

# Former Yugoslav Republic of Republic of Macedonia

## 1 Executive Summary

Compared to the other SEE countries, the former Yugoslav Republic of Macedonia<sup>1</sup> has the most developed administrative system on which to build a modern democracy and market economy, and advance its European ambitions, initially through the SAA. It has achieved this despite the effects of the Kosovo conflict, inter-ethnic unrest within its own territory and significant economic difficulties.

Successive Governments have approached the goal of European integration with varying degrees of success. The present Government has made it a priority and significant progress is being made on the harmonisation of legislation. Despite some gaps and the existence of older laws based on outdated models or concepts, the trend is in the right direction, although much remains to be done to ensure that new laws and amendments to existing ones are consistent with the *acquis*.

The country's approach to reform of State institutions is equally impressive. The country has had a comprehensive administrative reform strategy since May 1999 which has, however, suffered from lack of follow through and competing priorities. The current Government has adopted a serious approach and has set up a strategic unit to ensure that the PAR strategy is implemented.

Encouraging trends are emerging in public administration reform, such as attempts to develop a service orientation in the administration, the unified nature of the policy elements of the Government, the devolution of responsibility to line ministries for the development of their own budgets. Taken together, such reforms represent a concerted effort to move the administration

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<sup>1</sup> *The United Nations has decided that "the former Yugoslav Republic of Macedonia" be used as the provisional reference of the country in international relations. In order to respect the correct references for national documents and institutions cited in the text, the country is referred to, hereafter, as the Republic of Macedonia.*

closer to EU Member State standards. However the justice system, including administrative justice, is lagging, and there are still gaps in the general legal framework for the administration.

Despite the firm backing of senior managers, the main problem is still adequate staffing throughout the administration. This is unlikely to be resolved unless there are salary increases, but budgets are constrained by the economic situation and IMF conditionality. Further, although bodies at the centre of government are modernising (SGG, MoF etc), the capacities of line Ministries to participate in Government-wide processes, such as policy-making, is still limited.

The administration is faced with a parallel and vital challenge – satisfying the demands of the Ohrid agreement, which resulted from international mediation to resolve the inter-ethnic issue. Ohrid imposes fundamental reform of State institutions – decentralisation and representativity within the public service. Although such reforms are in keeping with the EU's principles guaranteeing minority rights and local representative government, their implementation will be problematic, especially in the context of IMF-driven downsizing and the limited capacities, at local level, of administrations and accountability/control mechanisms.

The outlook for reform is encouraging and the country is being assisted effectively, notably by UK-DfID. To the extent that the country can absorb more reform, efforts should focus on:

1. Developing the System of Self-Government Reform
2. Strengthening Line Ministries capacities to participate in the General Management Systems
3. Completing the Modernisation of the General Legal Framework of Public Administration
4. Upgrading the system of Administrative Justice
5. Improving the quality of human resources at all levels including implementing the Ohrid agreement on equitable representation