



GOVERNMENT OF THE REPUBLIC OF MACEDONIA

**NATIONAL STRATEGY
FOR EUROPEAN INTEGRATION OF
THE REPUBLIC OF MACEDONIA**

- Executive Summary -

Skopje, September 2004



И Сонцето е звезда - Македонија во ЕУ
The Sun, too, is a star - Macedonia in the EU





1. Introduction

- 1.1 The National Strategy for European Integration of the Republic of Macedonia sets out the fundamental aims, policies and priorities in the process of acquiring membership of the European Union (EU).
- 1.2 The Republic of Macedonia submitted its application for membership of the European Union on the 22 March 2004, thus confirming its strategic commitment towards EU accession declared since its independence and permanently and strongly supported by the political parties and the citizens.
- 1.3 The aspirations towards EU membership are supported by the facts that the Republic of Macedonia:
 - is a European country whose history, culture and civilization belong to Europe;
 - will by its accession to the EU contribute to expanding the Continent's area of peace and stability;
 - having established a system of democratic values, respects the system of values upon which the European Union was founded; and
 - there is a political consensus regarding accession to the EU which is supported by the vast majority of Macedonian citizens.
- 1.4 The objective of the Republic of Macedonia is, in the short run, to gain candidate status for membership of the EU and open negotiations.
- 1.5 It is in the strategic interest of the Republic of Macedonia to become a member of the European Union. As a relatively small, landlocked developing country, the Republic of Macedonia is committed to openness, cooperation and the establishment of links with neighbouring countries, as well as with the countries in the closer and wider region. Both in political and economic terms, it is of essential interest for the Republic of Macedonia to reinforce the links and partnership based on mutual interests. Furthermore, the stability and prosperity of the Republic of Macedonia on a crossroad in South East Europe are of great significance for the European Union.
- 1.6 As a multiethnic community, the Republic of Macedonia places its prospects in the strengthening of an open and democratic civil society that cannot remain locked within its own narrow boundaries. Consequently, the ideas of "unity in diversity", of social inclusion and of stronger interrelation in the European Union are the inherent and shared goals of the Macedonian society.
- 1.7 The key benefits of the EU membership would include:
 - Overall economic and social development stimulated by a stable political and economic environment;
 - Increased national security through the mechanisms of the common foreign and security policy;
 - The possibility to participate in making the key decisions on the future of Europe and the world;
 - Accessibility to the common European market, one of the largest and most powerful markets in the world;



- Predictability of business activities and lowering of risk;
- The monetary union could possibly lead to a new development impetus;
- Boosting trade and observing the rules of competition as a motivating factor;
- Introducing new technologies, new products, European technical standards; and
- New employment opportunities for Macedonian citizens and reaching the level of living standards in the democratic and developed EU member countries.

2. Political Criteria

- 2.1 The Republic of Macedonia realised its right to self-determination with the referendum held on 8 September 1991, thus peacefully gaining its independence, unlike the other members of the former Yugoslav Federation, in the disintegration process of the former Yugoslavia. Over the entire period after independence, the Republic of Macedonia has been continuously maintaining and developing constructive relations with all the countries of the former Yugoslavia and with all of its neighbours, succeeding in peaceful resolution of emerging disputes, resolutely committed to the principle of dialogue, and staying apart from the destructive conflict. The Republic of Macedonia had, also, a constructive position in the course of the crisis resolution in the former Yugoslavia, particularly during the Kosovo crisis in 1999 when it admitted over 350,000 refugees. The Macedonian approach represents a unique contribution and a model in the region. The Republic of Macedonia is a consistent and reliable partner of the EU and the international community in the efforts to enable the South-East Europe region to meet the challenges of democratic transformation and to firmly set the course towards the EU.
- 2.2 The EU accession process in the Republic of Macedonia immediately following independence, in contrast to most of the new democracies in Central, East and South-East Europe, was deferred because of the delayed recognition of the Republic of Macedonia as an independent state in 1993. This was a result of the imposed name dispute, despite the declared position of the Badenteire Commission, established by the EU, that Macedonia met all the conditions to be recognised as an independent state. Diplomatic relations with the EU were established in 1995, and the conclusion of the Cooperation Agreement followed. PHARE membership in 1996 provided a significant impetus to the processes of getting closer to the European Union. The introduction of the regional approach for the Western Balkan countries in 1997 and the Stabilisation and Association Process in 1999 set the EU framework for further development of relations with the Republic of Macedonia. The Republic of Macedonia was the *first state in the region to conclude a Stabilisation and Association Agreement with the EU in 2001*. It entered into force on 1 April 2004, and, again, it was the first Agreement of this kind to enter into force. The Agreement sets out the cooperation framework between the EU and the Republic of Macedonia and enables progressive harmonisation of the relevant policies, legislation and institutions in the Republic of Macedonia with the values and standards of the European Union. Also, by a special regulation in 2000, the EU gave Macedonian products a preferential status in the Common European Market, thus enabling the Macedonian economy to progressively adjust to the EU market requirements and standards.
- 2.3 The European Council in Feira expressed its clear position that the future of the countries in the region is in the European Union. The Thessaloniki Agenda “The Western Balkans: moving towards European Integration” of 2003 confirmed the European perspective on the Western Balkan countries and enriched the stabilisation and association process with new



instruments: the European Partnerships, and access to Community programmes, TAIEX and Twinning. With its proactive approach and programmed identification of priorities, the Republic of Macedonia will benefit from these instruments in the EU integration process. This approach will be used to prepare for the membership negotiations.

- 2.4 The reforms that the Republic of Macedonia is undertaking while preparing for EU membership are focused on fully meeting the membership criteria defined under the Copenhagen European Council in 1993.

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- 2.5 The Republic of Macedonia established a system of parliamentary democracy by its Constitution of 1991, but deep political reforms based on the principle of division of powers have been implemented continuously in parallel with the transformation of the market economy system.

- 2.6 The future development of the political system in the Republic of Macedonia will focus on strengthening and increasing the efficiency of the mechanisms for ensuring balance between the different branches of power. Also, the impact of the independent state bodies will be strengthened, along with developing synergy with the civil sector.

- 2.7 The Republic of Macedonia, as a member of the Council of Europe since 1995, ratified the key international instruments supporting human rights which represent an inherent part of its internal legal order. Along with the development of international standards in this area through the ratification of the relevant conventions, the focus will be on the development of the mechanisms for respect and protection of human rights and freedoms, and the monitoring of their implementation.

- 2.8 Considering the ethnic composition of its population and the complex regional context after the disintegration of former Yugoslavia, the paramount challenge for the Macedonian democracy to date was the development of a minority rights concept. The Framework Agreement resolved the ethnic conflict of 2001 and guaranteed the territorial integrity of the Republic of Macedonia. The Agreement guarantees the introduction of participative mechanisms when making decisions related to the communities' identity; equitable representation of the members of the non-majority communities in the public administration; a high level of decentralisation; promotion of the official use of the non-majority languages and alphabet, as well as the communities' symbols; and, higher education in the language of the non-majority communities that represent at least 20% of the population. The Framework Agreement was the source for the introduction of significant changes in the constitutional order of the Republic of Macedonia in 2001 which focused on a higher level of inclusiveness of the citizens who are members of the non-majority communities, particularly of the Albanians, as a non-majority community of over 20% of the population in the Republic of Macedonia.

- 2.9 The Framework Agreement is a prime political priority for the Republic of Macedonia and it is being implemented in accordance with the Framework Agreement Implementation Plan adopted in 2003.

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2.10 The Republic of Macedonia will consistently continue to implement and develop the regional cooperation policy by creating an environment for more intensive economic integration, strengthening of the political cooperation and cooperation in all other sectors particularly in the implementation of joint projects within the EU integration process of the countries in the region.

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2.11 Engaging in a continuous political dialogue through the bodies of the Stabilisation and Association Agreement, regional cooperation and other activities within its foreign and security policy, the Republic of Macedonia will ensure continuous alignment with the EU common foreign and security policy.

3. Economic and Social Issues

3.1 The transitional process in the Republic of Macedonia in the period since its independence was complex – the loss of the traditional markets in the former Yugoslavia, the break down of the production and commercial relationships, the embargo towards FR Yugoslavia, the embargo from Greece, the refugee crisis in 1999, the internal interethnic crisis in 2001 - all these were the factors that significantly aggravated the already difficult transition challenges. The real GDP in the period 1992 – 1995 showed a cumulative decline of 20% and the industrial production decreased by 42%. Despite the moderate growth of GDP since 1996 (except in 2001), the Republic of Macedonia has not yet reached the development level of 1990, the period before independence, even after 13 years of transition.

3.2 However, despite the unfavourable external influences, the Republic of Macedonia has managed to maintain and to persistently implement its priorities focused on ensuring macroeconomic stability and implementing the challenging reforms.

3.3 The basic framework of the **economic and social part of the Strategy** is achieving consistency of economic policies and closely linking the reform processes to the goal of EU accession. The outline of the Strategy for European Integration of the Republic of Macedonia includes the following components:

- maintaining macroeconomic stability;
- creating an environment for accelerated economic growth and increased employment;
- providing adequate and targeted social protection aimed at alleviating social impacts of transition; and
- diminishing the implementation gap.

3.4 The transition in the Republic of Macedonia is characterised by achieved *macroeconomic stability*. By 1995, the economic stabilisation programme was successfully completed and resulted in reduced inflation which has been continuously maintained at a low level ever since. In the medium term, the key macroeconomic forecasts range in the following outlines: 4 - 5 % annual growth of GDP; 2.5 % inflation; budget deficit below 1%; and current account payment balance deficit of 0.8%. The priority objectives of the macroeconomic policy continue to include the maintenance of macroeconomic stability, stabilisation of the budget deficit at a sustainable level (within the Maastricht Criteria) and the creation of a favourable environment for lowering interest rates.



- 3.5 Throughout the transition period, *monetary policy* was constrained by tying the foreign exchange rate of the Denar to the German Mark, and later to the Euro, and by maintaining price stability. The Macedonian National Bank has been established as an independent central bank. The monetary policy will continue to maintain macroeconomic stability, but it will become more sensitive to the need for supporting the competitiveness of the Macedonian economy. There will be a phased approach in the liberalisation of capital flows in accordance with the Stabilisation and Association Agreement. The *fiscal policy* will be focused on supporting macroeconomic stability, but it will be steered more firmly towards stimulating economic development.
- 3.6 Macroeconomic stability on its own is not sufficient for sustainable economic growth. Therefore, the *policies supporting accelerated economic growth and the structural reforms aimed at strengthening competitiveness and increased employment* are a priority. The implementation of structural and institutional reforms, and the improvement of the business environment leading to an expansion of the private sector as a major driver of future development are crucial.
- 3.7 The policy of *external economic opening and liberalisation* was launched right at the beginning of the transition period and it resulted in continuous reductions in the customs rates and adoption of the harmonised customs system. The Republic of Macedonia became a member of the WTO in 2003. Import quotas have been removed and import licences for specific products are issued on the principle of “first come – first served”. The Republic of Macedonia, being one of the promoters of the free trade zone in South-East Europe, concluded free trade agreements with all the countries in South East Europe, EFTA, Ukraine and Turkey, and the procedure for joining CEFTA is in process. Half of Macedonian trade operations are with the EU and one-third with the countries from the former Yugoslavia. The trade balance, however, shows continuous deficit and the structure of the Macedonian exports indicates that the Macedonian economy is insufficiently competitive with relatively low prices of products and a high share of inexpensive domestic labour. The *foreign trade policy* of the Republic of Macedonia seeks an increased share of foreign trade goods and services in the GDP; improvement in the balance of payments; and stimulation of direct foreign investments (DFI) inflow. In this context, the regulatory framework will be further refined to stimulate foreign trade and DFI and to achieve concordance with EU standards and WTO requirements. Regional economic cooperation will be continuously strengthened. *It is essential to strengthen the existing, and to develop new, competitive advantages based on modern technologies, the promotion of high quality education, and the development of management skills.*
- 3.8 The major part of direct foreign investments in the Republic of Macedonia, despite guaranteed privileges, mostly relates to privatisation transactions and there is lack of green-field investments. The *policy for stimulation of investments*, formulated in the special Programme for Encouragement of Investments, will focus on improvement of the business environment. The Agency for Encouragement of Investments is responsible for implementation of the Programme. Along with the activities relating to investment promotion, measures for improvement of exports have been designed.
- 3.9 Price liberalisation will be conducted in hand with protection of competition. The development of transparent regulatory and institutional mechanisms for *protection of*



competition will continue on the basis of the already developed primary and secondary legislation (anti-monopolistic legislation, state aid legislation).

- 3.10 The development of the *private business sector* in the Republic of Macedonia is characterised by the privatisation process and the development of small- and medium-sized enterprises. The privatisation process is almost completed, and the post-privatisation restructuring is focused on the improvement of corporate management practices. Further development of the business sector will focus on a) the creation of a stable and predictable institutional environment; b) harmonisation with the EU legislation; and c) a proactive industrial policy. Full development of the regulatory framework supporting the market economy, as an agent for development of the private sector, also implies improvements in: accounting standards and their implementation; developing the tax base; the enterprise registration procedure; and the development of regulations securing receivables. The policy supporting the business sector is developed consistently with the microeconomic policy of the EU (EU Industrial Competition Policy, the Lisbon Strategy for Economic, Social and Environmental Renewal).
- 3.11 The *improvement of human capital* is one of the pillars of the reforms focused on increasing employment rates, productivity and competitiveness of the Macedonian economy. The policy has three key elements: the first one is reform in education, based on the principles of the Bologna process; the second one refers to continuous education, training and development in all fields; and the third one to strengthening management skills in the business sector and in the public administration.
- 3.12 Macedonia has adopted the Small and Medium Enterprises Charter of the EU. The Agency for Support of Entrepreneurship is responsible for implementation of the Development Programme for *Small and Medium Enterprises Development and Encouragement of Entrepreneurship*. On the other hand, the Entrepreneurship and Competition Council will be responsible for the promotion of partnerships among the public, private and civil sectors.
- 3.13 The *production factors promotion* programmes are focused on the improvement of human capital, assets and administrative structures. In this context, the *Information Society Development Project* is considered a priority and is consistent with the EU Plans – eEurope, eEurope+, and SEE eEurope. Moreover, the policy in the fields of scientific research and technology in Macedonia focuses on harmonisation with the models of competitive advantage of the Macedonian industry, and the development of commercially relevant technologies by the establishment of links between the scientific research sector and the business sector and increased budgetary support for selected priority areas (sustainable development, management of water resources, energy, new materials, environment, information and communication technology, health, biotechnology, production of high quality foodstuffs, and geological sciences and engineering). This is the framework for participation in the COST Community Programme. The adoption of the ISO 9001:2000 quality systems is another priority connected to the promotion of the production factors.
- 3.14 Reforms in the field of *intellectual rights protection* - industrial property and copyright protection, are at an advanced stage with a high level of harmonisation of the legislation and well developed institutions; the future focus will be on consistent implementation.
- 3.15 The key challenge for the *agricultural sector* is the development of competitiveness so that Macedonian agriculture can compete in the integrated regional markets of the European



Union and South East Europe. The reforms in the agricultural sector are focused on strengthening the efficiency of agricultural production, processing and marketing; building effective public and private institutions to support the development of agriculture; strengthening the regulatory framework for veterinary protection, phytosanitary systems and food safety; optimal and sustainable use of limited resources (land, forests and water); and, sustainable rural development. The reform of the direct financial assistance system will be implemented within the scarce budget resources, and in accordance with the principles of the EU Common Agriculture Policy. The support will focus on “green measures”. Employing the EU structural instruments to support the Macedonian agricultural sector would ensure sustainability of the reforms and adjustment to the requirements of the common market.

- 3.16 Within the *public finance* reforms, public revenues reforms will be focused on ensuring regular and timely financing of budget expenditures; harmonisation with EU legislation; improvement of tax administration; fiscal decentralisation adjustments; investment promotion; and balanced and just distribution of tax burdens. The priorities in the area of public expenditures are: changing the overall budget expenditure structure; improving the planning process and efficiency; and, transparency and accountability in the management of public resources. In addition, the treasury and public procurement systems have been improved through the harmonisation of legislation with EU legislation.
- 3.17 *Fiscal decentralisation* will enable the strengthening of the capacities in local self-government to manage local development and the implementation of the additional competencies of the municipalities.
- 3.18 The reforms in the *financial sector* are focused on the strengthening of competition in this sector and improvement in the legislation and supervision regarding financial institutions. The harmonisation of the banking system with the Basel standards is an ongoing process, as well as the harmonisation with EU legislation leading to further liberalisation of banking operations. The Strategy for Development of Treasury Bonds identifies measures for the development of the primary and secondary treasury bonds markets. The priority in the insurance sector is further harmonisation of the legislation with EU legislation, and, in particular, market liberalisation, the attraction of foreign investments, strengthening competition and the supervisory function.
- 3.19 The measures for improvement of the institutional arrangements in the area of *public utilities* are focused on the introduction of a commercial orientation and the management of the public enterprises; strengthening of the regulatory systems and bodies; and, strengthening of market competition.
- 3.20 The development of the *infrastructure* rests on the sectoral strategies reflecting the specifics of the relevant area. However, future planning needs to develop an integrated strategic approach related to the infrastructure corridors. The transport infrastructure will be developed according to the set priorities – Corridor 10 and Corridor 8. In order to improve the efficiency in the railway transport, Macedonian Railways will be restructured. In the telecommunications sector there will be full harmonisation of the legislation in accordance with the Stabilisation and Association Agreement. The measures in the electrical power sector focus on gradual integration of the region in the European energy market in accordance with the Athens Memorandum. The restructuring of the Electric Power Company is being implemented by the separation of transmission and distribution from



energy production; the Company will be gradually privatised. The general policies for further development of the energy sector will focus on the improvement of energy efficiency and an increased share of renewable types of energy in energy consumption. The gap between the needs and the available resources is a key problem in infrastructure development and will be gradually overcome by the prioritisation of investments and by combining sources of financing.

- 3.21 The ongoing decentralisation process will give a new impetus to *local economic development*, based on increased capacities of the municipalities to create sustainable economic development through their own revenues. The Nomenclature for the Territorial Units for Macedonia will be harmonised with the Nomenclature for the Territorial Units for Statistics (NUTS); underdeveloped regions and regions with serious environmental problems will be identified. The introduction of an integrated approach to regional and local development policy will be supported by the development of a local network of institutions and agencies, as well as by the promotion of partnerships between the public and private sectors at a local level.
- 3.22 The policy in the area of *environmental protection* is based on an integrated approach and gradual harmonisation with EU legislation. The National Environmental Action Plan was adopted in 1996 and the preparation of the Second National Plan is in progress in accordance with the Sixth Environmental Action Programme of the EU. One of the greatest challenges for the environmental policy is the establishment of an optimal balance between economic and environmental efficiency, which will involve increased use of economic instruments for the protection of the environment. The preparation of the Local Environmental Action Plans, which is a legal obligation, is in progress. Also, a National Strategy for Sustainable Development is being prepared.
- 3.23 The restructuring of the enterprises, the liquidation of significant number of industrial enterprises and the public sector reforms have contributed to increased *unemployment*. Unemployment in the Republic of Macedonia is of a structural nature and measures for its reduction are an important part of the overall economic policy.
- 3.24 The policy on *human resources and labour market development* primarily focuses on measures for encouraging job creation. On the other hand, permanent investment in human capital will be stimulated through the provision of a relevant public and private education network. The removal of the remaining institutional inflexibility in the labour market and social protection, should contribute to improved mobility of labour in parallel with measures for suppressing employment in the “grey economy”. These measures have been elaborated in detail in the National Action Plan for Employment 2004 – 2005.
- 3.25 The *reforms in the pension system* are ongoing. The pension system will include three pillars: 1) a mandatory state pension fund; 2) a mandatory private pension fund; and 3) a voluntary private pension fund.
- 3.26 The reforms in the area of *social protection* are focused on de-institutionalisation and decentralisation, applying several models of partnership between the public and the private sectors.



4. The Approximation of Laws

- 4.1 *The process of **approximation of the Macedonian national legislation** to that of the EU* has been taking place since the Republic of Macedonia gained its independence. The period until 1996 was characterised by harmonisation of the overall legal system with the new categories contained in the 1991 Constitution and by the introduction of market economy institutions. The law approximation process has been intensified since the Cooperation Agreement with the European Community was signed in 1996, as it contained a clause on law approximation. According to the Stabilisation and Association Agreement, harmonising the internal market legislation has been identified as a priority in the first phase of association. The harmonisation of internal market legislation (competition, state aid, public procurement, protection of intellectual property, personal data protection and quality infrastructure) is in an advanced stage; at the same time, the institutional capacities that are necessary for implementation are being established and strengthened.
- 4.2 The overall law approximation institutional infrastructure has been developing gradually since 1996 and has been incorporated in the institutional infrastructure supporting the European integration process. The Subcommittee for Law Approximation is supported by 29 inter-ministerial working groups based on the *acquis communautaire* screening chapters.
- 4.3 The harmonisation of legislation takes place in a programmed manner, through a Law Approximation Programme, which is adopted annually and which is complementary with the Programme of the Government of the Republic of Macedonia. In addition, a database has been developed to support the approximation process. Procedural norms are in place to ensure monitoring of the conformity of legislation and a mandatory conformity statement has also been introduced as a requirement.
- 4.4 Further priorities in the law approximation process are as follows:
- strengthening the integrated approach and ensuring consistency of the law approximation process by adjusting the national policies to those of the EU;
 - improving the economic, social and fiscal impact assessment;
 - consultation with all stakeholders during the law drafting process;
 - maintaining the consistency of the legal system of the Republic of Macedonia;
 - adjusting the approximated norms to the specific conditions and circumstances in the Republic of Macedonia;
 - improving the law drafting techniques in order to ensure that the laws are simple, comprehensible and accessible;
 - greater involvement of the Parliament of the Republic of Macedonia; and
 - strengthening the supervision of the implementation of laws.
- 4.5 The introduction of the European Partnership, which defines the priorities in the stabilisation and association process more closely, has also defined clearer short-term and long-term objectives for the law approximation process. On the basis of the European Partnership, the Stabilisation and Association Agreement and the progress made in the law approximation process, and using the experience and knowledge acquired so far, the Republic of Macedonia *will start preparing a Programme for the Adoption of the Acquis Communautaire* in 2005.



5. Justice and Home Affairs

5.1 Macedonia's approach to integration in the area of **justice and home affairs** has been set by the following key determinants:

- Ensuring a system of stable institutions that operate in the area of justice and home affairs and guarantee support to the other sectors of integration;
- Aligning the standards and rules that are required in order to establish close cooperation between the relevant Macedonian institutions and the EU institutions and those of the member states;
- Formulating and implementing adequate policies in the area of movement of persons;
- Introducing appropriate and efficient measures in the fight against organised crime and corruption; and
- Strengthening regional cooperation.

5.2 The efficient functioning of the **judiciary** has been identified as one of the priorities in the overall reform process, being a prerequisite for EU membership. Although the judiciary has gone through a significant transformation, it is necessary to intensify the reforms in order to sustain the overall integration process, and these will be detailed in the *Judiciary Reform Strategy that is to be adopted by the end of 2004*.

5.3 The following reform areas have been identified as priorities:

- *Strengthening the autonomy and impartiality of the judiciary;*
- *Improving efficiency;*
- *The development of human resources;*
- *Funding of the judicial system; and*
- *Computerisation of the Judiciary.*

5.4 The new Law on the *Public Prosecutor's Office*, which has been aligned with the Recommendation (2000)19 of the Council of Europe Committee of Ministers, strengthens the autonomy of this body and its independence from the executive power. The following activities are priorities: strengthening cooperation between the Public Prosecutor's Office and the Police; strengthening capacities in the fight against organised crime and corruption; strengthening the role of the Public Prosecutor in ensuring respect for human rights during the procedures; introducing continuous training for public prosecutors within the National School for Education of Judges and Public Prosecutors; improving the Public Prosecutors' Code (in 2004); providing IT support and links with the other relevant institutions; and, strengthening regional cooperation and cooperation with the EU member states.

5.5 In order to *develop cooperation in the judiciary in the areas of civil law and criminal law*, compatibility with the relevant EU norms will need to be continuously improved. Strengthening the capacities of the responsible institutions, developing databases of Macedonian civil and criminal laws and developing the cooperation with the relevant EU judicial networks are prerequisites for cooperation in the judiciary.

5.6 The key priorities set out in the adopted Police Reform Strategy are:

- reorganisation and de-concentration;
- professional standards, respect for human rights;



- strengthening the capacities to fight organised crime and the capacities for criminal-intelligence analysis;
 - human resources development: responsibility, motivation, continuous education system – the Police Academy;
 - upgrading the IT system, establishing and managing databases in line with the EU standards;
 - proactive involvement with the local community; and
 - transparency.
- 5.7 The police reform policies have been identified and formulated in a number of *strategic documents* that have been adopted within the police reform process and their implementation is currently underway: the Police Reform Strategy (2003); Measures for Specific Action against Organised Crime (2003); Integrated Border Management Strategy (2003); Migration and Asylum Action Plan (2003); and, National Programme against Trafficking in Human Beings and Illegal Migration (2002) as well as other documents.
- 5.8 Short-term priorities include the adoption of *the Data Protection Law* (2004) and the establishment of a Data Protection Directorate in line with the ratified Council of Europe Convention on Protection of Individuals from Automatic Data Processing of 1981.
- 5.9 A short-term objective of the Republic of Macedonia is to reach a *cooperation agreement with EUROPOL*, while a long-term objective is to continuously develop its cooperation into higher operational and strategic forms.
- 5.10 The ongoing *Customs Reform*, which is aimed at aligning the relevant legislation and practices with EU standards, increasing transparency, building capacities and efficient cooperation with the relevant bodies on a national level and establishing a compatible information system, constitutes the basis for developing the cooperation in the area of customs, particularly in order to prevent illegal cross-border activities.
- 5.11 In principle, the existing legal framework contains the European standards that arise from international agreements and recommendations and it constitutes a solid basis for establishing an efficient system for crime prevention and repression. The implementation of the Constitutional Amendment 17 will be ensured through the adoption of the Law on Communication Interception and the Law on Witness Protection.
- 5.12 In strengthening the measures for combating organised crime, special emphasis is placed on strengthening the *institutional support*, particularly the specialised task forces, on strengthening the cooperation between all the institutions involved (the Public Prosecutor's Office, the Police, the Money Laundering Prevention Directorate, the Financial Police, the Customs Administration, the Judiciary), as well as on establishing a unified information sharing system.
- 5.13 Activities have been undertaken to create an adequate legal framework for fighting *terrorism* by implementing the relevant international instruments through adoption of a special law covering the fight against terrorism and by means of amendments to the existing criminal legislation, as well as other measures. The European Convention on Combating Terrorism (Council of Europe, 1977) has been ratified and the ratification of the UN Convention on the Fight against Terrorism is under way.



- 5.14 Simultaneously, bilateral and multilateral *regional cooperation* in the fight against organised crime and terrorism will also be strengthened by means of cooperation agreements, as well as by developing networks for efficient information sharing and operational cooperation between the relevant services of the countries from the region.
- 5.15 The *fight against corruption*, as one of the priorities of the Government, is widely supported in the society, and is being implemented by setting an adequate legal and institutional framework. The Law on Corruption Prevention was adopted in 2002, and amendments to this Law arising from the practical experience obtained so far were introduced in 2004. The State Commission on Corruption Prevention has adopted a State Programme for Corruption Prevention and Repression. The further efforts in Macedonian society to eradicate corruption should develop in several directions:
- developing the control mechanisms between the authorities;
 - finalising the legal framework and ensuring adequate institutional support for combating corruption;
 - limiting the discretion rights in the administration;
 - encouraging the work of the independent bodies; and
 - strengthening the partnership with the civil sector.
- 5.16 The Republic of Macedonia is presently making intensive efforts to strengthen the *visa, asylum and immigration policies, and other policies concerning free movement of persons*, through strategic planning (adopting strategies and action plans) and establishing appropriate legislation, aligned with that of the EU. All the strategic documents adopted so far point to a pressing need to strengthen administrative capacities, provide training and urgently overcome the serious gap in terms of ICT. It is equally important to establish and maintain continuous inter-ministerial cooperation. Simultaneously with the harmonisation of legislation and the application of EU standards, cooperation with the EU in this area will be developed, along with gradual integration into the relevant information sharing systems. Future policy development and implementation will involve continuous monitoring of the developments in the policies and the legislation of the EU and policies in the Republic of Macedonia will be harmonised accordingly, taking into account the particularities and the interests of the Republic of Macedonia.
- 5.17 A particularly important interest of the Republic of Macedonia is to see the *EU visa regime for its citizens liberalised*. The measures that the Republic of Macedonia needs to undertake in order to make progress on this issue go beyond the special measures in the area of visa policy and relate to the overall policies in the sphere of justice and home affairs, the harmonisation of national legislation with that of the EU and its practical application. The project on new Macedonian passports aligned with the EU standards will be implemented in parallel with these measures.
- 5.18 The National Action Plan on *Migration and Asylum* of December 2002 and the new Law on Asylum and Temporary Protection, in line with EU standards, include the key objectives, mechanisms and instruments for the Republic of Macedonia to apply a consistent policy on the movement of persons, whereby the focus will be on implementation. At the same time, the Republic of Macedonia will intensify the process of concluding readmission agreements.
- 5.19 The consistent implementation of the *Integrated Border Management Strategy*, adopted in 2003, will include handing over of the responsibilities for border management of the Army



of the Republic of Macedonia by 31 December 2005, and formulating transparent and clear procedures along with specification of the competencies and responsibilities of the Ministry of Internal Affairs. The transfer of responsibilities to the established Border Police is developing as planned and the Border Police has already taken control over the Southern and Eastern borders.

- 5.20 The laws covering this area need to be further *harmonised* with the standards of the EU concerning the control and supervision of the borders, the movement and stay of foreign nationals. At the same time, *national coordination and cooperation between the line ministries and other relevant institutions* needs to be ensured. *Establishing adequate databases* is a high priority, *as well as establishing systems of information sharing between the relevant institutions*.
- 5.21 At the same time, the Republic of Macedonia will continue to intensify its involvement in *regional cooperation* in this area.

6. Public Administration Reform

- 6.1 Building a **public administration** that is capable of coping with the burden of EU integration, and later with the obligations arising from membership, is a high priority that links horizontally all the sectoral reforms in the European integration process and is essential to their success. The objectives of the public administration reform in the context of EU integration are: adapting and enabling the public administration in the Republic of Macedonia to engage in a process of transposition and implementation of the EU legislation; enabling the public administration to create and implement the overall reforms of the economic, political and legal system; and, building the institutions required to ensure the free movement of goods, capital, services and people in the EU.
- 6.2 The commitments contained in the *Public Administration Reform Strategy of 1999* are valid and fully compatible with the objectives of the European integration process, and with the additional priorities deriving from the implementation of the Constitutional provisions arising from the Framework Agreement, namely decentralisation and the equitable representation of members of the communities. The legal and institutional framework regarding civil servants has been finalised but the broader public administration framework has yet to be defined, particularly through the adoption of the Law on Institutions.
- 6.3 Generally, resources will need to be *reallocated to the priority areas of the reform*. In addition to the divestment of non-core functions and the downsizing of the public sector, another priority is to *strengthen the regulatory and control functions* of the state in the provision of public services.
- 6.4 The horizontal public administration reform also aims to *strengthen the analysis and policy making functions and monitoring implementation*. Along with these requirements, the specific requirements regarding institutional development within the process of approximation to EU will also need to be addressed. The mechanism established to *identify the strategic priorities* of the Government, underpinned by a medium-term fiscal strategy, forms the basis for further improvement of the policy making process.



- 6.5 Another priority of the public administration reform is to *improve management in the public administration and the human resources management system*. In addition to the consistent implementation of the merit system, which is guaranteed by law, the civil servants' appraisal system and the phased decompression of salaries are being implemented as priorities.
- 6.6 One of the objectives of the reform is to strengthen *the protection of the citizens' rights in their interaction with state bodies*. To this end, new laws on administrative procedures, administrative inspection (both already in procedure) and on administrative disputes will be adopted. Partnership between the Government and the civil sector is the necessary next step, and the same applies to improving transparency in the work of the state bodies. A stronger role for the Ombudsman in the protection of citizens' rights and freedoms in relation to state bodies should result in greater influence for this institution in the protection of human rights and freedoms.
- 6.7 The forthcoming *decentralisation* process requires fundamental reforms in the management of local affairs. At a local level, this means strengthening local capacities in the planning and management of local resources, whereas on a central level it means strengthening the role of the state in strategic planning and national resource management, as well as strengthening the monitoring function regarding the application of laws. The decentralisation process and its timescales include: defining the territorial organisation of the Republic of Macedonia (2004); implementing the Law on Local Self-government Financing (2005); and, transfer of competencies to local self-government (by 2006). Hence, the strengthening of institutional arrangements and the need to provide qualified and well trained staff are short-term priorities, particularly because these staff will need to undertake new responsibilities in the area of budget planning and execution and in the area of local development and resource planning in the sectors that are to be transferred to local government. At the same time, the focus of the work of local government will need to shift, not only to the needs of the citizens, but also to the needs of businesses.
- 6.8 The adoption of an E-Government Strategy is a short-term priority. Its implementation will be adequately resourced in the budget, and stronger administrative support will be provided.
- 6.9 Meeting **specific EU requirements concerning the structure of the institutions** in order to implement the requirements of the European legislation, particularly in the specific circumstances in the Republic of Macedonia, implies a long-term, systematic and rational approach to institution and capacity building. In the medium term, it is necessary to incorporate EU training in the system of continuous training of civil servants.
- 6.10 This approach will be based on the following principles:
- *Cohesion*: incorporating the institutional development requirements that arise from the European integration process into the overall processes of public administration reform and restructuring; and
 - *Rationality*: establishing new institutions where it is essential and developing the existing ones that are responsible for the relevant area, while simultaneously strengthening the human resources and ensuring necessary funds.
- 6.11 *The EU Integration Training Strategy for Civil Servants*, which was adopted in 2000, sets out the main policies and capacity development methods, highlighting the civil servants'



responsibility to attend training and its mandatory nature – a principle defined in the Law on Civil Servants.

- 6.12 “Training of Trainers” will be one of the fundamental principles in the further development of EU integration capacities, along with the practice of *partnerships in the training process*. The existing European Studies Scholarship Programme for young graduate students abroad will continue and develop. These graduates are required by contract to return to work in the state administration once they obtain their degrees. At the same time, efforts will be made to provide more internships in the European Commission, as well as more well-programmed study visits abroad. All these measures are aimed at creating a highly professional nucleus of experts that will be the driving force behind the European integration process within the civil service and elsewhere, as well as the basis of the future negotiation teams.

7. Information and Communications

- 7.1 Communications concerning the integration process will be managed in line with the *Information and Communications Strategy* and the Action Plan. Their objective is to ensure that the public is authoritatively informed on the benefits and risks of the integration process.

8. The European Integration Process

- 8.1 The further development of the *institutional support for the European integration process*, which was established in the Republic of Macedonia in 1997, will move towards strengthening the capacities for coordination and direction at the centre of government and strengthening the capacities of the ministries in line with their responsibilities for EU policies and legislation. Within these frameworks, capacities to manage the EU negotiations process towards accession will also be developed.

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- 8.2 Reducing the implementation gaps, both generally and in each individual sphere, in all the segments of the reforms that lead to Macedonia’s integration into the EU is a fundamental precondition for progress.