Goals in terms of poverty reduction; as well as with other documents, all of which are planned to contribute to a greater co-ordination with EU laws.

This period also coincides with the practical initiation of the decentralization of social welfare in Macedonia. This process is starting only incrementally, through modest activities seen via the transfer of kindergartens and homes for the elderly to a local level. The local communities also now develop action plans which they submit to the Ministry of Labour and Social Policy, where the number of planned activities in the field of social welfare, as well as the resources and partners engaged for each planned activity, are being outlined.

A particular interesting aspect, originating from the World Bank, is the newly proposed social assistance model, which is currently being negotiated with the government. This involves the introduction of so-called conditional social transfers. This envisages giving social assistance benefits to families who will accept the conditions, such as receiving the benefits only if their children are enrolled and attending school, or if they are given access to regular health check-ups and so on. This idea seems to be another model exported from Latin America (as with the pension reform model), where the Human Development Index is much lower than in Macedonia. Hence, again we witness IGO proposals being made without any concrete connection with the priorities, particularities or needs of a national social welfare system.

Other international actors, such as bilateral donors or agencies, are present, but are not that influential in the overall social policy trajectory in Macedonia. They involve the Council of Europe, the United States Agency for International Development, United Nations Development Programme, the World Health Organization, the United Nations Children Fund, and so on. Among interesting epi-phenomena is the Social Institutions Support Programme with an office in Skopje. This programme is a joint CARDS project, mainly funded by the European Commission, and co-funded and managed by the Council of Europe's Directorate General of Social Cohesion (DG III). The programme is a spin-off of a previous activity, carried out within the Initiative for Social Cohesion of the Stability Pact for South East Europe, which contributed to the creation of a network of social security professionals and set the basis for regional co-operation in the field of social security co-ordination. Their activities are by and large of academic or/and networking character, thus having no, (or at least very negligible) general impact.

It seems that current social policy is striving to adhere to the EU policy co-ordination on one hand, and endeavouring to sustain policy reforms, already undertaken under the initiative of the financial IGOs, on the other. The orientation or prevalence towards the EU- or the US-led reforms in Macedonia will probably depend on the country's economic growth, where a potential boost might contribute to less economic dependency on international financial institutions, thus creating room for more individual and more inclusive social policy solutions. Yet, this is not the only factor. The international governmental organizations will still play a role, but not only because of their conditionality policy. As Arandarenko rightly notes, their dominance in advice-giving also arises from the potential of 'articulated, elaborated and workable action programmes' in which the World Bank's agenda is superior to others (2004: 49).

CONCLUSION

From the above it is clear that international advice, mainly coming from international financial institutions, was the most prominent agent of national social policy reform. Although this might be the same in other post-socialist South East European countries, the case of Macedonia is special because of a few elements. First, the policy of excessive use of external financial and technical support prohibited customized and country specific reforms and agendas. Instead of achieving sustainability within a short period of time, the country engaged in prolonged borrowing, which became a standard pattern for policy creation and made the international

financial institutions become embedded in national social policy governance. In the absence of alternative policy options, the IGOs in Macedonia remain 'the Trojan horses of the new millennium' (Mehrotra, 2004). Second, such IGO policy imposition was also enabled through the lack of influence and impact of independent actors, such as trade unions, non-governmental organizations, academia, and so on in preserving previously existing social standards. Although all the above did make efforts to point out the problems, none of them came forward with different and viable policy suggestions. The trade unions themselves were (and still are) in the process of restructuring, which left them under strength and impaired in terms of influencing social policy reforms. The non-governmental organizations in this period were in the process of formation, so there were very few to offer any visible opposition. The academia or independent academic experts were also an interesting part of the story. Some of these experts were in leading positions in the government, which meant that they could not contradict the general political orientation, while the others were working as local experts for the international financial organizations. This introduced a situation where a local critical mass was absent as a source of alternative policy advice. Third, there is an absence of national consensus about a preferred social policy model in the context of the new market economy. The new economic model based on market ideology was not (at least publicly) accompanied by an ideological change of the social policy model. All this explains why there were many ad hoc reforms and why the neo-liberal agenda very easily became implanted in this previously predominantly universal and solidaristic society. To all these internal factors, an additional external factor might be added, which is not country specific but which also contributed to the ideological hegemony of the Breton Woods institutions: the minimal intervention by the European Union, in the period until 2004, towards steering the country's social policy direction close to the 'European social model', and the absence of any concrete EU social policy prescription, created an additional gap, which together enabled the current neo-liberal social policy orientation in Macedonia to take hold.

Finally, it would be interesting to see whether the IGOs' dominance in countries such as Macedonia has distanced them from the European Union and, as noted by Vaughan-Whitehead (2003), has even risked the future of Social Europe in the newly enlarged European Union, or contrarily whether this presented an alternative way for the post-socialist transition countries to achieve EU standards. Judging from the current EU preoccupation with becoming 'the world's most dynamic and competitive economic area', the latter might be more realistic.

NOTES

1. Law on Social Welfare, Official gazette of R. Macedonia, no. 50/97.
2. Law on changes and amendments of the Social Protection Law, Official Gazette of R. Macedonia, no. 65/04.
3. Interview with Ms Vesna Petkovic, Head of the Sector for international co-operation within the Ministry of Labour and Social Policy, dated 9 February 2005.
4. Interview with Ms Liljana Jankulovska, representative of the Union of Trade Unions in Macedonia, dated 25 January 2005.
5. Ibid.

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