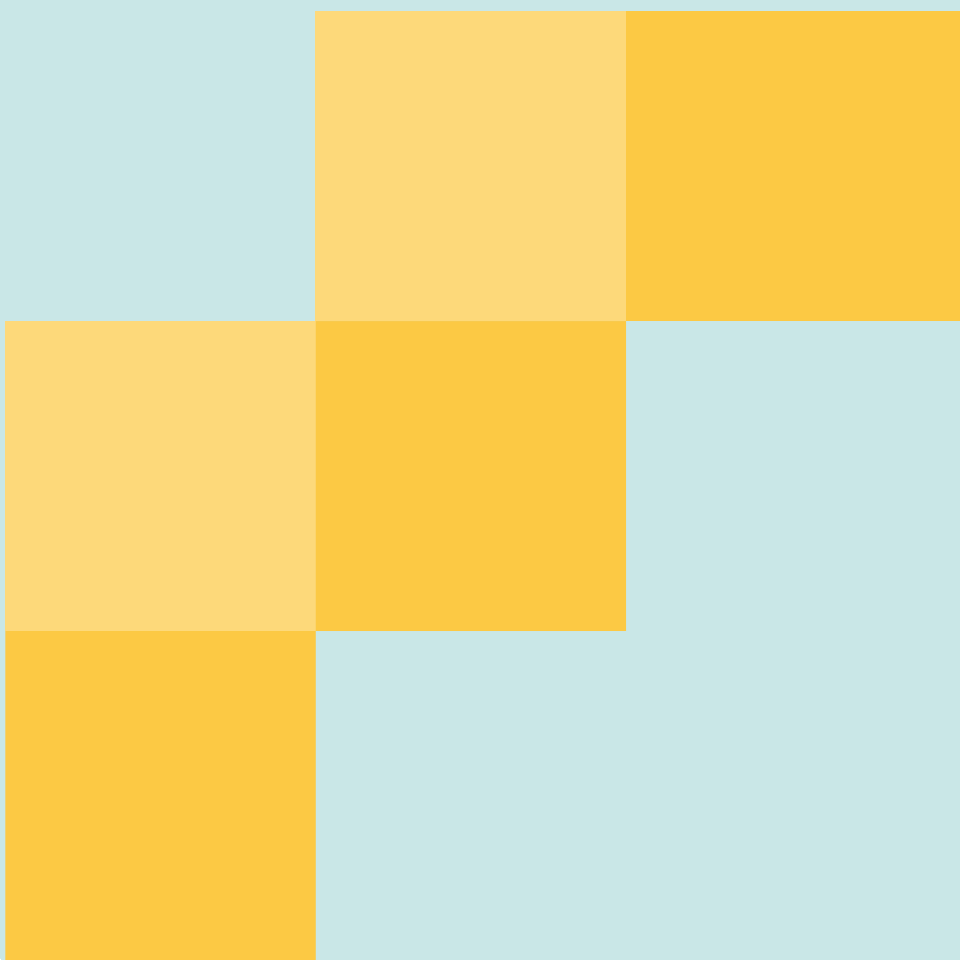


Monitoring Matrix on Enabling Environment for Civil Society Development

**Country Report:
North Macedonia
2023**





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Country Report for
North Macedonia 2023

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List of Abbreviations

BCSDN Balkan Civil Society Development Network

CICDCSO Center for information, cooperation and development of civil society organizations

CRPM Center for Research and Policy Making

CSO Civil society organizations

ECNL European Center for Non-Profit Law

ENER Unique National Electronic Register of Regulations

EU European Union

IPARD The instrument for pre-accession assistance for rural development

LAF Law on Associations and Foundations

MCIC Macedonian Center for International Cooperation

NFF National Federation of Farmers

PBO Organization with public benefit status

SCPC State Commission for the Prevention of Corruption

Acknowledgement

From the author:

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First and foremost, I would like to thank Snezhana Kamilovska Trpovska, my supervisor and Valentina Velichkovska for their continuous support, guidance, and valuable insights throughout the process. Their expertise and feedback were instrumental in shaping this report.

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I am grateful to my colleagues and peers for their constructive feedback and encouragement. Their perspectives helped me improve various aspects of this report.

Thank you all for your contributions.

Executive Summary

The overall environment for civil society organizations (CSOs) in North Macedonia is generally supportive, but there are areas needing improvement. The government should enhance its efforts to integrate civil society engagement into priority areas and consultation processes. CSOs should play a significant role in the reform agenda and be actively involved in decision-making processes.

Collaboration between civil society and the government during policymaking and law adoption processes is essential for the modern democratic process in North Macedonia. These interactions are crucial for fostering cooperation, dialogue, and trust between the government and civil society organizations. The Code of Good Practices for Civil Sector Participation in the Policy-Making Process outlines various forms of cooperation, including information sharing, consultation, dialogue, and partnership, throughout all stages of policymaking.

In North Macedonia, the environment for CSOs is generally positive, but there are still key areas for growth. The government could strengthen its integration of civil society by making engagement in priority areas and consultation processes more systematic. For meaningful progress, CSOs need to be central to the reform agenda and actively participate in decision-making processes. The General Secretariat of the Government, through its unit for cooperation with civil society organizations, distributed the questionnaire to ministries via the Network of Civil Servants for Cooperation with Civil Society. Legal and financial frameworks require amendments and practical implementation, especially to establish consistent mechanisms for allocating public funding to CSOs. Resuming the activities of the Council for Cooperation between the Government and Civil Society is crucial to fostering dialogue and collaboration between these sectors.

In summary, while the operating environment for CSOs in North Macedonia has positive aspects, there are clear opportunities for improvement, particularly in legal and financial frameworks and institutional mechanisms for collaboration between the government and civil society.

Civil Society Overview

	2022	2023
Number of registered organizations	11507 (558 newly registered organizations in 2022)	11922 (509 newly registered organizations in 2023)
Main civil society laws	Laws on Associations and Foundations	
Relevant changes in legal framework	<ol style="list-style-type: none"> 1. Law on Associations and Foundations 2. Law on Civil liability for insult and defamation 	<ol style="list-style-type: none"> 1. Law on Associations and Foundations 2. Law on Civil liability for insult and defamation
State funding	Total amount of 307.999.072 MKD (approx. 5 million EUR) from the Government and gov. bodies	Total amount of 332.318.473 MKD (approx. 5 million EUR) or 4% from the total income of CSO's
Human resources	1742 employees No data for volunteers.	1805 employees No data for volunteers.
CSO-Government Cooperation (relevant body/ consultation mechanism)	Council for Cooperation with Civil Society and Government	
Key challenges	<ol style="list-style-type: none"> 1.The comprehensive reform of the system for state funding for CSOs has progressed slowly 2.Criminal code poses certain risks to the freedom of association. 3.Law on Donations and Sponsorships in Public Activities should be amended so that the procedure for donations is more stimulating. 4.Cutting of the state funding for CSOs from the Budget of the General Secretary 5.The inclusion of CSOs in decision- making processes should progress in practice. 6.Not perceiving CSOs as a real partner by the state institutions. 7.Boycott of the Council for cooperation of the Government with CSOs 	<ol style="list-style-type: none"> 1. The comprehensive reform of the system for state funding for CSOs and the reforms of the Law on Associations and Foundations have made no progress 2. Criminal code still poses certain risks to the freedom of association. 3. Law on Donations and Sponsorships in Public Activities should be amended so that the procedure for donations becomes more stimulating. 4. The transfer of funds from the General Secretariat of the Government to the Ministry of Political System and Community Relations remains a challenge in the state funding of CSOs. 5. Not perceiving CSOs as a real partner by the state institutions is a challenge, and the inclusion of CSOs in decision- making processes should progress in practice. 6. Non-cooperation of the Government that leads of continuation of the boycott of the Council for cooperation of the Government with CSOs.

Key findings

1	CSOs in North Macedonia continue to operate in an enabling environment, but there are areas where improvement is needed. Freedom of association is guaranteed for all in legislation and exercised in practice without limitations.
2	The comprehensive reform of the framework for state funding for CSOs has not progressed at all. State funding continues to be almost a non-recognizable source of income for CSOs and only available for a limited number of organizations. The lack of available funding is a serious challenge for CSOs.
3	The boycott by the members of the Council continues to be in force and emphasizes the authorities' failure to restore standard allocations for state funding in the annual program for cooperation with the civil sector. This underscores the challenges in maintaining effective collaboration between the government and civil society and emphasizes the need for improvements in the support mechanisms for CSOs.
4	In 2023, there has been no progress regarding the Law on Donations and Sponsorships in Public Activities, despite initial plans for updating this law in collaboration with CSOs. Although there is an active working group within the Ministry of Justice dedicated to this matter, there was no significant advancement during the year.
5	In 2023, 51.4% of draft laws were published on the Unique National Electronic Register of Regulations, marking an improvement over the previous years. This compares to 37% in 2022, 41% in 2021, and 49% in 2019.
6	The government did not enhance its efforts to incorporate civil society engagement into priority areas and consultation processes.

Key recommendations

Key recommendations	
1	The long awaited and discussed comprehensive reform to the state funding for CSO to be finalized and the proposed model to be adopted and amended to the LAF. The process to be open and transparent for discussion for the issue with all relevant stakeholders but mainly with CSOs.
2	The process of amendments of the LAF to continue and the law to be submitted to the Government in 2024 with all relevant amendments such as the reform of state funding.
3	The Government should implement standards of involvement of CSOs in law-making and policy creation process and to implement even in state of crisis/emergency. Participation should start at an early stage, with adequate access to information and time for a quality and substantial response, and provision of feedback. ENER to be used according to the Governmental standards and to start discussions for improvement of this tool.
4	The government should guarantee a transparent and open process for selecting new members of the Cooperation Council. This will facilitate direct and immediate collaboration with this body, which serves as the highest authority for cooperation with CSOs. Additionally, the council should be integrated into LAF to ensure its efficient operation in the future.
5	The process of changes to the Law on Donations and Sponsorships in Public Activities (LDSPA) to continue together with LAF. The processes to be in parallel for the relevance of the common issues. Although the Strategy has foreseen changes for this issue this process is pending for many years.
6	It is essential to increase efforts to expedite the revision of the LDSPA, ensuring that the concerns raised by CSOs regarding donation and sponsorship regulations are effectively addressed. Setting clear timelines, increasing stakeholder engagement, and providing the necessary resources to the working group to facilitate more efficient progress.

Introduction

The Macedonian Center for International Cooperation (MCIC) and the Balkan Civil Society Development Network (BCSDN) are pleased to present the ninth edition of the Monitoring Matrix on Enabling Environment for Civil Society Development, covering developments in North Macedonia in 2023.

This report is part of a series of country reports covering six countries in the Western Balkans: Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia. A Regional Report is also available summarizing findings and recommendations for all countries and an interactive web platform offering access to monitoring data per country at www.monitoringmatrix.net.

The Monitoring Matrix, developed in 2013 by BCSDN with support of its members and partners, presents the main principles and standards that have been identified as crucial to exist for the environment to be considered enabling for the operations of CSOs. The Matrix is organized around three areas, each divided by sub-areas:

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

The comprehensive methodology is based on international standards and best regulatory practices at the European Union level and in European countries. The Matrix aims to define the optimum conditions for civil society to function and develop effectively. At the same time, it aims to define a realistic framework that can be followed and implemented by public authorities. Having in mind that the main challenges lay in implementation, over 150 indicators are set to monitor both the existing legal framework and its practical application.

The Monitoring Matrix operates on an annual reporting cycle which ensures a systematic and comparable evaluation across the region and across years, helping stakeholders track progress or regression, identify gaps and emerging trends, and prioritize reforms. The research conducted aims to provide for shadow reporting on the enabling environment for CSDev and to influence EU Enlargement policy and funding support for sustainable and strategic development of the sector.

Methodology

The areas are elaborated by standards, which are further specified through legal and practice indicators. The legal indicators are measured by coding the presence or absence of rules, costs, procedures, and obligations enshrined in legal regulation (primary and secondary) and policy frameworks enacted in the respective countries. To assure standardization and comparability of the data gathering process regarding the practice indicators, country researchers follow a methodology plan in which each of the 80 indicators are further operationalized in concrete mandatory and additional data types (i.e. operationalized dimensions of a practice indicator) to be reported across the countries.

To analyse and interpret the data, country researchers use a unified data collection template which provides the indicators description and five category descriptions ranging from fully enabling to fully disabling environment provided under each indicator. The five category descriptions are specified for each legal and practice indicator in the Monitoring Matrix Toolkit, to enable researchers – based on the reported data – to choose one code (score) which most accurately summarizes the state of enabling environment concerning the respective indicator. In a first step, the researcher reports the required data types collected through different sources in the template box. In a second step, they choose one of five category descriptions specified for the respective indicator which best illustrates the reported data. The categories enable unified comparison of findings on the level of indicators across all country reports.

This report is based on an analysis of data collected from an annual survey focused on CSOs, an analysis of the Parliament's work, ENER, and responses to a questionnaire on consultation mechanisms with civil society organizations during the preparation of draft laws and other acts in 2023. The General Secretariat of the Government, through its unit for cooperation with civil society organizations, distributed the questionnaire to ministries via the Network of Civil Servants for Cooperation with Civil Society.

Findings

Area 1: Basic Legal Guarantees of Freedoms

1.1. Freedom of association

1.1.1. Establishment of and Participation in CSOs

The legal framework for establishing and participating in CSOs has not been changed in 2023 and provides guarantees for exercising the right to freedom of association in line with international standards on freedom of association. Every individual or legal entity in practice can form associations, foundations, or other non-profit, non-governmental forms. The right to establish and participate in formal and informal ways of association remains guaranteed in the Constitution of the Republic of North Macedonia¹ and is further elaborated in the Law on Associations and Foundations (LAF)². The freedom of association is enjoyed via joining in associations, foundations, alliances, and ways of organizing foreign organizations.

The citizens can freely associate for various goals and the limitations to the right to association are listed. The legal framework allows individual and legal persons to exercise the right to freedom of association off-line and online, without discrimination, including foreigners. Minors can establish an association once they turn 15, and can become members once they turn 14, with a statement of consent signed by their legal guardian. This applies also to persons with limited or no working ability.

Based on an online survey conducted in March 2023, involving 117 CSOs, a report was prepared to identify CSO networks for the year 2023. Subsequently, a publicly accessible database of these networks was established on the website of the Civic Resource Center, titled "Directory of Civil Society Organization Networks."

Registration is not mandatory and registration rules are prescribed and allow for easy and timely registration. The Central Registry of the Republic of North Macedonia (CRNM) is the only institution where registration is available within 5 days of the day of submitting a request on a paper form (online submission is still unavailable for CSOs)³. CSOs are in a less favourable position compared to business

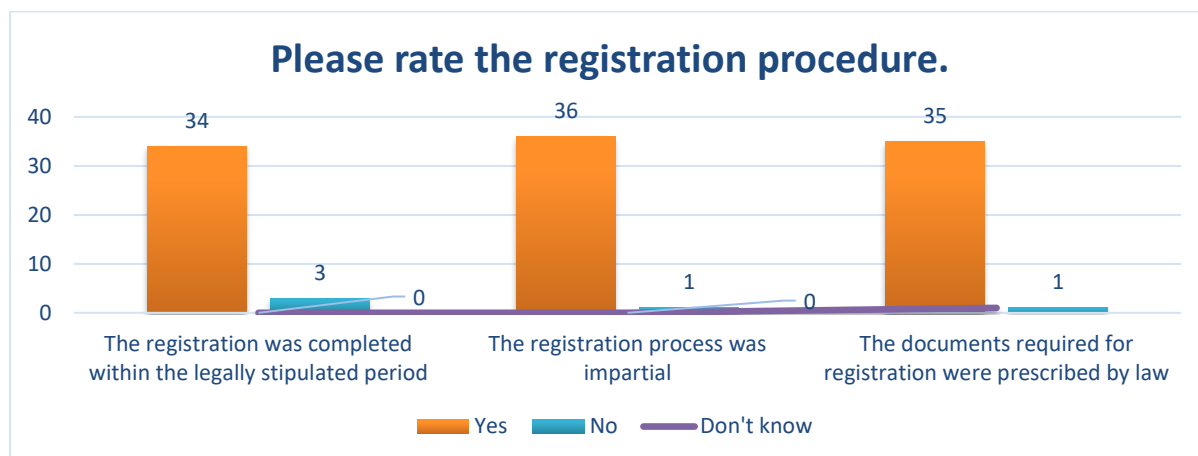
¹ The Constitution of the Republic of North Macedonia ("Official Gazette of the Republic of North Macedonia", no. 52/1991)

² Law on Associations and Foundations ("Official Gazette of the Republic of North Macedonia" no. 52/10, 135/11 and 55/16)

³ Central Registry of the Republic of North Macedonia (2019) Tariff of the Central Register, no 0201-3/10. Skopje, CRNM. Address: https://www.crm.com.mk/DS/download/Registers_document_forms/tarifa2.pdf [Accessed on 20.02.2020]

entities, as they can register online (this is available for businesses and it's free), and the cost of registration when submitting paper forms is higher than that of the other business entities (except when registering a shareholding company). The survey revealed that civil society organizations encounter very few difficulties when registering their organizations.

Chart 1: CSO Registration Procedure



1.1.2. State Interference

The legal framework in North Macedonia establishes safeguards against government interference in the internal affairs of associations, foundations, and other non-profit entities. Under the Law on Associations and Foundations (LAF), CSOs are guaranteed autonomy from the state, with legal provisions that allow them to set their own internal structure and operational procedures. However, some longstanding issues persist in the Criminal Code, which imposes liability on authorized individuals and representatives of various organizational forms of civil society, even if they do not carry out official duties or engage in public-interest activities or use state funds. For instance, if a financial oversight occurs or if the organization is accused of improper handling of resources even when state funds are not involved the director could face personal liability. There is a working group actively addressing changes to this law.

The Anti-Money Laundering and Countering the Financing of Terrorism law in North Macedonia aims to prevent financial crimes and ensure the integrity of the financial system. A sectoral risk assessment has been implemented as part of this framework, but there are concerns about whether it fully considers the specific nature of civil society organizations and adopts a tailored, risk-based approach. Throughout 2023, collaboration between the civil society sector and the Financial Intelligence Office (FIO) continued, focusing on assessing risks related to the financing of terrorism. Despite this, concerns raised in 2020 regarding banks' monitoring of CSOs' bank accounts and transactions continue to be problematic, as CSOs are still classified as high-risk entities by banking rules. In practice, the classification of CSOs as high-risk entities by banking rules, despite ongoing collaboration with the Financial Intelligence Office (FIO) on countering terrorism financing, has significant implications for the operations of CSOs, such as:

- **Hindered Operations:** Being classified as high-risk means that banks often apply stricter scrutiny to CSOs' accounts and transactions. This can result in delayed processing of payments, frozen accounts, or additional documentation requirements, making it difficult for CSOs to operate smoothly. Basic financial transactions such as receiving donations or making payments to partners can become burdensome, causing delays in project implementation.

- **Restricted Access to Financial Services:** Some banks may refuse to offer services or open accounts for CSOs due to the perceived risk, limiting their access to essential financial tools. This can make it difficult for smaller or newer CSOs, especially those relying on foreign donations or grants, to manage their finances or expand their work.

- **Increased Administrative Burden:** The need for additional monitoring and reporting to satisfy banks' compliance requirements creates an extra administrative burden for CSOs. Staff may need to dedicate more time to providing extensive documentation, which detracts from their core mission and activities.

- **Impact on Financial Sustainability:** Limited access to financial services and increased costs due to compliance requirements can hurt the financial sustainability of CSOs. For organizations that rely on grants, especially from international sources, the inability to access funds quickly can threaten the viability of their projects and long-term operations.

While the ongoing collaboration with the FIO is a positive step in addressing these risks, the continued classification of CSOs as high-risk entities by banks remains a significant challenge, potentially undermining the effectiveness and reach of civil society organizations in North Macedonia.

The law on Lobbying⁴, which has been in effect since June 11, 2022, where some provisions putted at risk the freedom of functioning of the CSO's. While the law states that CSOs can express and promote their views on issues of interest, launch initiatives, and participate in public opinion formation and policymaking, some of its regulations could potentially restrict these freedoms.

This legislation provides limited protection to individuals and groups against third-party interference. Key institutions responsible for this protection include the Commission for Protection Against Discrimination⁵, the Ombudsman⁶, the police, the judiciary, and the public prosecution. However, the Commission for Protection Against Discrimination was largely inactive throughout the year.

CSOs can choose to dissolve voluntarily through a resolution of their highest governing body. The law outlines specific scenarios in which organizations must dissolve and provides grounds for involuntary termination, such as violation of statutes or laws, which is in line with international standards.

⁴ https://dksk.mk/wp-content/uploads/2021/06/Adopted-Law-on-Lobbying_en.pdf

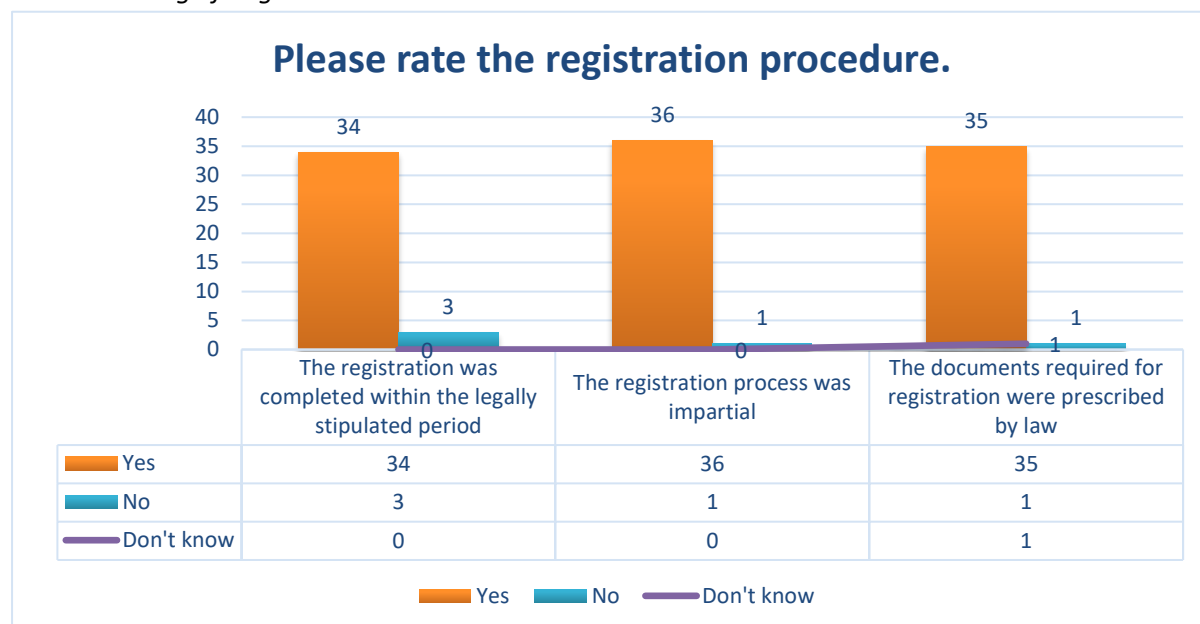
⁵ <https://kszd.mk/>

⁶

https://ombudsman.mk/%D0%9F%D0%BE%D1%87%D0%B5%D1%82%D0%BD%D0%B0/%D0%97%D0%90_%D0%9D%D0%90%D0%A1/%D0%9D%D0%B0%D0%B4%D0%BB%D0%B5%D0%B6%D0%BD%D0%BE%D1%81%D1%82.aspx

There have been a few reported cases of state interference in CSOs' internal affairs, as revealed by surveys. State interference in the registration process of civil society organizations was noted when the authorities reject or delay an application based on the organization's chosen name, claiming it does not comply with legal requirements.

Chart 2: Rating of Registration Procedure



1.1.3. Seeking and Securing Financial Resources

CSOs in North Macedonia are permitted to earn income through economic activities. The Law on Associations and Foundations (LAF) outlines that any income generated by CSOs should be used to fulfil their stated goals, which includes regular organizational activities and payroll costs. These economic activities are further governed by various other laws, such as those concerning labour, taxation, contracts, payment operations, and foreign exchange. These activities may include providing services, selling products, organizing events, or charging membership fees. However, while this legal framework offers opportunities for CSOs to diversify their funding, there are several challenges that can make earning private income burdensome in practice.

Regarding funding from individuals, corporations, or other domestic sources, CSOs in North Macedonia face no restrictions, they do have access to banking and financial services, but they face notable challenges that can limit their ability to fully utilize these services. While the legal framework allows CSOs to operate bank accounts and access financial tools, several practical issues complicate their experience with the banking sector. CSOs that receive funding from international sources or engage in cross-border activities may encounter additional challenges. International transactions can be delayed or flagged for further investigation due to the AML/CFT protocols. This can affect the timely implementation of projects that rely on foreign donations, grants, or partnerships.

While CSOs are allowed to engage in economic activities, they often struggle to access credit and loans from traditional financial institutions. Banks are generally hesitant to lend to CSOs due to perceived

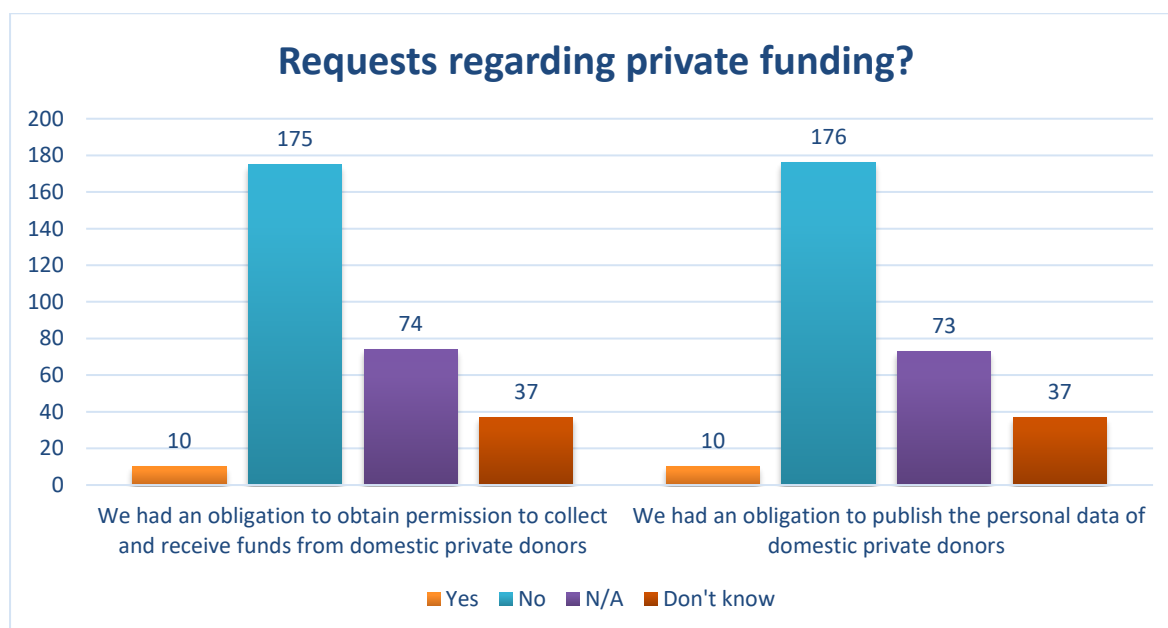
risks, lack of collateral, or uncertainty about the organization's ability to generate income. This limits CSOs' capacity to invest in growth, expand their operations, or finance long-term projects.

However, the CSO community has been awaiting changes to the Law on Donations and Sponsorships in Public Activities⁷ for years. Although the process to amend this law officially started in 2022, it has not yet led to any proposed changes or enactments by 2023.

The proposed amendments to the Law on Donations and Sponsorships in Public Activities are expected to bring several positive developments that could significantly benefit CSOs. These changes are anticipated to improve the legal and financial environment for CSOs, particularly in terms of attracting donations, accessing sponsorships, and enhancing financial sustainability. These changes will enhance incentives for donors, clarify the legal framework, reduce bureaucratic hurdles, and encourage transparency, ultimately strengthening the financial sustainability of CSOs and their ability to contribute to public-interest activities.

The survey showed that only a small number of CSOs had an obligation to obtain permission to collect and receive funds from domestic and private donors and publish the personal data of donors.

Chart 3: Requests Regarding Private Funding



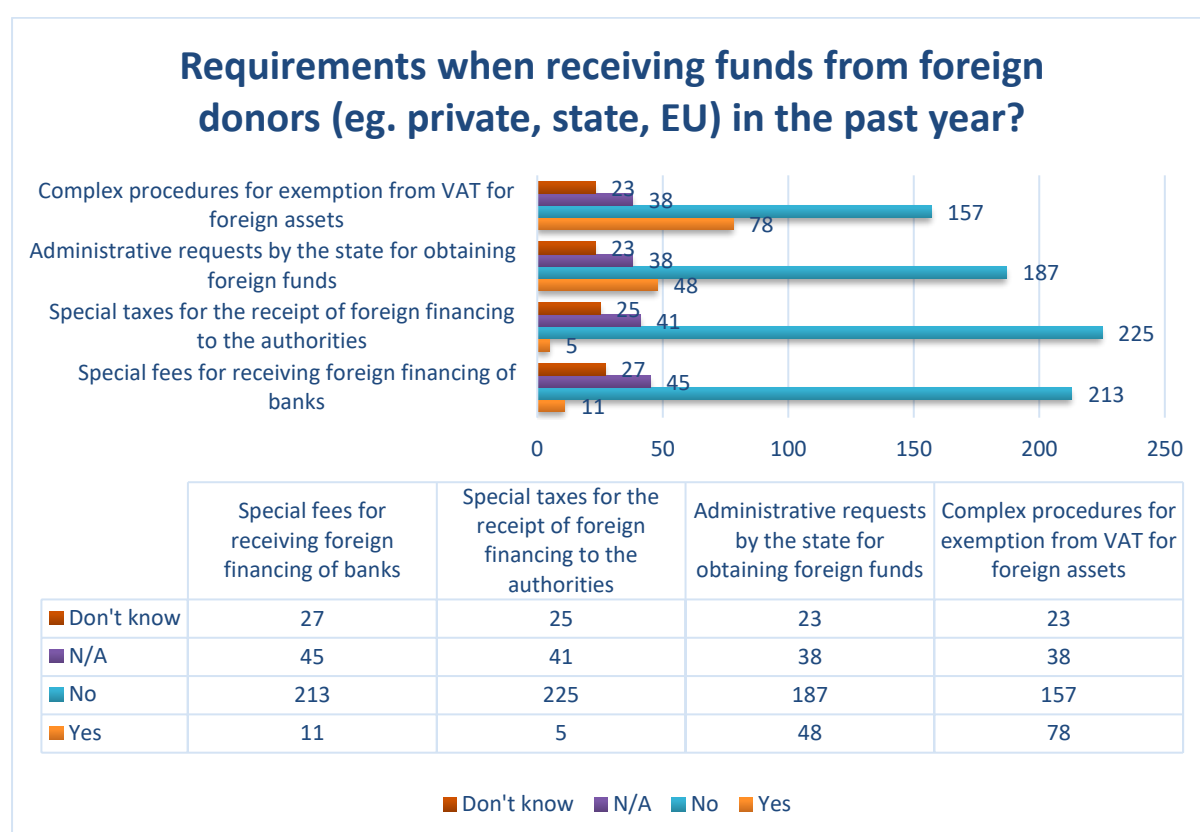
With the continuous and concerning decline in state funding for CSOs, CSOs primarily rely on foreign funding. Most CSOs still count on foreign donors as their main source of financial support. However, there are persistent challenges when it comes to obtaining foreign funds. For example, CSOs must

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http://www.ujp.gov.mk/files/attachment/0000/0817/Zakon_za_donacii_i_sponzorstva_vo_javnite_dejnosti_153_od_04.09.2015.pdf

register with a state body to receive foreign funds, and the procedures for VAT exemption are complicated, involving long waits for project registration, manual processes limited to the capital city, and a lack of clarity for businesses and CSOs regarding these processes. Furthermore, there are additional hurdles such as the requirement to open special bank accounts and an inability to seek guidance over the phone. These complexities can delay project implementation and create significant bureaucratic obstacles for CSOs.

Chart 4: Requirements Regarding Private Funding



According to the poll, when collecting foreign donations civil society organisations are faced with complex procedures, such as tax exemption requirements, or burdening administrative requests, which impede CSOs' ability to operate. While CSOs in North Macedonia are permitted to earn income through economic activities, the process can be burdensome due to complex legal, tax, and administrative requirements. Limited resources and capacity, along with potential reputational risks, further complicate the ability of CSOs to generate sustainable private income. To alleviate these burdens, simplifying the regulatory framework, providing targeted training, and offering clearer legal guidance on economic activities for CSOs would help organizations thrive while maintaining their non-profit missions.

1.2. Related Freedoms

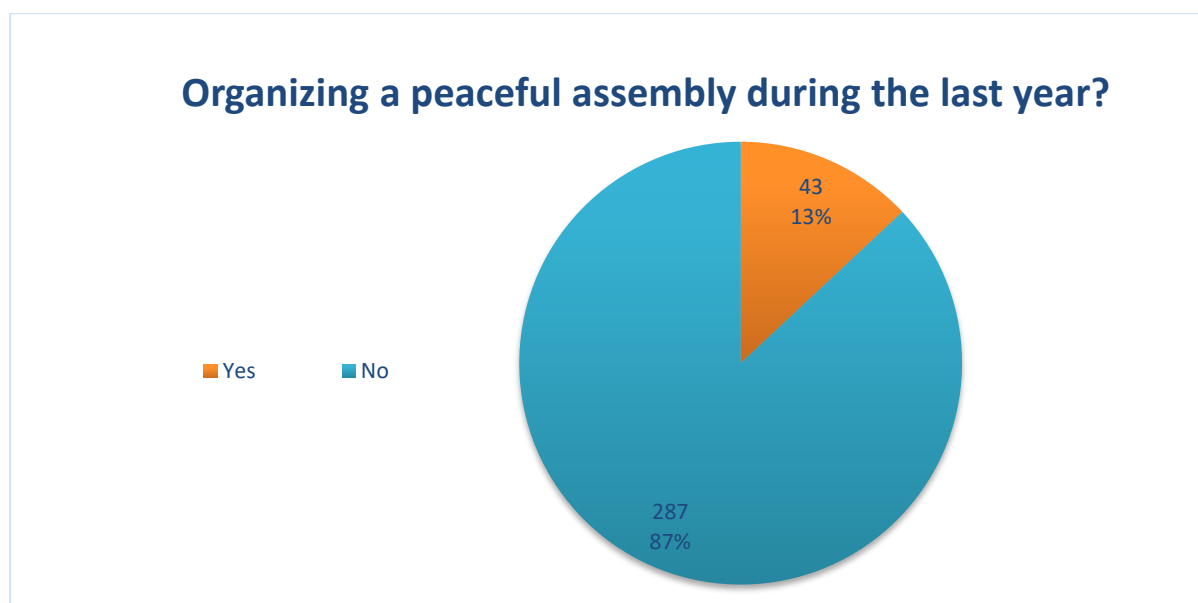
1.2.1. Freedom of Peaceful Assembly

The Constitution provides guarantees for exercising the right to freedom of assembly, and the key law is the Law on Public Assemblies (LPA), according to which the citizens have the right to spontaneous, simultaneous and counter assemblies, with no prior notice requirement. The LPA provides for clearly listed limitations on the places of gathering.

The LPA has certain shortcomings which were not improved during 2023: the obligations and responsibilities of the organizer of the rally are not clearly defined, there are high fines for the organizer in case of damages, and foreigners need to ask for approval to be able to gather with severe penalties for non-compliance with the provisions. In 2023, the use of police force, police protection, and media access to assemblies continued to be topics of significance, particularly regarding the balance between maintaining public order and safeguarding citizens' rights to peaceful protest and free press.

Any major challenges in 2023 regarding the exercise of freedom of peaceful assembly in practice were not detected. As per the survey results, a significant majority 87%, indicated that they did not organize a peaceful assembly in the past year.

Chart 5: Organizing peaceful assembly



According to the records of Ministry of Internal Affairs in 2023 and the Report of the General Secretary office, a total number of 486 announced and 161 unannounced public gatherings were recorded, also 11 gatherings were announced but were not held. Compared to 2022, we see a 49% increase in the ratio of announced public gatherings versus those unannounced.

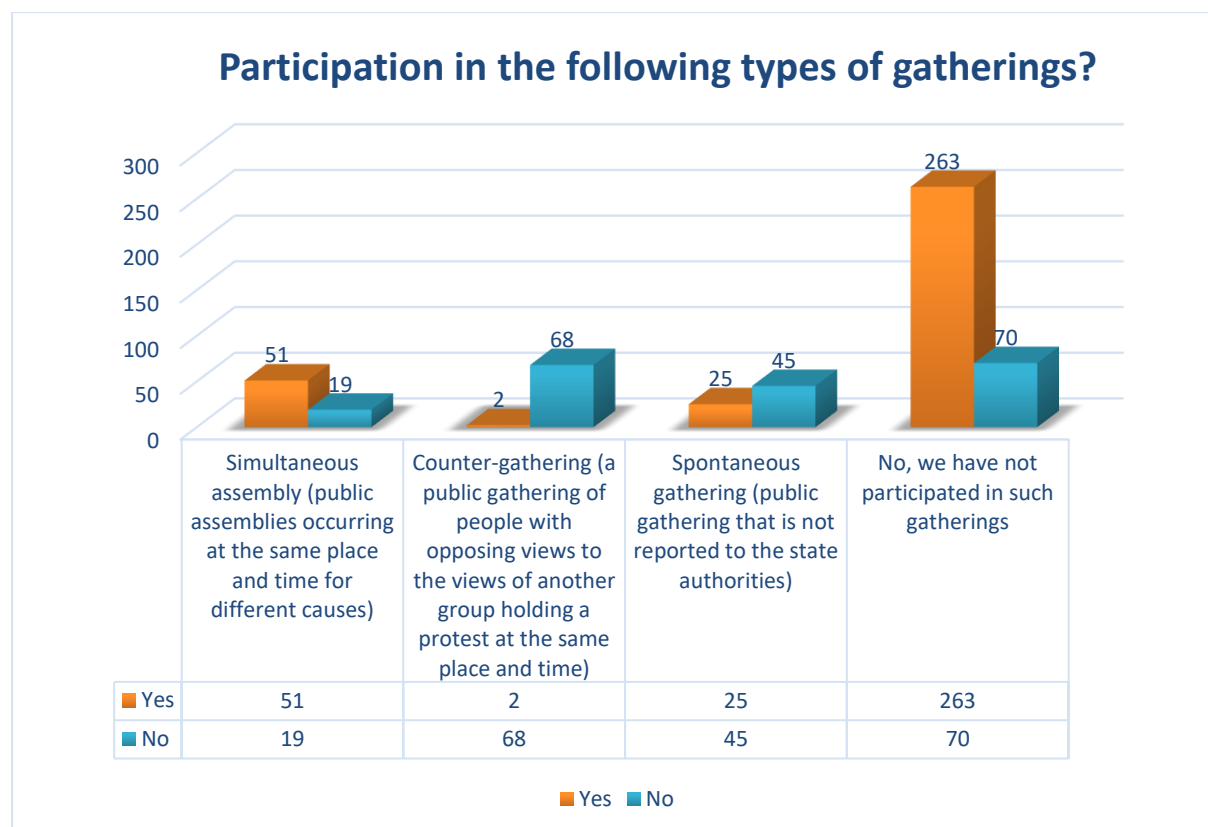
Gatherings and protests in North Macedonia in 2023 took place across various regions, often occurring in diverse locations that involved almost all special interior sectors within the Ministry of Internal Affairs. These gatherings were not restricted to the capital, Skopje, but spread across different cities and municipalities, reflecting the range of issues that mobilized public demonstrations,

from political dissatisfaction to social and economic grievances. In 2023 most announced and unannounced gatherings were held in Skopje.

Similar to organizing assemblies, the majority of respondents 263 reported not having participated in any types of gatherings. However, 70 respondents indicated that they have participated in some form of gathering. Out of those 70, a significant number of respondents 51 have participated in simultaneous assemblies, where multiple public assemblies occur at the same place and time for different causes. 25 respondents have participated in spontaneous gatherings that were not reported to state authorities, while participation in counter-gatherings is minimal, with only 2 respondents indicating such involvement.

This data indicates varied levels of participation in different types of public gatherings, yet the most significant portion of the respondents reported not participating in any gatherings at all.

Chart 6: Participation in public gatherings



1.2.2. Freedom of Expression

The legal framework in North Macedonia ensures the right to freedom of expression for all. Freedom of expression is protected by several legal documents, including the Constitution, the Law on Media⁸, the Law on Broadcasting Activity, the Law on Civil Liability for Insult and Defamation⁹, and the Law on Free Access to Public Information¹⁰. CSOs involved in promoting human rights and democracy are permitted to express their opinions and engage in advocacy without restrictions.

Although the constitution protects freedom of speech and prohibits censorship, North Macedonia has not yet aligned its media laws with European Union standards, which is a key objective for the country's EU accession aspirations. The misuse of the Law on Civil Responsibility for Defamation often results in judicial abuse, prompting self-censorship, especially in the media. Lawsuits are frequently used to intimidate and exert pressure on independent media. Additionally, a proposed bill to reintroduce government advertising in private media has sparked concerns about potential corruption and undue influence.

Despite active participation by the media and civil society in public discourse, journalists and activists continue to experience pressure and intimidation. The Association of Journalists documented 14 incidents involving journalists¹¹, including four cases of physical assault or unlawful detention, and 11 instances of verbal abuse, threats, and other forms of intimidation.

Notable is the court ruling on a defamation case against the civil society organization "Investigative Reporting Laboratory" (IRL) raised concerns regarding freedom of association and freedom of expression. The case involved a documentary produced and broadcast by IRL that investigated alleged corruption by high-ranking officials in the construction of modular hospitals during the COVID-19 crisis. The documentary claimed that substandard materials were used, leading to the tragic loss of 14 lives in a fire at the Tetovo modular hospital. In the ruling, the judge argued that the right to privacy outweighed the right to free speech and even questioned IRL's status as a media outlet, suggesting that the journalist involved was merely posing as an investigative journalist. This decision has sparked debate about the balance between privacy and free expression in the context of journalistic work.

It is clear that the media environment is affected by strong political polarization, which can lead to pressure from authorities, politicians, and business interests. The two major political parties—those in power and in opposition—have established their own parallel media networks where they wield

⁸ https://avmu.mk/wp-content/uploads/2017/05/LAW_ON_MEDIA_as_published_in_the_Official_Journal.pdf

⁹ <https://mdc.org.mk/wp-content/uploads/2014/05/%D0%97%D0%B0%D0%BA%D0%BE%D0%BD-%D0%B7%D0%B0-%D0%B3%D1%80%D0%B0%D1%93%D0%B0%D0%BD%D1%81%D0%BA%D0%B0-%D0%BE%D0%B4%D0%B3%D0%BE%D0%B2%D0%BE%D1%80%D0%BD%D0%BE%D1%81%D1%82-%D0%B7%D0%B0-%D0%BD%D0%B0%D0%B2%D1%80%D0%B5%D0%B4%D0%B0-%D0%B8-%D0%BA%D0%BB%D0%B5%D0%B2%D0%B5%D1%82%D0%B0-1.pdf>

¹⁰ <https://aspi.mk/wp-content/uploads/2021/02/Law-on-free-access-to-public-information.pdf>

¹¹ <https://znm.org.mk/povreda-na-novinari/>

significant political and economic influence. Meanwhile, the public broadcaster struggles with a lack of editorial and financial independence.

Despite all of the above the 2023 World Press Freedom Index by Reporters Without Borders (RSF), North Macedonia ranked 38th out of 180 countries, climbing 19 spots from its 2022 ranking. North Macedonia also ranks highest among the Western Balkan countries.

Chart 7: The right to free expression



The table illustrates respondents' experiences with pressure and repercussions related to critical speech and advocacy activities.

A minority of respondents (7%) have experienced pressure for making critical remarks against the government or private entities, while a large majority 86%, have not felt such pressure. Regarding pressure on advocacy activities aimed at state policies, only 4.5% respondents reported experiencing it, contrasted with 89% of the respondents who did not feel any such pressure. When it comes to prosecution for critical speech, a small number of respondents 3% have faced legal action, whereas the majority 91% have not. Sanctions for critical speech were reported by just 1.9% of the respondents, while 94% of the respondents have not faced any sanctions.

The data reveals that while a significant majority of respondents have not faced direct pressures, prosecutions, or sanctions for critical speech or advocacy activities, a notable number have experienced such pressures, leading to instances of self-censorship with 9.5%. This trend underscores the subtle yet impactful presence of pressures affecting free expression and advocacy efforts.

1.2.3. Open, Safe and Secure Civic Spaces

The legal framework contains certain guarantees against illegal monitoring of communication channels. There were no significant developments to the sustainability and quality of journalism. The challenges regarding the rise of fake news and disinformation on social media remains even though, in accordance with NATO standards and protocols, the memorandum on cyber security has already been completed. A register of professional online media, consisting of around 70 members, is active but that is not enough to solve the challenges.

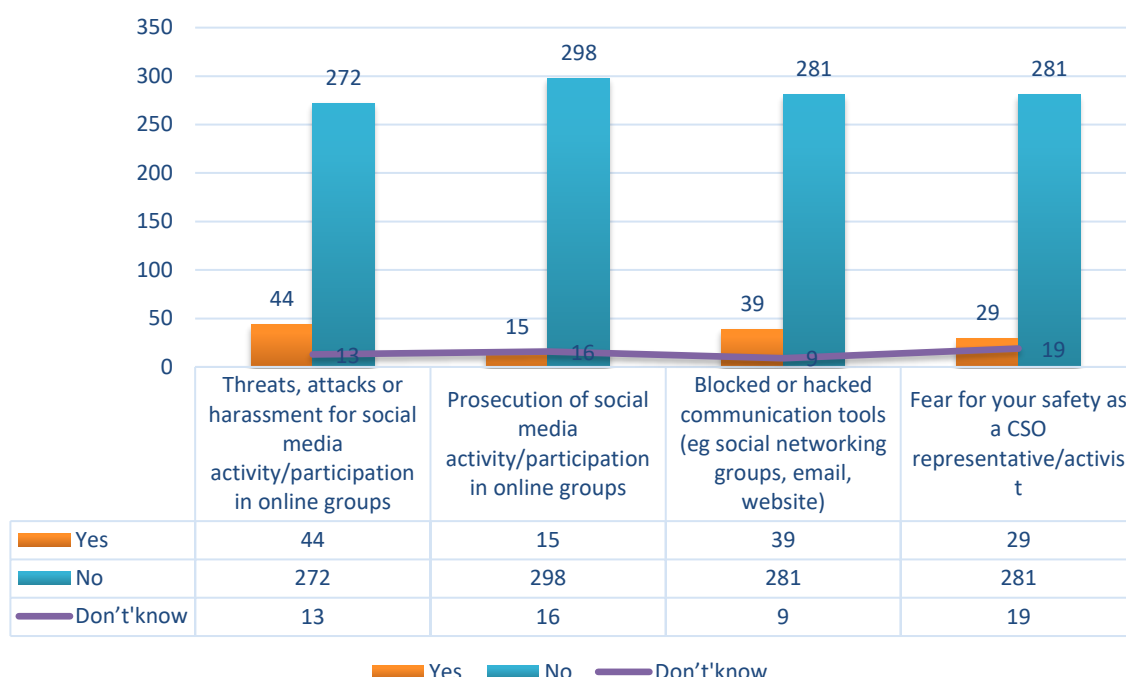
Open, safe, and secure civic spaces are essential for ensuring that CSO's and individuals in general can actively participate in democratic processes, express their opinions freely, and engage in public discourse without fear of harassment or persecution online and offline. CSOs continue to be protected from discrimination under the Law for the Prevention of Discrimination, which applies to legal entities. The state of civic spaces reflects both opportunities and challenges in the context of its democratic development, civil society engagement, and stability.

Media continues to be used by CSOs to advocate for certain issues, raise awareness, and generally, to present their work and contribute to the debate. Certain CSOs and think-tanks have been continuously recognized by traditional media outlets, as CSO representatives are regularly invited to TV debates and informative programs. Also the Internet Podcasts are becoming a trend of information and media output. While there are independent media outlets in North Macedonia, the media landscape has faced challenges related to political interference, ownership concentration, and disinformation. These challenges can restrict access to unbiased information, which is crucial for informed civic engagement. Journalists in North Macedonia have at times faced harassment or legal challenges for their reporting.

In February 2023, amendments to the Criminal Code were adopted by the Parliament, providing prosecutors and judges with the legal authority to treat attacks on journalists as equivalent to assaults on public officials. This allows for severe penalties for threats and attacks on journalists. Journalists in North Macedonia do not operate in a hostile environment, the widespread presence of misinformation and a lack of professionalism has contributed to declining public trust in the media. This has made independent outlets more vulnerable to threats and attacks. Additionally, government officials continue to exhibit dismissive and demeaning attitudes toward journalists. In 2023, courts continued their practice of withholding detailed information about legal proceedings, including cases involving attacks on journalists. Institutions work in slow and inefficient environment and responses in addressing severe death threats, with law enforcement showing limited initiative in resolving these cases.

Chart 8: Facing attacks or harassment

Have you or your organization faced any of the following situations?



The table above captures data regarding civil society representatives' and activists' experiences related to online activities and security.

The fact that 44 respondents reported being subjected to threats, attacks, or harassment for their social media activity or participation in online groups signals a troubling environment for free expression. Online platforms have become crucial spaces for advocacy, activism, and civic engagement, especially for marginalized voices. However, the presence of threats and harassment deters open dialogue and discourages individuals from voicing their opinions or participating in public discussions. A smaller, but still significant, number of respondents (15) reported being prosecuted for their social media activity or participation in online groups. This is alarming, as it suggests that legal measures are being used against individuals for engaging in civic or political discourse online. The blocking or hacking of communication tools, such as social networking groups, email accounts, or websites, was reported by 39 respondents. This represents a serious violation of digital rights and can severely disrupt the ability of civil society organizations (CSOs) and activists to function effectively. The fact that 29 respondents reported fearing for their personal safety as CSO representatives or activists highlights a deeply concerning issue. Activists play a crucial role in advancing human rights, social justice, and democracy, but their work often places them at risk.

The data suggests that while many respondents do not experience these threats, a significant portion of civil society members face serious risks in carrying out their activities. These risks create an environment where the full exercise of civic freedoms is not guaranteed. The cumulative effects of threats, legal prosecutions, hacked communications, and personal safety fears create a precarious situation that threatens to weaken civic participation.

Area 2: Framework for CSO Financial Viability and Sustainability

2.1. Tax/fiscal treatment for CSOs and donors

2.1.1. Tax benefits

When it comes to fiscal treatment of CSOs, in 2023 there were no significant improvement of the position. There were no changes regarding the provisions concerning CSOs. Namely, CSOs are not subjects to the Law on Profit Tax and the new Law on Personal Income Tax exempts them in respect of the compensation paid to volunteers, all accommodation, food and transportation costs for attendees of events organized by the CSOs, as well as travel expenses for attending educational activities and events by educational institutions and organizations abroad.

Despite the legal framework allowing for tax deductions on both individual and corporate donations, there are still limitations on the amount that can be deducted. In 2023, corporations can deduct up to 5% of their taxable income for donations made to qualifying public benefit purposes, but this deduction is capped at €60,000. Similarly, individuals can deduct up to 20% of their taxable income, with a maximum deduction of €400. Due to these caps, along with burdensome administrative procedures and documentation requirements, donation levels from both individuals and corporations remain low.

Under current regulations, both the donor and the recipient must submit the same documentation to the tax authorities, adding unnecessary complexity and burden for both parties. To address these challenges, the Technical Assistance Project¹² for Improving the Enabling Environment for Civil Society Development in North Macedonia supported a working group in 2022 and 2023. This group is preparing amendments to the Law on Sponsorship and Donations, aiming to resolve these issues. The amendments are expected to be adopted in 2024.

VAT exemptions are the most used tax exemptions by CSOs. Grants and donations from foreign donors are also VAT exempted, with the precondition of registering the project in the Central Donor Assistance Base led by the Secretariat of European Affairs (SEP). The application for registration of projects in SEP is submitted electronically in 2023, however, the process takes a long time. A good thing is that organizations that are not from Skopje do not have to travel to Skopje just to file the request in the archive and can do it electronically. The survey indicates that many organizations are unaware of the tax benefits available to them, while others acknowledge that they have not taken advantage of these benefits.

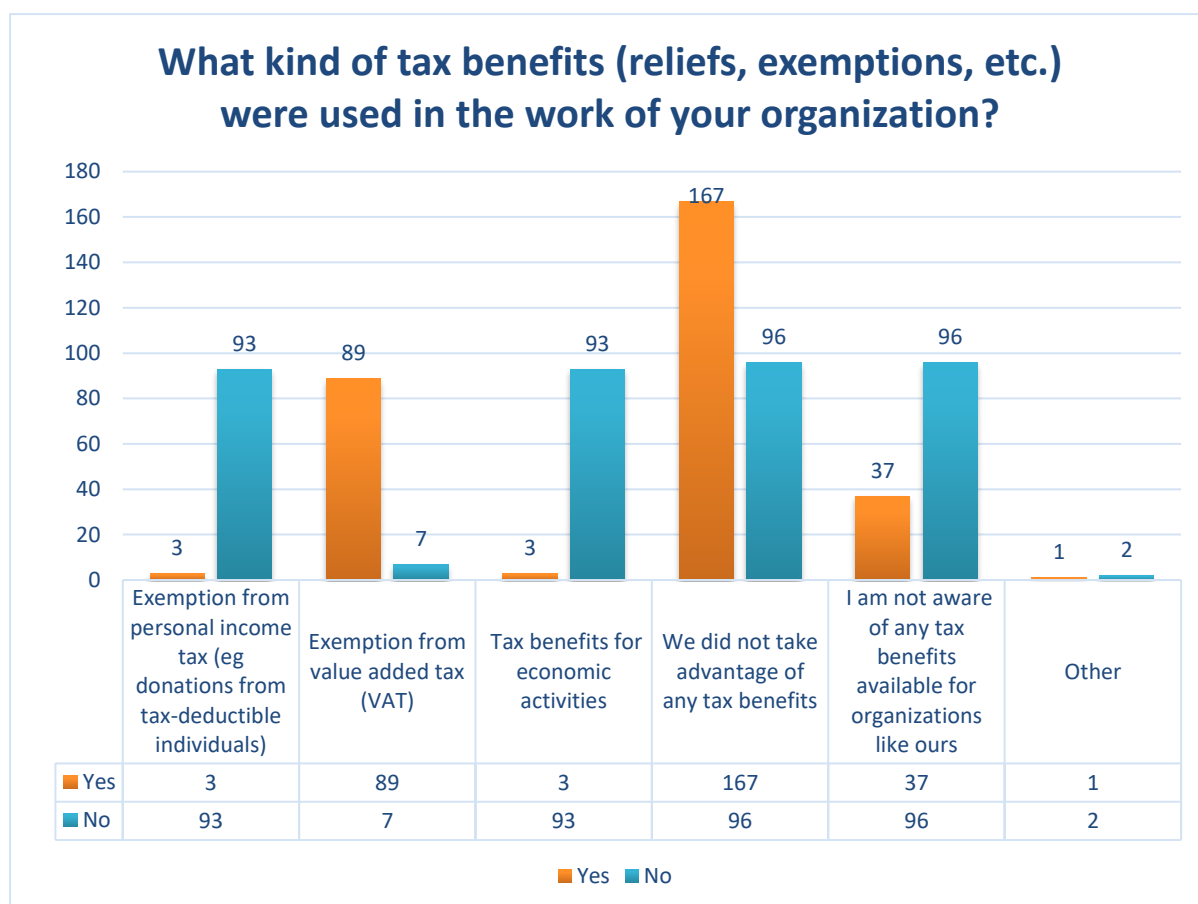
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¹² <https://eu4cr.mk>

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Chart 9: Tax benefits



2.1.2 Incentives for individual and corporate giving

The Law on Donations and Sponsorships in Public Activities (LDSPA) remains the key legislation in North Macedonia for individual and corporate giving, offering tax incentives for such contributions. However, in 2023, a draft law was drafted to amend the Law on Donations and Sponsorships, and in January 2024, this draft law was submitted to ENER for consultation with the public. There is a working group that worked on the drafting of this law, which includes civil society organizations. The slow pace of reform means that the law has yet to provide a significant boost to social responsibility among businesses and individuals, limiting their motivation to engage more actively in community-based activities.

Individual and corporate giving is still not widely practiced, particularly toward the civil sector, and the administrative processes for tax incentives remain unsupportive. Moreover, the issue of public

benefit status (PBO) for CSOs remains unresolved. Six CSOs have attained PBO status, indicating that this designation holds little relevance for both CSOs and the state.

Social entrepreneurship presents a key opportunity for CSOs to contribute to socio-economic development. A major step in this direction is the adoption of the National Strategy for the Development of Social Enterprises in the Republic of North Macedonia (2021-2027). This strategy, along with its Action Plan, includes a provision for assessing the need for specific legal regulations on social entrepreneurship and in 2023, a draft Law on Social Enterprises was prepared, and it has been submitted to ENER for public consultation in November 2023.

An aspect with potential for growth is corporate social responsibility (CSR), which could drive increased corporate giving. The Government still sees CSR as a relevant concept, and the Ministry of Economy has adopted a Mid-term Strategy for CSR (2019-2023), focusing on a comprehensive approach to promoting and enhancing CSR within the business community. The action plan for this strategy involves 54 CSOs as implementers of various measures and activities. This strategy includes an action plan with various measures designed to boost CSR activities, and it identifies civil society organizations (CSOs) as key implementers for some of these activities.

The strategy reflects the Government's commitment to fostering a business environment where companies are encouraged to contribute to the social good, not only through financial donations but also by engaging in activities that benefit society and the environment. By involving CSOs in implementing these measures, the strategy aims to create a collaborative approach where businesses, civil society, and the government work together to advance social responsibility and promote sustainable business practices.

Overall, while there are frameworks in place to encourage social responsibility cross sector cooperation between CSOs and the private sector, there is still considerable work to be done to create a more supportive environment for individual and corporate giving, improve public benefit status for CSOs, and ensure that tax incentives and administrative processes are conducive to encouraging philanthropy and community involvement.

2.2. State support

2.2.1. Availability of public funding

Public funding continues to be a major challenge for CSOs in North Macedonia, with the legal framework governing state support for CSOs showing no improvement throughout 2023. A comprehensive public funding reform, expected to be implemented in 2020 as part of the Government's strategy, had not materialized by the end of 2023.

CSOs have voiced concerns about the limited amount of financial support and the lack of transparency and accountability in the distribution process. The budget allocation mechanism for CSOs remains decentralized, and the main budget expenditure line designated for CSOs, labelled "463 - Transfers to Non-Governmental Organizations," continues to cause confusion. This is because a significant portion of this funding goes to political parties and sports clubs, leading to uncertainty about the actual amount available for CSOs. This lack of clarity is exacerbated by the absence of public access to detailed budget information, including the funds allocated to various sub-items, as published by the Ministry of Finance. Furthermore, other budget lines, such as "464 - Various Transfers," are used by different state institutions to allocate funds, adding to the complexity.

Within, the budget item 463-Transfer to NGOs, according to the data provided by state institutions (excluding local self-government) a total amount of 312.518.473 MKD (approx. 5 million EUR) was distributed as financial support for NGOs in 2023.

The proportion of state funding in the total revenue of CSOs remains low, at around 3%. The Government's Strategy for cooperation with CSOs aims to gradually increase this share to 30%, but there has been little progress toward achieving this goal. Moreover, there is a significant lack of institutional support for the development of CSOs and for co-financing projects funded by other donors, which is crucial for initiatives that positively impact citizens and local communities.

The European Commission's annual reports on North Macedonia consistently highlight the constructive role of the civil society sector in supporting democratic processes and providing checks and balances on state power. However, these reports also underscore that state financial assistance to the civil society sector is insufficient and lacks clear, transparent criteria for selecting projects to support. This situation limits the further development of the civil society sector and forces CSOs to rely heavily on foreign donors.

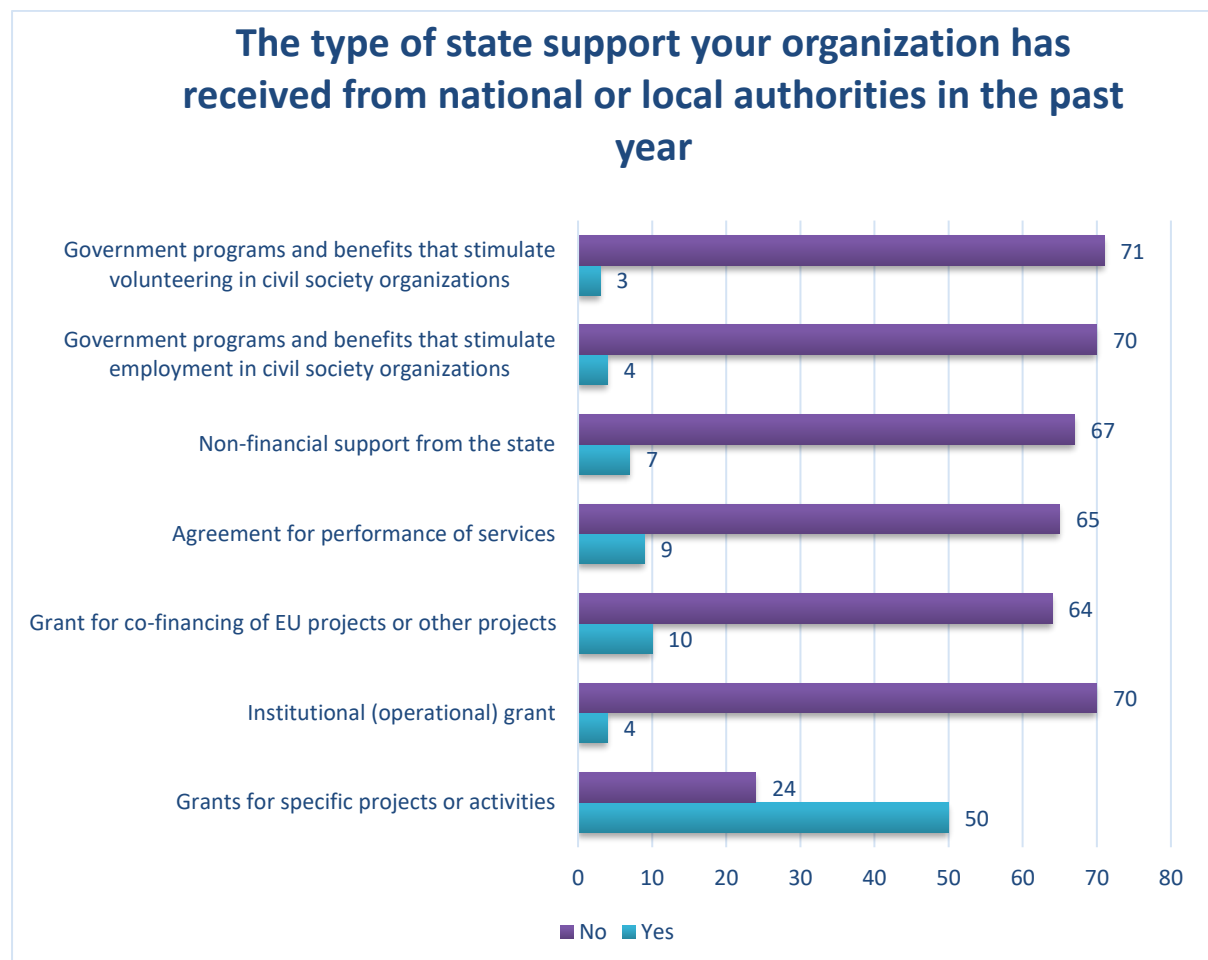
The prescribed procedures for CSOs' participation in all phases of the public funding cycle are flawed. Although the Code of Good Practices outlines clear steps for applying for and implementing projects by CSOs, it lacks provisions for consultations over funding priorities and does not involve CSOs in the project selection, monitoring, or evaluation processes. The Council, within its mandate, provides recommendations for planning and defining specific priorities for financing activities from the state budget, but its influence appears limited.

State funding remains nearly invisible as a source of income for CSOs, and only a few organizations benefit from it. The scarcity of public funding is a significant barrier for CSOs, limiting their ability to

operate and deliver impactful services to the community. This ongoing funding issue threatens the sustainability and growth of the civil society sector in North Macedonia.

The table provides information on the types of support CSOs in North Macedonia receive.

Chart 10: State support



The data highlights that while grants for specific projects or activities are relatively common, other types of support—especially institutional grants, government benefits for employment, and volunteering—are less prevalent in the civil society sector. This indicates a need for broader and more diverse funding and support mechanisms to strengthen CSOs in the country.

2.2.2. Distribution and Transparency of Public funding

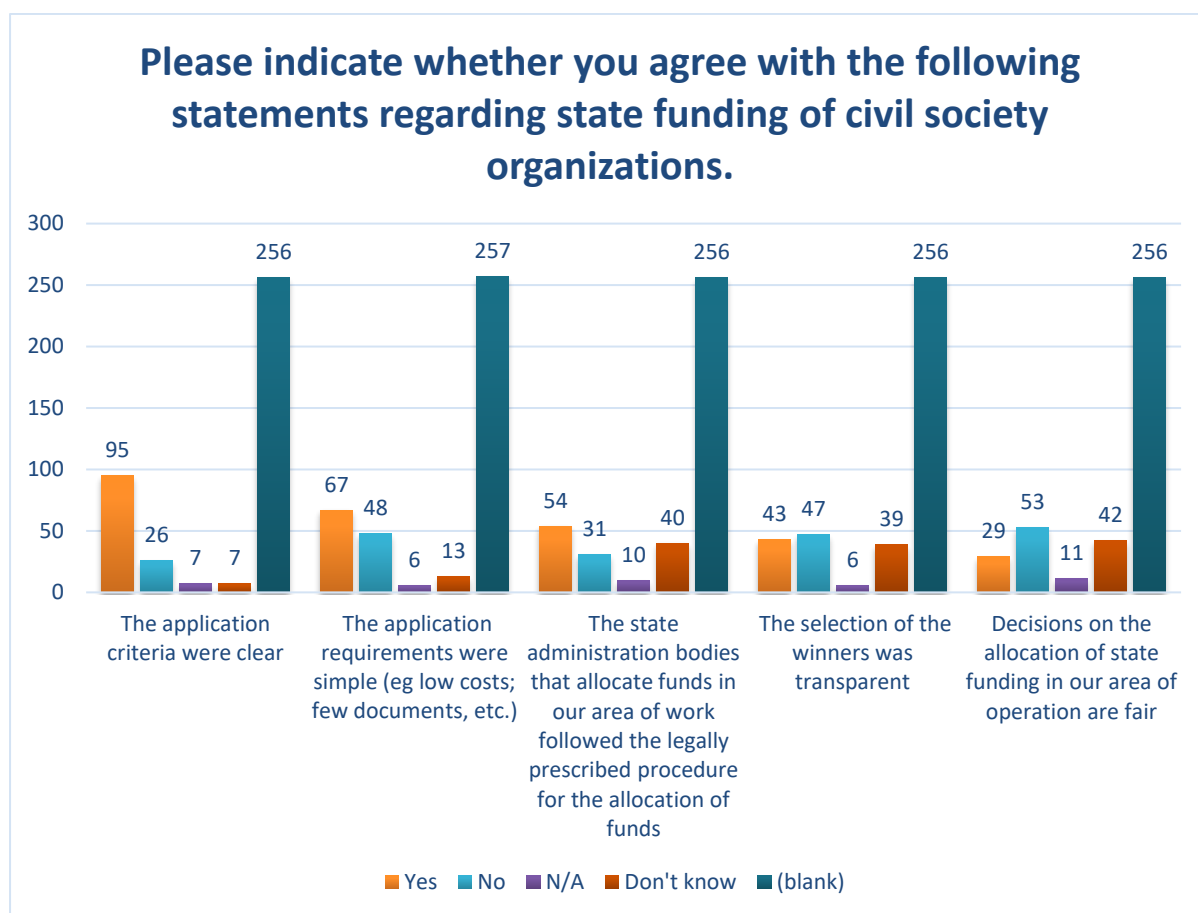
In 2023, there was no progress in the preparation of a law to standardize the procedure of allocation of public funds, although this was also foreseen in the Strategy. Numerous legal acts contain provisions on different parts of the process for the distribution of public funding. Provisions on announcing the grant procedure are included in the Law on Execution of Budget, Law on Environment, Law on Culture and more specifically when it comes to publishing an open call for a specific type: Law on Sports, Law on Games of Chance and Entertainment Games, Law on Social Protection.

Furthermore, various legal acts prescribe the grounds for establishing expert bodies (commissions, council) and for assessing and deciding on applicants, but fail to provide sufficient details. The majority of state institutions that allocate funds to CSOs fail to provide publicly available information on the procedures for funding and information on funded projects or cover only basic details. The Unit for cooperation with NGOs sets a good example by publishing more detailed information on the financial support provided to CSOs through the General Secretariat of the Government.

A problematic issue is the criteria by which organizations that receive state funding are selected. One of the criteria in the public announcement is having implemented projects with other organizations or institutions in the last 3 years. Yet, some of the selected organizations were established less than three years ago. Going beyond the competences of the Ministry of Political System brings into question the knowledge and capacity, i.e. the qualifications of the persons who allocate and distribute the funds, because if funds are allocated that do not fall within the competences of that system, the logical question is how they will monitor those programs.

In the meantime, the non-governmental sector complained that the interdepartmental body Council for Government Communication with Civil Society is dysfunctional after the transfer of budget funds to the General Secretariat of the Government to determine which CSO projects will receive money from the state budget.

Chart 11: State funding for civil society organizations



The survey confirmed the concerns about fairness and transparency of the distribution of the funds. Negative perceptions regarding fairness and transparency are more prominent, highlighting areas that need attention. By addressing these issues, the state administration can improve perceptions and increase confidence in the application and allocation process for state funding.

2.2.3. Accountability, M&E of public funding

In 2023, there were no notable improvements regarding accountability, monitoring, and evaluation of public funding for CSOs in North Macedonia. Certain legal acts outline basic accountability measures, but their implementation remains weak. According to the Law on Budget, every budget expenditure and transfer must be supported by credible accounting documentation. The Law on Associations and Foundations (LAF) mandates that when CSOs receive public funds, they must submit financial reports to the relevant state institution. Additionally, various regulations require that CSOs submit a report within one month of project completion.

However, the legislation lacks specific and proportionate sanctions for CSOs that misuse public funds. The Criminal Code treats the legal representatives of CSOs as public officials, applying the same penalties for misuse of public funds as for government officials. The Code of Good Practices does not recommend specific sanctions but emphasizes regular monitoring of fund usage, with a requirement to return funds to the institution in case of failure to meet contractual obligations. In practice,

monitoring is infrequent and often serves more to inform the Government than to ensure compliance or accountability. Field visits are also rare, reducing the effectiveness of oversight.

This lack of consistent monitoring and the absence of specific sanctions for CSOs that misuse funds create a weak accountability framework. Consequently, there is an increased risk of misuse or mismanagement of public resources, and the lack of clear consequences may hinder the proper use of public funding. This environment underscores the need for more rigorous accountability measures, regular monitoring, and clear sanctions to ensure transparency and proper use of public funds. Without these improvements, public trust in the allocation and use of public funding for CSOs may remain low, affecting the sustainability and credibility of the civil society sector in North Macedonia.

2.2.4. Non-financial support to CSOs

North Macedonia's legislation outlines the conditions for providing non-financial support to CSOs. The Law on Usage and Disposal of Government Owned Items¹³ is the primary regulation governing this area, allowing government bodies to allocate movable and immovable property to CSOs based on a government decision. This property can be given with or without compensation, and CSOs can obtain rights to use or even own real estate on a temporary or permanent basis. Additionally, CSOs are permitted to use movable items owned by the government under similar terms.

However, the legislation still lacks clear criteria for the transparent allocation of non-financial support to CSOs. This absence of specific guidelines creates uncertainty about how government bodies decide to grant property or other non-financial resources to CSOs and may lead to inconsistent practices. The lack of transparency can raise concerns about fairness and accountability in the process. Without clear criteria or open processes, there is a risk that government support may be granted to organizations based on personal or political connections rather than merit or impact. For instance, certain CSOs might receive grants or resources because they have ties to politicians or influential figures, leaving others, possibly more deserving or effective, out of the loop. When selection processes are not transparent, it creates an uneven playing field. CSOs that are not "in the know" or lack connections may be at a disadvantage, despite having stronger projects or being more aligned with public interests. This limits innovation and the ability of new or marginalized organizations to thrive. When support is distributed without transparency, funds or resources might go to organizations that do not have the capacity to implement projects effectively, or whose projects do not align with broader social needs. This can result in wasted public funds and missed opportunities for meaningful social change.

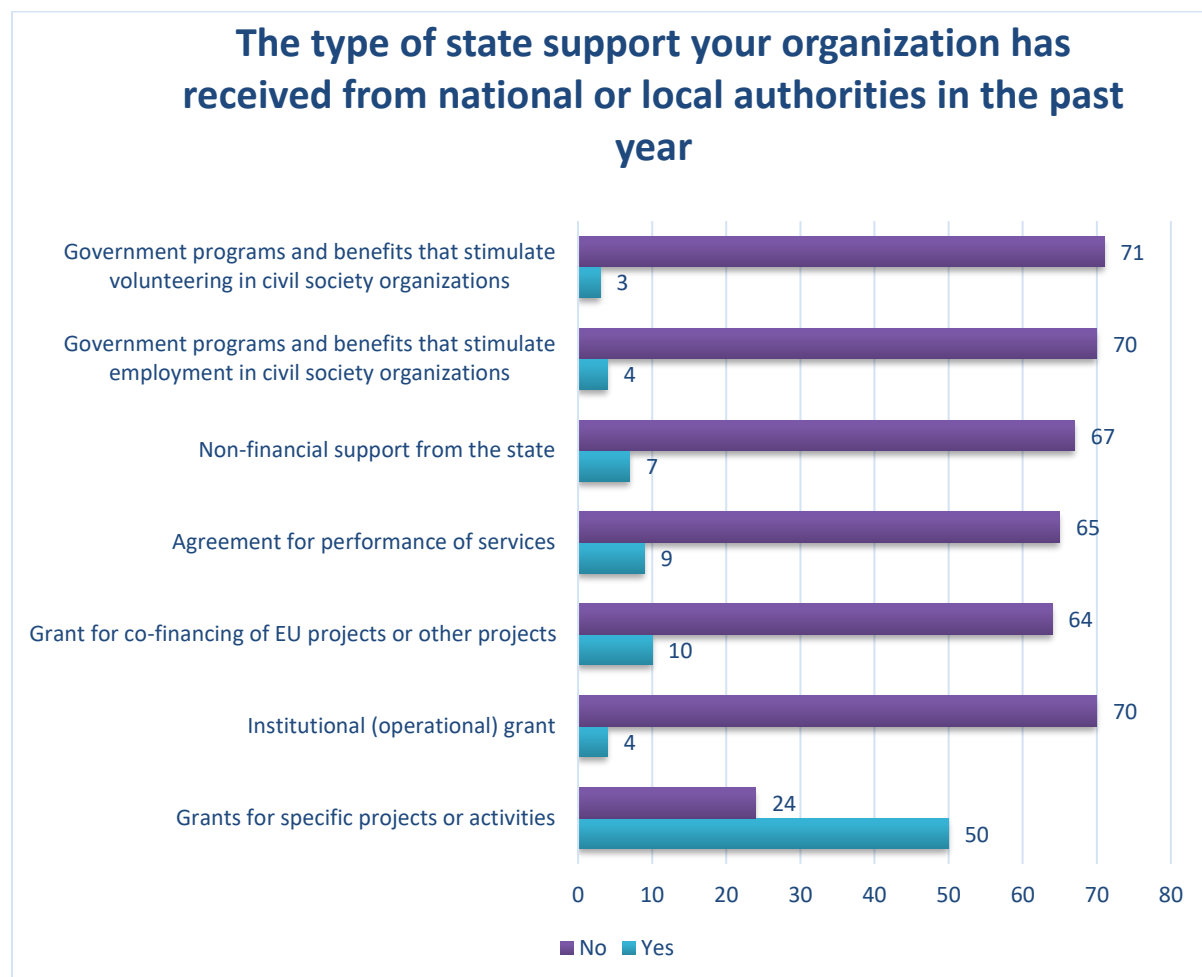
Furthermore, the Law on Local Self Government allows municipalities to transfer ownership of property through public auctions, which adds another layer of complexity. This provision indicates that local governments have the discretion to sell property, potentially limiting the availability of non-financial resources for CSOs.

Given these factors, there is a need for more explicit guidelines and criteria to ensure transparency and accountability in the allocation of non-financial support to CSOs. Clearer rules would help prevent

¹³ Law on Usage and Disposal of Government Owned Items and Municipal properties ("Official Gazette of the Republic of North Macedonia"

potential misuse of government property and ensure that non-financial resources are distributed fairly to support the work of CSOs. Without these measures, the process remains open to misinterpretation and lacks the necessary checks and balances to foster a more inclusive and supportive environment for CSOs.

Chart 12: The types of state support



The data shows that most forms of government support, particularly institutional and non-financial support, are not widely distributed among CSOs. Only project-specific grants seem to have some level of accessibility. The survey highlights the need for the government to better support the civil society sector, especially in areas like employment stimulation, volunteering, and co-financing of projects.

2.3. Human Capital

2.3.1. Employment in CSOs

Existing laws and policies that apply to CSOs as employers in North Macedonia, such as the Law on Labour Relations and the Law of Employment and Insurance in Case of Unemployment, do not adequately address the specific nature of CSO operations. This results in unequal treatment compared to businesses, particularly in terms of benefits available under laws like the Law on the Employment of Disabled Persons. Additionally, the civil society sector is not represented in employers' unions, and it is unclear which collective agreement covers CSOs.

Employment data for the civil society sector is collected and published by the Central Registry of the Republic of North Macedonia (CRNM) based on financial reports submitted annually by CSOs. However, this data only covers full-time employees and expenditures on salaries, with no information available on part-time employees, individuals on short-term contracts, or volunteers.

According to CRNM data, the total number of employees in associations and foundations increased slightly from 1,742 in 2022 to 1,805 in 2023.

Despite these laws and data collection efforts, CSOs have not been directly recognized by these measures, and only a few CSOs have utilized available benefits. Many CSOs struggle with retaining employees, particularly those in whom significant knowledge and resources have been invested. This highlights the need for policies and support mechanisms tailored to the unique challenges and needs of CSOs as employers, including recognition of their contributions to society and assistance in retaining skilled personnel. Without such support, CSOs may continue to face difficulties in sustaining their operations and delivering vital services to their communities.

CSOs in North Macedonia continue to lack sufficient information about the opportunities and timelines for calls for support. Each support measure is only available for a certain part of the year, contributing to the challenge of keeping CSOs informed about available opportunities. Additionally, very few CSOs have been able to take advantage of incentives for creating new employment positions. This limited uptake is primarily due to the precarious nature of CSO funding, as many organizations may struggle to sustain salaries once state support ends. Without stable, long-term funding, CSOs may find it difficult to commit to new employment positions, even when incentivized by state support programs. Addressing these challenges will require improving communication about support opportunities and finding solutions to provide CSOs with more sustainable funding sources to ensure the success and continuity of their employment initiatives.

2.3.2. Volunteering in CSOs

There are various incentives available for both volunteers and organizations, as well as state-supported programs aimed at promoting and developing volunteering in North Macedonia. According to the Law on Volunteerism, volunteers are entitled to tax-free reimbursement of costs related to their service, such as food, transportation, and training. This reimbursement is set at a minimum of 15% of the average gross salary in the country. Additionally, CSOs can access incentives if they engage interns, through employment programs that subsidize the involvement of interns.

In May 2021, amendments to the Law on Volunteerism were adopted, clarifying existing provisions related to the organization of volunteer work and outlining procedures for issuing consent for volunteer work in public institutions, state authorities, municipalities, and the City of Skopje. These changes also define the rights of volunteers and establish the framework for the establishment of a National Council for the Promotion and Development of Volunteering, as well as the issuance of a volunteer certificate.

Furthermore, discussions have taken place regarding the preparation of the National Strategy for the Promotion and Development of Volunteering for the period 2020–2025. After the preparation process initiated in 2020, the Strategy was adopted in 2021. It outlines the objectives and measures aimed at enhancing and promoting volunteering in the country. One of the key goals of the Strategy is to provide support for CSOs to engage more volunteers and to establish infrastructure that facilitates connections between CSOs and volunteers. By providing these incentives and implementing strategic measures, the government aims to foster a culture of volunteering and support the vital work of CSOs in North Macedonia.

The following chart describes the respondents' experiences with the administrative procedures related to engaging volunteers. The analysis of the responses for each statement showed that most organizations did not have to register their volunteers with a state institution, indicating that this requirement is not widely enforced or applicable. Opinions are mixed regarding the ease of the administrative procedure for engaging volunteers, with more respondents finding it challenging rather than easy. Sanctions for hiring volunteers without state approval appear to be extremely rare, with only one organization reporting such an issue. Most organizations did not face sanctions, suggesting that either the requirement for state approval is not strictly enforced or not widely known.

Chart 13: Hiring volunteers



2.3.3. Civic engagement and education

The legislation in North Macedonia permits non-formal education, allowing CSOs to participate in the informal education system, albeit with certain challenges. While there are provisions for CSOs to engage in non-formal education, examples of CSO-related topics being integrated into informal education remain limited. The legal framework regulating non-formal education by CSOs is established through various laws, including the Law on Adult Education, the Law on Bureau for Education Development, and the Law on Procurement.

The Economic Chamber of North Macedonia, a provider of adult education, has voiced concerns about the burdensome and rigid procedures outlined in the existing Law on Adult Education, advocating for its revision.

While civil society subjects are included in the official curriculum at both primary and secondary levels of education, discriminatory content has been identified in various curriculum textbooks. Following concerns raised by CSOs and citizens, the Government listed these materials for revision and published them on the Ministry for Education and Science website.

Non-formal and adult education are identified as key strategic areas in the Comprehensive Strategy on Education (2018-2025) and its action plan. However, there is a lack of visible progress and available data on the implementation status of specific measures outlined in the Strategy.

Despite these challenges, several CSOs have been certified as providers of training and non-formal education by the state, indicating a recognition of their role in educational initiatives. Addressing the existing barriers and ensuring effective implementation of policies and strategies are essential steps towards enhancing CSO involvement in non-formal education and promoting inclusive and quality education in North Macedonia.

Despite this, internships, fellowships, and volunteerism programs with (CSOs) are not systematically integrated into the curriculum across all levels of education. There are no fully integrated, nationwide programs for internships, fellowships, or volunteerism within the official curriculum of compulsory education.

Civic education is part of the compulsory education curriculum, but integrated internships, fellowships, or volunteerism programs with CSOs are limited and not systematically included at all levels. These experiences are more often available through extracurricular activities, partnerships with CSOs, or specific higher education programs.

Area 3: Government-CSO Relationship

3.1. Framework and practices for cooperation

3.1.1. State Policies and Strategies for Development of and Cooperation with Civil Society

In 2021, the Government of North Macedonia adopted the fourth Strategy for cooperation with and development of civil society, along with an Action Plan covering the period from 2022 to 2024. This Strategy outlines key priorities and activities aimed at enhancing the legal and institutional frameworks for CSOs, establishing a tax framework conducive to CSO operations, and improving the system of state funding for CSOs. Despite clear allocations of responsibilities in the Action Plan, there is limited state funding available for its implementation, with foreign donor-funded projects primarily supporting its execution.

At the beginning of January 2023, with support by the European Union, a workshop was held for monitoring and reporting on the implementation of the Strategy 2022-2024. The aim of the workshop was to acquaint the members of the Network of civil servants for cooperation with civil society with the process of preparing the annual report on the implementation of the Strategy, in accordance with the Guidelines for the structure, content and method of preparing, implementing, monitoring, reporting and evaluating sectoral and multi-sectoral strategies, as well as to achieve an agreement on the data and indicators that should be included in the Report.

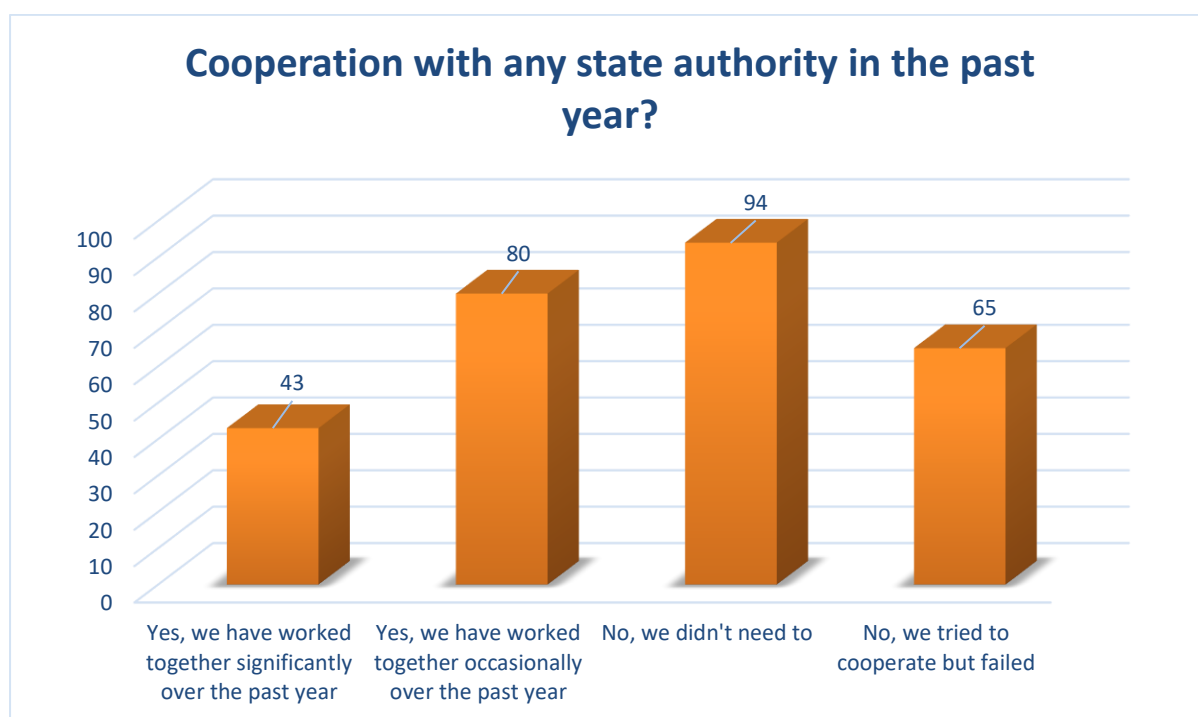
The importance of the workshop was emphasized to improve the quality of the annual reports on the implementation of the Strategy, which, in addition to quantifying the implemented activities, should also contain an assessment of the achieved results by measuring the determined indicators in the Action Plan. The process of monitoring the implementation of the Strategy is based on several levels. The Unit for Cooperation with Non-Governmental Organizations of the General Secretariat collects information on the status of the implementation of activities together with the members of the Network of Civil Servants for Cooperation with Civil Society, and the Council for Cooperation between the Government and Civil Society. The Council has the role of a coordinating body according to the new legal framework for sector strategies, reviews quarterly reports, and gives an opinion after the annual report on the implementation of the Strategy, which is then submitted for information to the Government.

Here we must mention the low level of implementation of the Strategy, which is also stated in the Report of the Department for Cooperation, and it is necessary to intensify the activities for the Strategy implementation. Implementation of the Strategy 2022-2024 has largely slowed down, has a low rate of realization and is conditioned by the continuous operation of an independent, representative, operational and effective Council for Cooperation between the Government and civil society; the Council, however, has been in boycott for over two years.

CSO representatives that are Council members have been boycotting meetings since April 2022. Consequently, the Council has not been able to monitor the Strategy's implementation during that period. This situation underscores challenges in stakeholder engagement and highlights the need for effective collaboration between the government and civil society, and continuation of the activities of the Council, to achieve the objectives outlined in the Strategy and Action Plan.

Regarding the cooperation between the Government and civil society, the Survey showed that overall, the majority of respondents either did not need to cooperate with state authorities or had only occasional interactions. A notable number, however, attempted cooperation but were unsuccessful.

Chart 14: Cooperation with state authorities



3.1.2. Institutions and Mechanisms for Development of and Cooperation with Civil Society

Three main institutions and mechanisms continue to be responsible for facilitation of the cooperation between the Government and the CSOs: the Council for Cooperation with the Civil Society and the Government, the Unit for Cooperation with NGOs, and the Network of civil servants for monitoring the Strategy implementation.

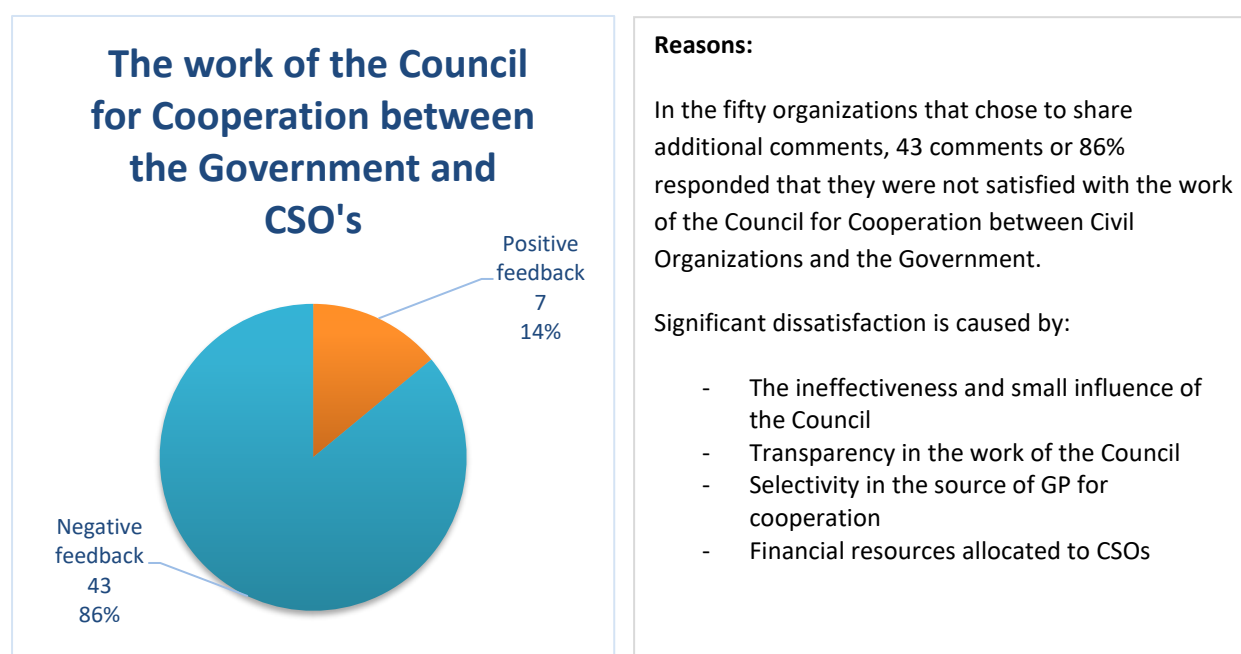
The Council for Cooperation with Civil Society and the Government in North Macedonia is in boycott since March 2022, represents a significant breakdown in the formal mechanism designed to foster dialogue and cooperation between CSOs and the government.

The boycott is rooted in several issues related to trust, transparency, and representation, which have led many CSOs to withdraw from active participation in the Council's work. For the Council to become functional again, both sides will need to engage in a process of trust-building, reform, and institutional strengthening to ensure that civil society can play a meaningful role in shaping public policies and promoting democratic governance.

CSOs were not consulted during the state administration reform when funds previously allocated to the General Secretariat of the Government's Unit for Cooperation with NGOs (responsible for the administrative and technical support of the Council) were redirected to the new Ministry of Political System and Inter-Community Relations. This led CSO members of the Council to initiate a boycott, citing a series of escalating challenges and serious violations of the principles of Government-CSO cooperation. These included the non-inclusive process of amending the Law on Associations and Foundations, cuts to public funding, its ineffective and non-transparent distribution, and the long-overdue state funding reforms that fell short of the government's goals outlined in its Strategy for Cooperation with and Development of Civil Society 2022-2024.

Despite an open letter addressed to the Prime Minister, no response has been received, and the boycott, which began during the Council's session in March 2022, remains unresolved. CSOs assert that this deadlock will persist until the funding issues are addressed.

Chart 15: The Council for Cooperation



Only 7 or 14% of the respondents answered that they were satisfied with the Council for Cooperation between the Government and civil society organizations, while 86% gave negative feedback. Some of the explanations given for their dissatisfaction with the work of the Council were the following: ineffectiveness and small influence of the Council, lack of transparency in the work of the Council, selectivity in the source of GP for cooperation, and insufficient financial resources allocated to CSOs.

In the Report of the European Commission on North Macedonia for 2023, it is noted that "Civil organizations should have an important role in the reform process and be included in decision-making processes. It is necessary for the Council for Cooperation between the Government and civil society to continue with their activities."

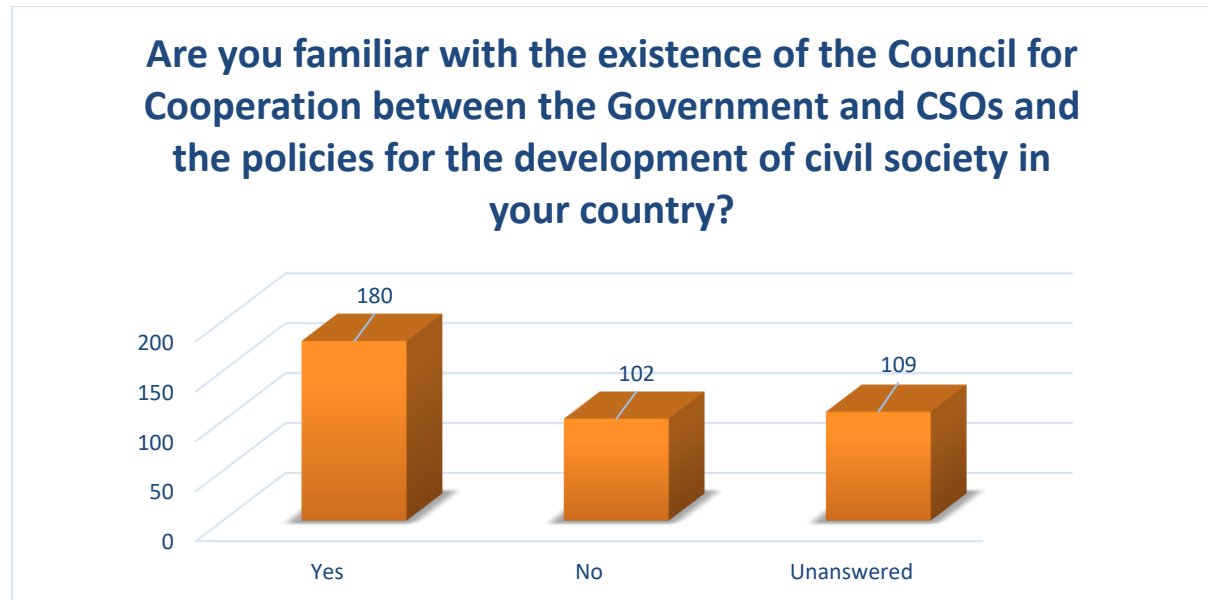
Unit for Cooperation with NGOs within the General Secretariat of the Government has developed a draft report assessing progress in implementing the Action Plan for the Government of the Republic of North Macedonia's Strategy for Cooperation with and Development of Civil Society for 2022-2024, focusing on achieving strategic and operational goals in 2023. This report was based on information gathered from members of the Network of Civil Servants for Cooperation with Civil Society from various ministries and state administration bodies responsible for executing specific measures outlined in the Strategy. Additionally, it includes an analysis of responses from 192 civil society organizations across 16 different sectors, collected through an online survey conducted from January 9 to 25, 2024. The survey utilized a questionnaire designed to measure the value of indicators from the Action Plan of the Government's Strategy for Cooperation with and Development of Civil Society (2022-2024) and was distributed to all civil society organizations classified as "active" (totaling 8,504) according to the Open Data of the Central Registry of the Republic of North Macedonia.

The Network of civil servants responsible for cooperation with civil society requires further training and the establishment of structured mechanisms for coordination, information exchange, and the sharing of best practices. During January 2023, the Department for Cooperation with Non-Governmental Organizations organized individual meetings with members of the Network of Civil Servants for Cooperation with Civil Society from the Ministry of Finance, the Ministry of Labor and Social Policy, the Ministry of Internal Affairs and the Ministry for local self-government. The purpose of the meetings was to provide information on the status of implementation of the measures from the Strategy of the Government of the Republic of North Macedonia for cooperation with and development of civil society, with the Action Plan (2022-2024), in 2022. The attendees reached agreement on the data and indicators that should be provided in order to identify the next steps that should be taken to hold a Workshop for monitoring and reporting on the implementation of the Government's Strategy for Cooperation with and Development of Civil Society 2022-2024. At the same time, it was discussed the novelties in the process of preparation of the annual report on the implementation of the Strategy, in accordance with the Guidelines for the structure, content and method of preparation, implementation, monitoring, reporting and evaluation of sectoral and multi-sectoral strategies ("Official Gazette of RSM" no. 122/22).

On November 3, 2023, a debate on the topic "Structured and sustainable dialogue between civil society organizations and institutions" was held in the premises of the Civic Resource Center in Skopje, where 70 representatives of CSOs exchanged views and opinions on overcoming the challenge in the functioning of the Council.

These three mechanisms together form the foundation for systematic and structured cooperation between the government and CSOs in North Macedonia. They ensure that civil society plays an active role in shaping public policy, increasing transparency, and holding the government accountable.

Chart 16: The existence of the Council for Cooperation



According to the survey we can note that 102 organizations responded that they had not heard about the work and existence of the Council for Cooperation between the Government and civil society organizations which is a concerning number of organizations having the fact that the Council implemented a campaign on social and TV across the country.

3.2. Involvement in policy- and decision-making process

3.2.1. Standards for CSO Involvement

The legal framework in North Macedonia clearly establishes standards for the involvement of CSOs in all policy-making processes. Several documents provide the foundation for CSO participation in policy-making and legislation preparation, including the Constitution, the Law on Referendum and Other Forms of Direct Vote of the Citizens, the Law on the Government, the Law on Organization and Operation of State Administrative Bodies, the Rulebook of Procedure of the Government, the Strategy for Cooperation with and Development of the Civil Society Sector, the Code of Good Practices for Participation of the Civil Society Sector in the Policy-Making Process, the Methodology for Regulatory Impact Assessment, and the Guidelines for ministries on regulatory impact assessment processes.

According to the Government Rulebook of Procedures, draft laws must be published on the website of the relevant ministry and the Unique National Electronic Register of Regulations (ENER). Additionally, the Rulebook mandates that CSOs and the public be given a minimum of 20 days for consultations on draft acts. In 2023, approximately 50% of draft laws were submitted to the Electronic National Register of Legislation (ENER), marking an improvement compared to the previous year.

However, despite this progress, the adherence to established rules and deadlines remains problematic. While the increase to 50% reflects a positive trend in compliance, it still indicates that half of the draft laws are not being submitted to ENER. This lack of complete compliance raises concerns about transparency and public engagement in the legislative process. In addition, the Unit for cooperation with Non-Governmental Organisations within the General Secretariat also prepared annual reports on the consultation process in drafting laws, the use of ENER and other mechanisms for cooperation with CSOs.

On May 11, 2023, a focused discussion was held within a focus group titled "Participation of Civil Society Organizations and Citizens in Policy-making," culminating in the preparation of a report highlighting key mechanisms for civil society involvement in decision-making processes in North Macedonia.

Chart 17: Involvement in consultations for the preparation of draft laws and policies

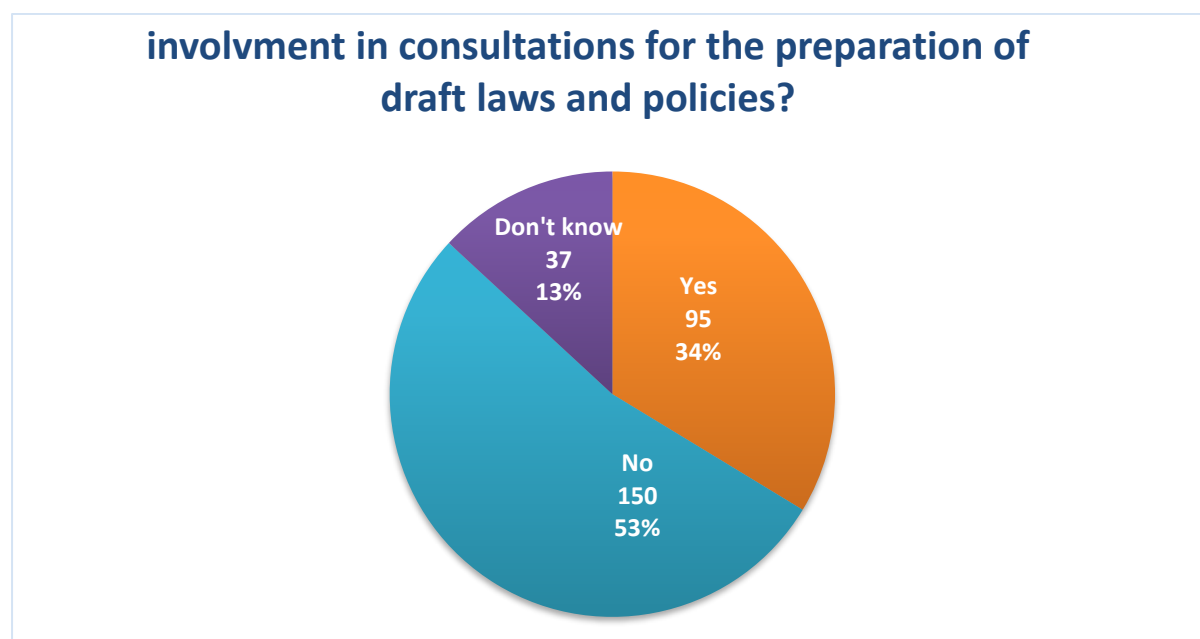
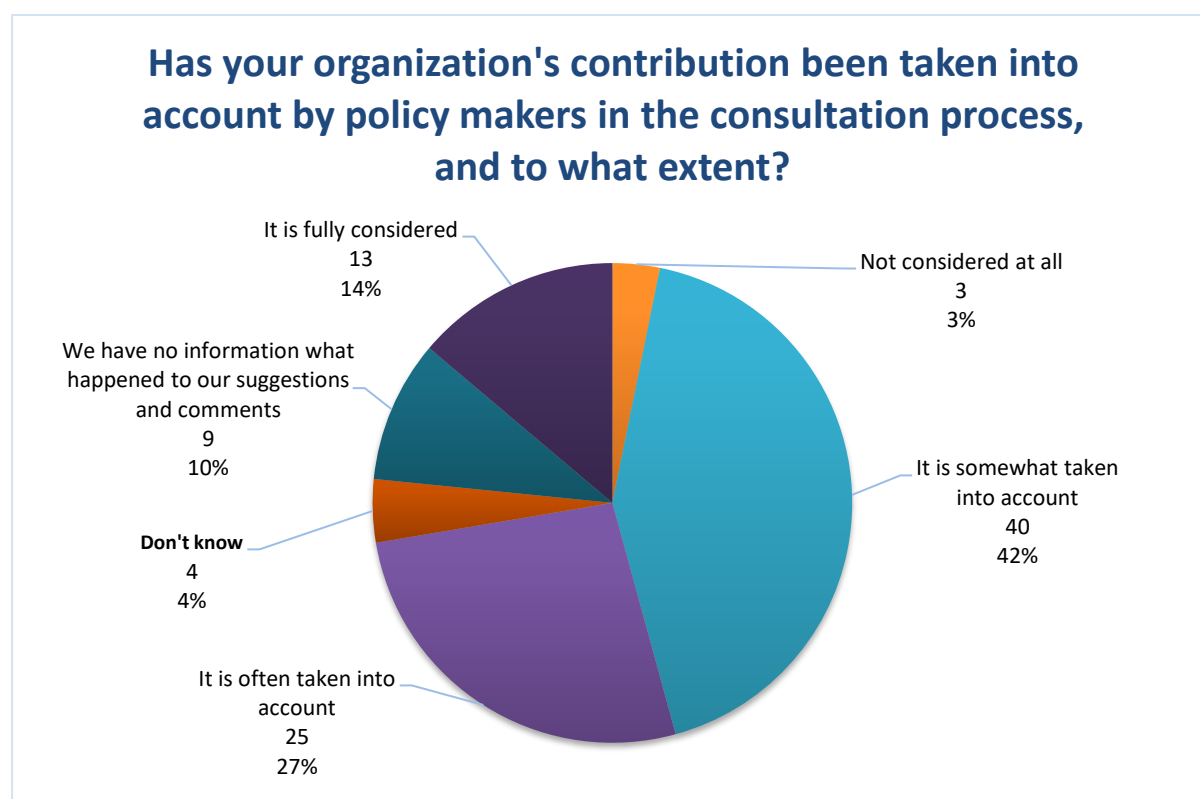


Chart 18: Contribution of CSOs taken into account



As shown in the charts, a majority of organizations (53%) have not been involved in public consultations, confirming the need to increase the degree of involvement of CSOs in the process of passing draft laws. In addition, the degree of taking into account their recommendations in the preparation of these legal proposals and decisions should also be increased, having in mind that less than 40% of CSOs say their contributions were either fully or mostly considered in the consultation process.

In regard to civil society's involvement in the EU integration process, on March 28, 2023, the Secretariat for European Affairs organized a conference on various models for civil society participation in the negotiations with the European Union. Additionally, consultations with CSOs were conducted on December 21, 2023, to develop high-quality roadmaps for Rule of Law, public administration reform, and the Reform Agenda, aimed at maximizing utilization of funds from the Western Balkans Growth Plan.

Social entrepreneurship presents a key opportunity for CSOs to contribute to socio-economic development. A major step in this direction is the adoption of the National Strategy for the Development of Social Enterprises in the Republic of North Macedonia (2021-2027). This strategy, along with its Action Plan, includes a provision for assessing the need for specific legal regulations on social entrepreneurship and in 2023, a draft Law on Social Enterprises was prepared and it has been submitted to ENER for public consultation in November 2023.

3.2.2. Public Access to Draft Policies and Laws

Most of the institutions publish some of the draft and/or adopted documents on their websites and/or on a centralized online platform. All draft laws subject to consultations with the public should be published in the centralized unified portal ENER. Other policy documents can be published on ENER, however, this has been rarely practiced.

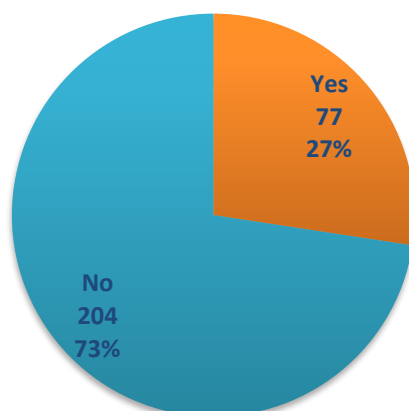
According to the data published on the website of the Parliament, in the period from January 1 to December 31, 2023, a total of 193 draft laws were submitted to the Parliament, of which 78 were proposed by MPs in the Parliament and are not subject to the obligation for prior publication on ENER. The remaining 115 submitted draft laws were proposed by the Government and the line ministries, and 72 of them are subject to the obligation for prior publication on ENER.

In 2023, 51.4% (37) of the draft laws (72) obliged to be put on ENER for consultation were published on ENER. This is an improvement of the situation compared to the previous years, i.e., in 2022 37% (24 draft-laws) were published on ENER for public consultations, in 2021 41% (48 draft laws) and in 2019 this percentage was 49.56%.

Additionally, there were instances where comments and proposals were submitted for certain laws, but responses and statements were not published within the legal deadline. In 2023 according to the data, a total of 77 Civil organizations requested access to public information in 2023, from those only 55 organizations answered that they got response within the prescribed deadline.

Chart 19: Requested access to public information

Requested access to public information during the past year?

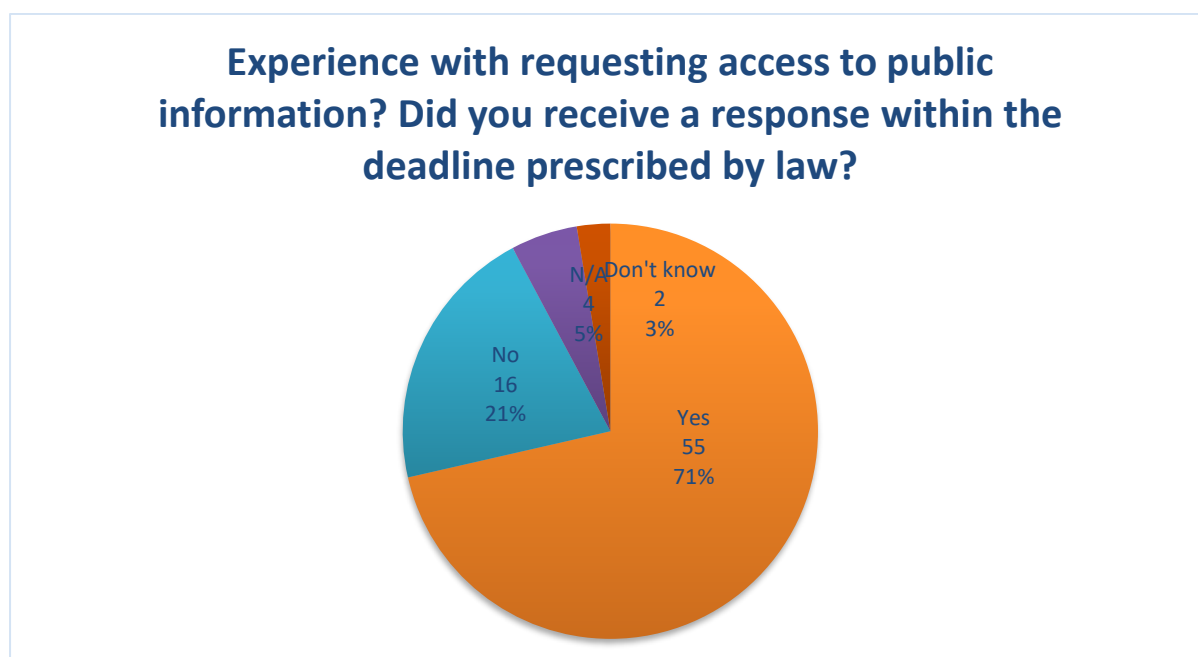


Free access to information, freedom to access and transmit information is a basic freedom and right provided in the Constitution and operationalized with the Law on Free Access to Public Information. The Agency for Protection of the Right to Free Access to the Right to Public Information has the key role in the protection and realization of the constitutionally guaranteed right to free access to public information.

The Government of North Macedonia has approved the Transparency Strategy for 2023-2026, developed by the Cabinet of the Deputy Prime Minister responsible for good governance policies. The strategy identifies key areas of focus: enhancing active transparency, improving public access to information, ensuring fiscal transparency of government and other executive authorities, strengthening digital capabilities for data openness, and bolstering reporting mechanisms for policy development. The specific measures for achieving these goals are laid out in the Action Plan for 2023-2026, which details the activities, timelines, cost estimates, responsible entities, and institutions involved. This strategy emerged from a collaborative effort that included CSOs, media, academics, and governmental bodies.

To promote proactive transparency and facilitate free access to public information, a kick-off meeting held at the Council of Europe Office in Skopje marked the beginning of an analysis of case law from the Administrative Court and High Administrative Court as it pertains to the Law on Free Access to Public Information (2019-2023). The objective of this analysis, supported by the European Union and the Council of Europe, is to collect and examine a representative sample of cases from these courts to understand how they interpret and apply the law. A key consideration is balancing the need for private information with public transparency, taking into account both private and public interests.

Chart 20: Response requesting access to public information?



When organisations ask for access to publicly accessible material, they still encounter scenarios where the institutions respond, sometimes long after the legally mandated time for doing so has expired, or in which they never respond at all. Even though these are uncommon occurrences, it's important to register this.

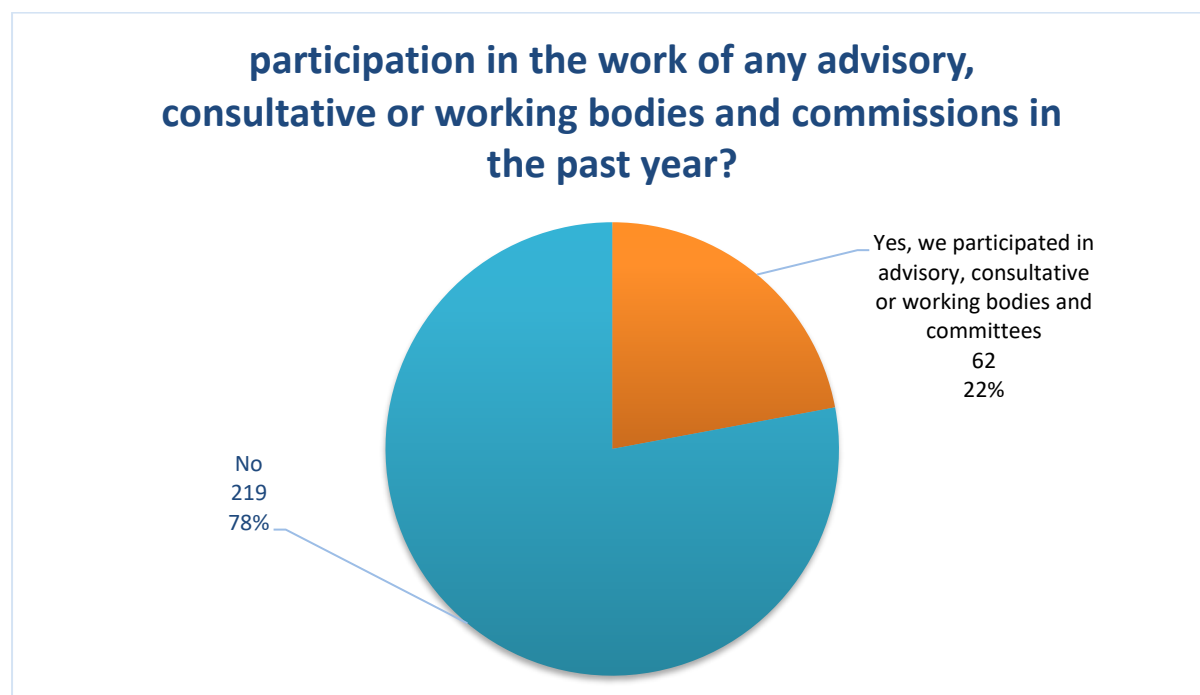
3.2.3. CSOs' Representation in Cross-Sector Bodies

The Code of Good Practices for the civil sector's participation in the policy-making processes stipulates working groups established by the Government which would, inter alia, serve as an instrument of participation. However, there is no standardized mechanism for selection of representatives in cross-sector bodies. There are different legal acts that require establishment of Councils, committees, etc. which would oblige CSOs are included in the mechanism.

Most often the Council for cooperation with civil society is used as a body to nominate CSOs' representatives in cross-sector bodies, either through an open call or directly. The use of the Council for Cooperation with Civil Society as a body to nominate CSOs' representatives in cross-sector bodies can be transparent if conducted through open calls, clear selection criteria, effective communication, and inclusive practices. However, if the nomination process lacks these elements, it may lead to concerns about transparency and fairness. Ultimately, fostering trust in the Council's work and its representatives will depend on its commitment to transparency and accountability in its operations. However, in 2023, the Council did not have a chance to nominate members for working groups, particularly due to the fact that the CSOs members of the Council are boycotting.

According to the findings of the Report¹⁴ prepared by the Unit for cooperation with NGOs, in 2023, the ministries established working groups for drafting 30 proposals to laws, whereas CSOs' representatives were involved in the working groups for nine proposals to laws (30%), which is a decrease compared to 2022 when CSOs' representatives participated in 12 out of 26 working groups (46.15%).

Chart 21: Participation in the bodies and commissions



From the survey it is notable that only 22 % of the organizations participated in the work of any advisory, consultative or working body in the last year. There is an evident need to increase the percentage of organizations involved in these processes.

¹⁴ Report on the Process of consultations in 2023, Unit for cooperation with NGOs:
<https://www.nvosorabotka.gov.mk/sites/default/files/lzveshtaj%20za%20procesot%20na%20konsultacii%202023.pdf>

3.3. Collaboration in social provision

3.3.1. CSO Engagement in Service Provision and Competition for State Contracts

Existing legislation allows CSOs to provide services in various areas including social services, education, healthcare. The Law on social protection determines the social services that can be provided by associations, the conditions and the procedure for granting funds for providing social services and introduces administrative contracts for providing social services. The Ministry of Labour and Social Policy keeps a register of licensed social service providers available on its official website.

There is a significant increase in the number of registered licensed service providers in 2023, i.e. there were around 38 newly registered licensed service providers in 2023 compared to the 16 newly registered ones in 2022. In 2023, the Ministry of Labor and Social Policy entered into 34 administrative contracts with licensed providers of social services. Still, non-institutional services are provided mainly by public institutions.

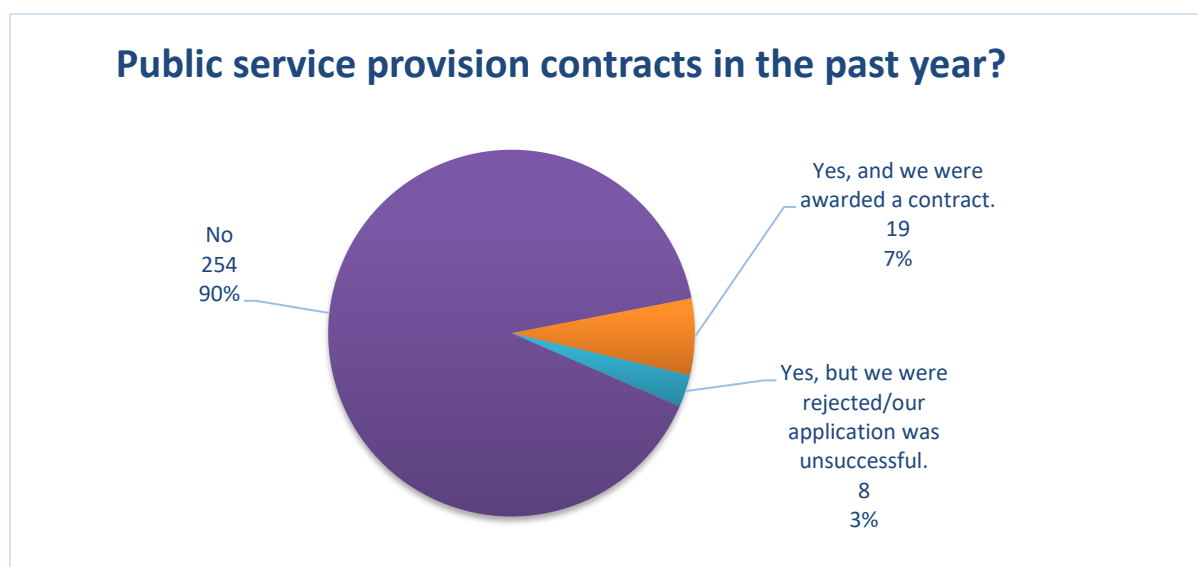
Although the LAF enables associations and foundations to perform public authorization by transferring competences from a state institution, municipal bodies, Skopje municipalities, the City of Skopje and other public authorization bodies, still not many municipalities transfer competences to CSOs in practice.

The Law on Free Legal Aid stipulates a possibility for the involvement of CSOs in providing pre-trial legal aid. According to the Ministry of Justice Register of associations that provide free legal aid the total number of registered associations for providing pre-trial legal aid is 15. These associations are entitled to receive grants from the Ministry of Justice for providing legal aid. No new associations registered in 2023.

A significant development regarding social entrepreneurship was the passing of the National Strategy for Development of Social Entrepreneurship in the Republic of North Macedonia 2021 – 2027 in 2021, which included a provision for assessing the need for specific legal regulations on social entrepreneurship. A Working Group on Policy and Legal Framework for Social Entrepreneurship, established under the Ministry of Labor and Social Policy developed a Draft Law, followed by a thorough consultative process. The draft law was submitted for government review by the end of November 2023, following an announcement by ENER, but it has not been adopted yet.

In practice, a significant majority, 254 of the surveyed organizations (90%), did not apply for a public service provision contract in the past year.

Chart 22: Public service provision contracts



Regarding the procedure for distribution of funds among service providers, certain transparency provisions exist, and there are some minor issues that remain unregulated. Several laws, including the Law on Public Procurement, the Law on Free Legal Aid, and the Law on Social Protection, contain provisions for open competition. Notably, the criteria for selecting service providers do not prioritize price alone; instead, the emphasis is placed on obtaining the best value offer.

The Law on Public Procurement, in particular, has replaced the previous criterion of selecting the lowest price with that of choosing the best value offer. Guidelines are available to ensure transparency in the evaluation and selection of service providers, as well as in managing conflicts of interest. For instance, the Law on Public Procurement outlines clear guidelines for ensuring transparency and avoiding conflicts of interest, including the requirement for the commission to sign a statement of no conflict of interest.

Additionally, the establishment of the State Appeals Commission for Public Procurement provides a mechanism for resolving appeals related to public procurement, concession contracts, and public-private partnerships. While there is no avenue for appealing the decision of the State Appeals Commission, the process can be further pursued through the Administrative Court, contributing to a transparent and accountable procurement process.

3.3.2. State Funding and M&E of CSO-Provided Services

The legal framework in North Macedonia offers partial funding for basic social services delivered by CSOs. The allocation of funding for these services is determined through a separate process, varying depending on the specific subject matter. Generally, social and health services tend to receive more developed funding mechanisms. Funds for these services can typically be accessed from the budget allocated for upcoming years, specifically under the expenditure budget line designated for institutional programs. This framework enables CSOs to secure financial support for providing essential social and health services, contributing to the overall welfare of the community.

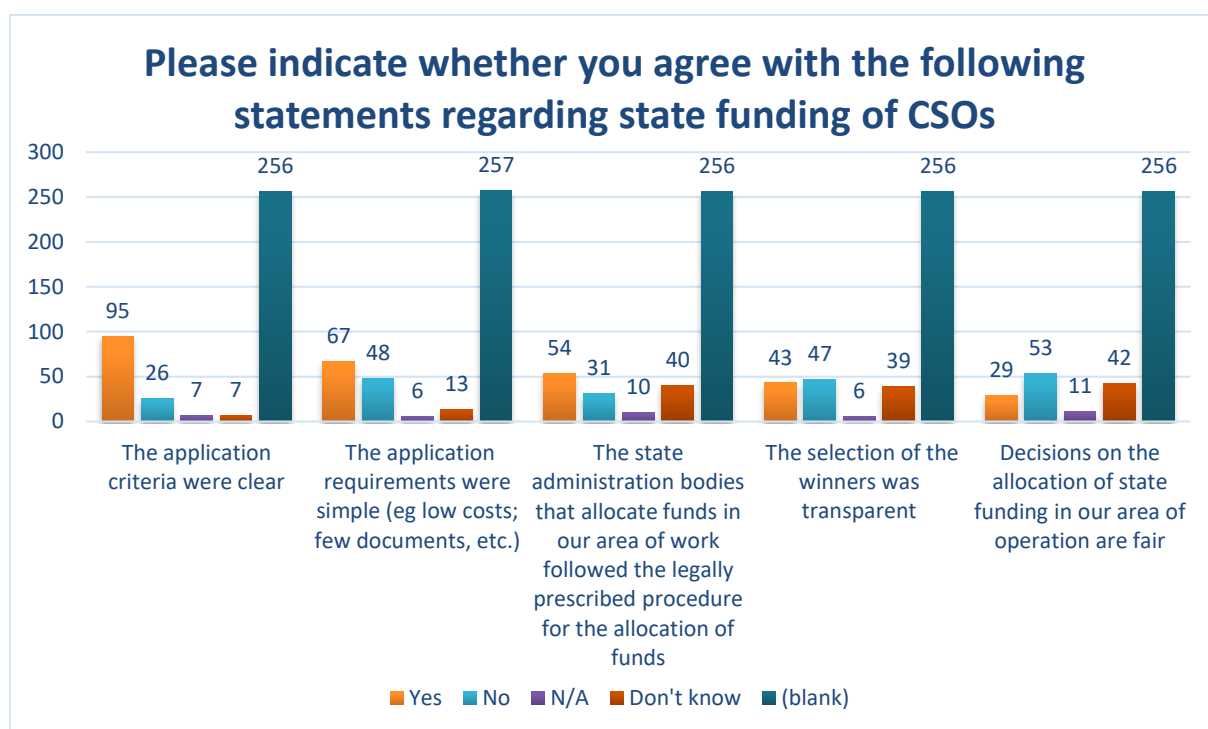
Further on, based on an open call for funding of potential social service providers, the Ministry of Labour and Social Policy signed 38 contracts 2023. This is financially supported by the International Bank for Reconstruction and Development and one of the main goals is to develop and improve the quality of social services in local communities, according to the needs of citizens and increase access to social services for vulnerable groups of citizens, the elderly, people with disabilities and others.

The legal framework in North Macedonia does not permit the establishment of long-term contracts for CSOs. Despite certain CSOs, such as those involved in social service provision or health-related services, consistently receiving support each year, they are required to undergo the application process and sign new contracts annually. This means that even though CSOs may provide valuable and ongoing services, they are subjected to the administrative burden of reapplying and renegotiating contracts on a yearly basis.

According to provisions in the Law on Social Protection, the Ministry of Labor and Social Policy (MLSP) conducts oversight over CSOs that receive funds from the Ministry. The law provides details on how this oversight process is organized, enabling the Ministry to monitor the utilization of funds and the effectiveness of CSO activities in the social protection sector.

Regarding the monitoring of spending and ensuring quality standards in the provision of services by CSOs different laws in North Macedonia outline various processes.

Chart 23: Transparency and Fairness



Because relatively few organizations apply for state financing, many respondents chose not to reply to the survey's questions about the requirements and processes for state funding of civil society organizations. Additionally, there are groups that are dissatisfied and have had a bad experience with both the application process and the steps involved in giving state cash to civil society organizations.

The Law on Public Procurement stipulates that the State Audit Office is responsible for overseeing the use and spending of public procurement funds. All institutions and users of budget funds are subject to oversight by the State Audit Office, ensuring accountability and transparency in the procurement process.

In terms of monitoring quality standards, the Law on Social Protection assigns the responsibility for monitoring the services provided by contractors to the Institute for Social Affairs. This institute employs staff with diverse expertise to assess and ensure compliance with quality standards in social service provision, contributing to the overall effectiveness and quality of services delivered by CSOs in the social protection sector.

