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THESIS

THE REPUBLIC OF MACEDONIA:
IMPLEMENTING THE OHRID FRAMEWORK AGREEMENT AND REFORMING THE STATE

by

George A. Tsukatos

September 2008

Thesis Co-Advisors: Thomas Bruneau
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        The Republic of Macedonia (ROM) remained peaceful during the violent breakup of Yugoslavia. However, the 1999 Kosovo refugee crisis, combined with a large, disgruntled ethnic Albanian minority, triggered an ethnic conflict between the Macedonian security forces and Albanian rebels in February 2001. Hostilities ended with the signing of the Ohrid Framework Agreement in August 2001. It proposed a power-sharing system between the Macedonians and the minorities, along with greater cultural and educational rights. Since Ohrid, the republic has worked to implement the Framework Agreement and reform its institutions, all in hopes of joining the European Union. This thesis examines the factors that led to the 2001 conflict, the status of the Framework Agreement implementation, and the political, economic and security reforms the ROM promised to the EU. Factors supporting success in executing the reforms will be examined, as well as factors impeding progress. Finally, this thesis discusses what roles the international community plays in the development of the ROM

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**THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA:
IMPLEMENTING THE OHRID FRAMEWORK AGREEMENT AND
REFORMING THE STATE**

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Submitted in partial fulfillment of the
requirements for the degree of

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iii

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ABSTRACT

The Republic of Macedonia (ROM) remained peaceful during the violent breakup of Yugoslavia. The 1999 Kosovo refugee crisis, however, combined with a large, disgruntled ethnic Albanian minority, triggered an ethnic conflict between the Macedonian security forces and Albanian rebels in February 2001. Hostilities ended with the signing of the Ohrid Framework Agreement in August 2001. It proposed a power-sharing system between the Macedonians and the minorities, along with greater cultural and educational rights. Since Ohrid, the republic has worked to implement the Framework Agreement and reform its institutions, all in hopes of joining the European Union. This thesis examines the factors that led to the 2001 conflict, the status of the Framework Agreement implementation, and the political, economic and security reforms the ROM promised to the EU. Factors supporting success in executing the reforms will be examined, as well as factors impeding progress. Finally, this thesis discusses what roles the international community plays in the development of the ROM.

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TABLE OF CONTENTS

LIST OF TABLES

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I.   INTRODUCTION

A.   OVERVIEW

Although the breakup of the former Yugoslavia during the 1990s caused a flood of ethnic violence throughout the Balkans, the Republic of Macedonia (ROM)[1] remained immune to the problems faced by its neighbors. The international community praised its ability to remain a peaceful multi-ethnic state. This changed in the winter of 2001, however, when Albanian rebels, who called themselves the National Liberation Army (NLA), began attacks on government buildings and security forces. The NLA claimed the violence was a result of the government's poor treatment of the ethnic Albanian minority in the Republic of Macedonia (ROM). The government, meanwhile, considered the NLA to be radical Albanian separatist who wanted to create a greater Albania.

The battle ensued for six months until the United Nations forced both sides into ceasefire negotiations. The UN feared that continued violence would further destabilize southeast Europe. Both Macedonian and Albanian political elites, along with international mediators, began peace negotiation talks. The end result was the signing of the Ohrid Framework Agreement (OFA) on August 13, 2001. The agreement called for an end to the violence and provided concessions towards Albanian grievances. Concessions included the adoption of a power-sharing system with its minorities; the equitable representation and non-discrimination of minorities in employment in the civil and public service sector; education rights such as state funding for minority-attended universities; and positive discrimination, allowing better opportunities for minorities in university enrollment. Included was a revised law on local self-government providing minorities greater autonomy in communities where they are in the majority.

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[1] What's in a name? "**The former Yugoslav Republic of Macedonia**" (FYROM) is used in relations involving states that do not recognize the constitutional name, "Republic of Macedonia." The U.S. recognizes the country's constitution name of "Republic of Macedonia," (ROM) while Greece claims the name "Macedonia." The ongoing dispute has generated a great deal of political and academic debate on both sides. Nevertheless, all UN member-states, and the UN as a whole, have agreed to accept any final agreement on the name resulting from negotiations between the two countries, yet to be resolved at the time of this research.

Since the ROM received independence in 1991, the ethnic Albanians complained of being marginalized by the ethnic Macedonian majority. They claimed to have limited access in higher education, which impeded their chances of obtaining professional jobs and earning a living. They claimed that their cultural rights were limited — such as the hanging of the Albanian flag and icons over buildings and town squares. Lastly, ethnic Albanians demanded greater language rights, which meant recognizing Albanian as an official language.

In the Republic of Macedonia, according to the country's 2002 public census, Albanians make up 25% of the population, while other ethnic groups, such as the Roma, Serbs, Turks, and Vlachs, make up 10%. Ethnic Albanians typically live in the rural, western portion of the country, mainly working in agriculture. Minorities were allowed to form their own political parties within the country's parliament, but ethnic Albanians claimed that the Albanian political leaders did little to improve their status. In 2001, the NLA would gain more in the six-month conflict than the Albanian politicians could in the prior ten years. This brought fears that a militant Albanian group would be needed to provide results.

This thesis examines the following questions:

- What factors spurred the ethnic conflict?
- What is the status of implementation of the Ohrid Framework Agreement?
- What factors promote success and impede progress in the reform of the state?
- What is the past, present and future role of the international community in developing the ROM?
- What are the prospects of the ROM gaining EU membership?

B.   THESIS STRUCTURE

This thesis begins with a discussion on the theoretical framework for conflict prevention and the stabilization of multi-ethnic societies. Since the ROM is a young state, it may have institutional weaknesses that could lead to poor accommodation of its minorities. Chapter II argues that the weakness of the state leads to a poor ability to

provide security and economic stability to its citizens. This may lead to further marginalization of minorities, which could lead to rebellion. Other factors that may force minorities to rebel against the state are also discussed. The goal of the chapter is to create a stability checklist to evaluate the situation, and to critique the state's performance towards implementation of the Ohrid Framework Agreement and its reforms.

Chapter III starts with a timeline of historical events within the region. The chapter goes back to ancient Macedonia and its relationship with its Greek neighbors. It discusses the various empires that ruled Macedonia, each of which brought forces that shaped Macedonians today. The timeline then explores past the fall of the Ottoman Empire, the nations of Bulgaria, Greece and Serbia would fight for the territorial remains of Macedonia. Lastly, how Macedonia would become a republic within Tito's Yugoslavia federation will be discussed.

Macedonia became independent in 1991, following the breakup of Yugoslavia. What were the difficulties in developing its state? Tito's Yugoslavia remained relatively peaceful with its minorities, but the new state would face challenges, especially from the ethnic Albanians who wanted greater autonomy.

Chapter III also explores the factors that spurred the ethnic conflict with the Albanian rebels. Was the conflict strictly over rights? Did other concerns motivate the NLA? If the Macedonians really had marginalized the Albanians, what caused them to do so? The chapter concludes with an evaluation of the Ohrid Framework Agreement (OFA), which ended the conflict. Its pros and cons are examined in an effort to understand the challenges of the OFA implementation. The chapter includes discussion on why the Albanians were seen as the winners — and the Macedonians as the losers.

Chapter IV updates events since the signing of the OFA and evaluates what role the international community played in the ROM. In 1999, following the events in Kosovo, the EU focused its attention on providing long-term stability within the Balkans. That year the EU created the Stability Pact to assist in developing the countries of

southeastern Europe.[2] Along with the Stability Pact, the EU created the Stabilization and Association Process, which is the first step towards integration into the EU. This process allowed the ROM to work closely with the EU on its reforms. The chapter outlines what contributions are being provided by the EU, international governmental organizations (IGO's), and non-government organizations (NGOs) in developing the ROM. The status of the implementation of the OFA will be discussed, exploring which factors are promoting success in the state's reforms and which factors impede progress.

Chapter IV concludes with a comparison of how the ROM compares to other southeast European countries. Countries like the ROM are executing reforms in hopes of EU membership. Indicators such as growth, inflation, unemployment, and corruption are analyzed. The capacity of the EU in admitting new states is discussed, focusing on how it could impede the republic's motivations for reform.

Chapter V evaluates the OFA and makes policy recommendations. The stability checklist created in Chapter II is used to judge the republic's reform efforts. It summarizes what has been done, where the country stands politically, economically and socially, and what the future holds.

The OFA's main goal was to secure the future of Macedonian democracy, and develop closer and more integrated relations between the country and the Euro-Atlantic community.[3] This raises the question of what classifies as *success* in the case of the ROM? Does the containment of major ethnic violence alone signify success? Or, is it the full implementation of the OFA? It is the author's opinion that ultimate success will be membership into the EU, where the OFA is used as a roadmap towards the strengthening of the state. Containing major ethnic violence is a good thing, but it would maintain only a fragile status quo where a minor event could retrigger ethnic violence. Non-implementation of the OFA would demonstrate the lack of the government's political will

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[2] "Stability Pact for South Eastern Europe, from a conflict prevention and confidence building initiative in South Eastern Europe to a regionally-owned Regional Co-operation Council," http://www.stabilitypact.org/about/SPownershipprocessPortal.asp, accessed August 1, 2008.

[3] Ohrid Framework Agreement, August 8, 2001, http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008.

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and its division along ideological and ethnic lines. This is why it is essential for the EU to provide guidance and expertise to boost reforms and consolidate gains.

Overall, success requires strong institutions, as well as a common marketplace where citizens have rights to higher education, opportunities to build private businesses, and the ability to compete for professional jobs under the protection of the state. The EU would be the best avenue for prosperity. In 2005, the republic was elected to become a candidate country towards EU membership. The OFA's implementation is essential to meet the EU's acceptance criteria. Its full implementation ensures political reform, respect of minority rights, a revised plan for decentralization, and development of a transparent security force that reflects the ethnic makeup of the community.

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II. CONFLICT PREVENTION AND STABILIZATION OF MULTI-ETHNIC SOCIETIES

> Conflict, including ethnic conflict, is not unavoidable but can indeed be prevented. This requires, however, that necessary efforts be made. Potential sources of conflict need to be identified and analyzed with a view to their early resolution, and concrete steps must be taken to forestall armed confrontation.
>
> —Max van der Stoel, OSCE High Commissioner on National Minorities, 2005[4]

When the Republic of Macedonia gained independence from the Republic of Yugoslavia in 1991, the future offered a transition from an autocratic regime authority to a democracy and from communism to a free market. Since the ROM was a new democracy, the democratic structures themselves were new, and the capacity to effectively govern would be limited. This chapter examines the weaknesses that led to ethnic violence and interstate conflict, the inability of weak democracies to prevent conflict, factors triggering ethnic groups to rebel against the state, and conflict prevention mechanisms that experts say are necessary to maintain peace.

A. WEAKNESS INVITES VIOLENCE

Robert I. Rotberg categorizes nation-states under three categories: strong, weak or failing, depending on the state's ability or inability to provide qualities or quantities of political goods.[5] Political goods refer to the strength of the state's institutions, protections of human rights, rule of law, and ability to provide economic prosperity. In a strong state, ethnic minorities feel secure and protected under these structures. In a weak state, those structures become unreliable. The state's capacity to provide political goods is limited, which may lead the state to provide its services to a certain portion of the population, whether they are the elite, or preferred ethnic or religious group. The remaining groups

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[4] Oliver Ramsbotham, Tom Woodhouse and Hugh Miall, *Contemporary Conflict Resolution* (Second Edition, Cambridge: Polity Press, 2005), 106.

[5] *Robert I. Rotberg, Leashing the Dogs of War,* Chester A. Crocker, Fen Osler Hampson and Pamela Aall, eds. (U.S. Institute of Peace, Washington DC, 2007), 83.

become marginalized from the state's political and social spectrum. Rothberg's definition of providing political goods is broken down into five categories as listed in Table 1.

Table 1.   Rotberg's Definition of Political Goods[6]

Security: The primary role of the state is to provide security. Without security, there could be no stability or economic growth. The state must secure its territory and borders, reduce internal threats and provide human security by preventing crime. It must project power from the capitol city to the provinces. Human agency is the cause of failing states. It allows corruption, escalating inflation, harassment of civil society, electoral fraud, disenfranchisement of ethnic groups, threats to judicial independence, and weakening of state police forces. Lack of security threatens commerce and business structures.
Governance and Rule of Law: Requires a transparent and predictable system of handling disputes and regulating the laws of the society. Laws are enforced by procedures and oversight. Effective rule of law requires an effective judicial system, security of property and the enforceability of contracts. Without a formalized body of laws that validate the values of the citizens, societal bonds weaken and disputes are handled violently.
Participation in the democratic process: Right to participate and compete for political office, and support for state's political institutions and courts, a media that's free from government control and overall respect for human and civil rights are hallmarks of participation in a democratic society. Failing states typically control or limit the citizen's rights towards information or free speech. Such states fear that an informed citizenry would marginalize their power to control.
Economic growth and prosperity: A banking system supported by a national currency is essential. It provides the ability for citizens to pursue entrepreneurial ideas with the potential to prosper. State investment into infrastructure that provides jobs and builds a sense of community pride contribute to stability. When states direct the available resources to the elite, they typically slip deeper towards failure. High corruption typically means failure. Money taken overseas means it wasn't invested into the country.

Other political goods:
   - Education: Skilled teachers who are paid, opportunity to receive higher education, provides school supplies, and the reduction of illiteracy all contribute to national stability. States that do not support the schools leave them vulnerable to insurrection.
   - Infrastructure: The more potholes you see within the state's roads, the more the government is failing. State must provide capitol for crew, equipment, and materials. The fewer railroads and roads, the less communities are connected.
   - Medical Treatment: Society must provide resources such as training, equipment and medicine to reduce infant mortality, diseases, low life expectancy.

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[6] *Rotberg, Leashing the Dogs of War*, 83-87.

The weaker the state becomes in providing political goods, the greater the chance intrastate violence can occur. Jack S. Levy writes, "The collapse of a state power leaves ethno-national groups in a condition resembling international anarchy, without any guarantees that their security and rights will be protected."[7] If the failure of a state can lead into civil war, it can also occur when its citizens question state legitimacy of power. Michael W. Doyle and Nicholas Sambanis argue that civil wars arise when individuals, groups, and factions discover that a policeman, judge, soldier, or politician no longer speaks and acts for them. Rather than "the local cop on the beat," the cop becomes "the Croatian, Serb or Muslim cop."[8]

Is the state always to blame for ethnic conflict? Minorities may have conflicting views on politics, religion, and economic policies with their government. Opportunities may arise, which can warrant action from these groups. Three factors can trigger a communal group's willingness to rebel: collective incentives, capacity for joint action and external opportunities.[9] Ethnic rebellion tends to occur in areas where that ethnic group is the majority. Any failure of the central government to govern these areas can lead to requests for greater autonomy or to secessionist attempts by the ethnic group in the small region where it dominates.

Failures of the state can be exaggerated by ethnic leaders looking to trigger violence for personal reasons. Levy writes, "These security-driven insecurities can be exacerbated when the leaders of one group attempt to unify their own people, and to enhance their own standing among them, by rhetorically exaggerating the potential threat posed by the other, acting to rectify past injustices (real or imagined), and generally using other ethnic groups as scapegoats for domestic problems."[10] He cites Slobodan Milosevic as a leader who used his own ethnic group to mobilize support during the Yugoslavian wars.

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[7] Jack Levy, *Leashing the Dogs of War,* 27.

[8] Michael W. Doyle and Nicholas Sambanis, *Making War & Building Peace* (Princeton, New Jersey: Princeton University Press, 2006), 28.

[9] Oliver Ramsbotham, Tom Woodhouse, Hugh Miall, *Contemporary Conflict Resolution* (Second Edition, Cambridge: Polity Press, 2005), 113.

[10] *Levy, Leashing the Dogs of War*, 27-28.

B. PREVENTING INTERNAL CONFLICT

If weak states fail to provide security, rule of law, and economic prosperity to its citizens, the greater the chances it may find itself in a conflict. Edward Azar theorized that armed conflict will degrade governance, deform institutions and impede development. In this case, if good governance is applied, the probability of conflict should be reduced.

This leads to the goal of Chapter II. What steps are needed to avoid ethnic conflict? Ted Gurr writes of six essential principles in managing communal conflict.[11]

1. **Promote**: recognize and promote group political, cultural, and educational rights. Allow for the prevention of discrimination based on religion, race, place of origin and language. Institutions such as the Organization for Security and Cooperation in Europe (OSCE) have set the standards for European countries with minorities. They monitor and prohibit forced assimilation, promote autonomy in ethnically dominant areas within states, and present minority issues to the UN.

2. **Recognize**: allow the right of regional minorities to sub state autonomy. Establish some form of federalist system that provides rights to local self government. This concept is difficult in centralized states due to fears of secessionists movements in ethnically dominated areas.

3. **Democratize:** democratic institutions and power sharing are preferred means for protecting group rights. If minority rights are recognized, all groups collectively can pursue their interests. Power sharing allows minorities a forum to voice their concerns and provide oversight that helps ensure their civil and political rights.

4. **Accommodation:** mutual accommodation is the preferred strategy for managing civil conflicts. It is better to negotiate than face an endless insurgency. Opposing factions typically ask for independence, but eventually see they are overpowered. They will eventually see the cost of accommodation is less than a prolonged war.

5. **Engage:** international engagement to promote negotiated settlements of communal conflict. The need is great for powerful third parties such as the EU, United Nations, and the OSCE to

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[11] *Gurr, Leashing the Dogs of War,* 151-155.

promote engagement. Such third parties can use leverage to force a peace. The EU can entice countries into EU membership; the UN can threaten sanctions; the U.S. can ban them as a trade partner.

6. **Intervention:** Coercive intervention is a necessary response to gross violations of human rights. Peace enforcement missions are sometimes necessary and justifiable. Interventions are needed to prevent spillover effects which threaten regional security.

Overall, Gurr's concept in managing ethnic conflict focuses on the concept of power-sharing, cultural, educational and human rights, granting local autonomy to minority communities and third-party interventions. Lastly, Oliver Ramsbotham, Tom Woodhouse and Hugh Miall include factors generating conflict and possible preventers in Table 2. They provide conflict prevention mechanisms at the state and societal level. They argue that there needs to be not just essential reform at the state level but deep or structural prevention techniques that address root causes of conflict to prevent their reoccurrence.

Table 2.   Prevention of intrastate conflict

Factors generating conflict	Possible preventers
State Level	
Ethnic Stratification	Power-sharing/federalism/autonomy
Weak economies	Appropriate Development
Authoritarian rule	Legitimacy, democratization
Human right abuse	Rule of Law, human rights monitoring
Societal Level	
Weak societies	Strengthening civic society, institutions
Weak communications	Round tables, workshops, community relations
Polarized attitudes	Cross-cultural work
Poverty, inequality	Poverty reduction and social reforms
Exclusion policies	Stronger moderates

Source: Ramsbotham, Woodhouse, and Miall, *Contemporary Conflict Resolution,* 121.

Ramsbotham, Woodhouse, and Miall also stress the importance of global and regional factors. On the global level, inappropriate systemic structures can cause internal conflict and can be prevented by changes within international order. On the regional level, ethnic Diasporas regionally can cause complications in neighboring states, which can be managed by regional security arrangements.

This chapter stressed that avoiding conflict depends on the strengthening of democracies, including institutional reforms, economic reform, regional and local security, respecting human rights, and the inclusion of ethnic groups into civil society. Now it is possible to develop a stability checklist to use as a tool in evaluating the case of the ROM. Since it is considered a new democracy, based on Rothberg's theory, the country may have provided weak political goods via its inability to provide economic prosperity and security to its citizens. This could have contributed to the ethnic Albanian minority willingness to rebel, according to Gurr's theory. Also, Table 2 presented factors that certainly may have generated ethnic conflict in the ROM.

The goal of this thesis is to evaluate the OFA's implementation in settling ethnic grievances and reforms that would strengthen the state. The hope is for the ROM to shift from a weak state to a strong state. In consolidating the information of this chapter in Table 3, a stability checklist is provided that highlight what is essential in reforming ethnically mixed societies recovering from conflict. The checklist is broken down into four desired end states:

    a. stable democracy,

    b. secure environment and rule of law,

    c. sustainable economy, and

    d. social well-being.

Chapter IV analyzes the reforms executed by the ROM government. The final chapter of this thesis examine whether the ROM is approaching those desired end states. The objective is to analyze the implementation of reforms against what was stated as being important in developing weak democracies and the accommodation of ethnic minorities as summarized in Table 3.

Table 3.   Four Desired End States[12]

1. Stable Democracy
A. Build legitimate institutions at the state, regional, and local level. Ministries and civil service sector must be reliable, efficient and maintain integrity B. Allow the concept of power sharing in a multi ethnic state. This includes equal representation of minorities within the state and local level, and decentralization to allow greater autonomy of ethnic groups. C. Provide mechanism that would provide oversight to prevent corruptions within the state's political and civil body.
2. Secure environment and Rule of Law
A. Security forces which protect international borders, key infrastructure, and airspace. B. Police forces that are transparent, accountable, protect human rights, build civilian confidence and represent the ethnic makeup of the land. C. Build a legitimate and accountable judicial system that supports the states constitution, laws, and properties. It also must be open to all ethnic groups and its application treating all equal. It must ensures judges are selected based on merit and not political favoritism
3. Sustainable Economy
A: Build effective and reliable financial and economic institutions, promote private business and entrepreneurship and attract foreign investment by accommodating international business B: Reconstruct and invest the states infrastructure such as transportation and communication. C. Creates policies that would fight unemployment and train a viable workforce
4. Social Well-Being
A. Recognize and promote group political, cultural, and educational rights. Allow minority groups the opportunity to express their identity in a method accepted by the state. B. Provide equal education to all ethnic groups such as opportunities for advanced education which helps assimilation into the workforce. C. Promote a peaceful existence between ethnic groups by workshops for breaking barriers.

Source: Checklist adopted from the *Guide for Participation in Peace, Stabilty, and Relief Operations,* also in consolidating the information of this chapter (see footnote 12).

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[12] Daniel Serwer and Patricia Thomson created a framework of what they considered essential for rebuilding societies emerging from conflict. Table 3 consolidates the theories of this chapter, along with the Serwer and Thomson framework, to focus primarily on weak democracies that cater to large minorities such as in the case of the ROM.

III   HISTORICAL OVERVIEW

A.   ANCIENT MACEDONIA AND THE CENTURIES LEADING TOWARDS INDEPENDENCE

When we speak of the territory of ancient Macedonia, it is normally referred to as geographic Macedonia. This occupies present-day ROM, northern Greece, and a small western portion of Bulgaria. Geographic Macedonia was also called Upper Macedonia, which is the mountainous area, and Lower Macedonia, which is the costal area. In the beginning of 2200 BC, the occupants of this region formed into tribes each ruled by a King. Towards the south into mainland Greece, the Mycenaeans began to spread their culture in 1400-1200 BC. As centuries passed, a separation of culture developed between Upper Macedonia and Lower Macedonia. The tribes of Lower Macedonia, with their close proximity to Greece, became Greek-influenced. Upper Macedonia shared land with Illyrian, Peaonian and Thracian tribes. Around the seventh century, one of the tribes increased its sphere of influence into the costal planes of Lower Macedonia, and formed the Kingdom of Macedonia.

These kings had good relations with their southern neighbors, the Greeks. The Macedon kings of Lower Macedonia considered themselves of Greek descent — and often worshipped Greek gods — while the kings to the north claimed to be descendents from the Bacchidate. Despite great similarity between the Macedonians and the Greeks, there were distinct differences. Hammond cites these differences in conclusions written by Thucydides, Isocrates, and other Classical sources.

> The men of the royal house certainly spoke Greek. They also spoke the language of their people, 'Macedonian,' which contained words of early Greek origin but was not intelligible to contemporary Greeks. The Macedonians in general did not consider themselves Greeks, nor were they considered Greeks by their neighbors.[13]

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[13] Hugh Poulton, *Who are the Macedonians?* (Bloomington and Indianapolis: Indiana University Press, 2000), 13.

When King Perdiccas of Macedonia died in 359 BC, the kingdom was at risk of collapse until King Phillip stepped onto the scene. He consolidated both Upper and Lower Macedonia into one strong entity. Greece was weakened by the Peloponnesian wars between Athens and Sparta. Macedonia, once the outcast of regional affairs now dominated it.

In Greece, there were conflicting schools of thought about Macedonian influence. Demosthenes (384-322 BC) never accepted Macedonians as Greeks and loathed King Phillip.[14] He saw the Macedonians as barbaric and lacking culture. Isocrates remained a supporter of Phillip and saw the need to maintain good relations to protect Greece against foreign threats. Philip imposed peace and an alliance with the Greeks. He later formed a Hellenic Alliance based in Corinth.[15] Power eventually passed down to his son Alexander, who further expanded Greek culture into his military conquest, which stretched as far as India.

Alexander was seen as the force that united the quarreling Greek states, led the Greek armies, and spread Greek civilization throughout the known world. This is recognized as the great connection between Alexander and the Greeks today. He came to personify Macedonian Hellenism at its best.[16] After Alexander's death, his empire was split into three parts: Macedon/Greece, Syria and Egypt. These three parts were controlled by his generals. As time passed, the empire weakened and gave rise to a new power, the Romans. Rome's rapid influence into Eastern Mediterranean areas brought a zone between Latin and Greek speaking cultures. The Romans ruled under their administration with a sub culture that included Greeks, Macedonians, Vlachos, Thracians, and Illyrians. In 324 AD, the Roman Empire's capital was shifted to the east. It was called Constantinople, after the Emperor Constantine. This was the beginning of the Byzantine Empire.

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[14] Poulton, *Who are the Macedonians?* 14.

[15] Robin Lane Fox, *An Epic History of Greece and Rome* (London: Penguin Books, 2005), 197.

[16] Loring M. Danforth, *The Macedonian Conflict: Ethnic Nationalism in a Transnational World,* (Princeton, New Jersey: Princeton University Press, 1999), 38.

In the sixth century, a number of Indo-European tribes traveled from east-central Europe and called themselves Slavs. In the seventh century, the Proto-Bulgarians also arrived. By the ninth century, both groups, speaking a common Slav language, were converted to Christianity with the help of two religious brothers from Salonika, the Saints Constantine and Methodius. The Slavs were able to maintain their religion, language and culture. This helped them prevent assimilation with the Greeks despite their shared geography.

The Bulgarians fought for land and power in the eastern Balkans with the Byzantines. In the ninth and tenth centuries, military campaigns by Tsar Boris and Simeon the Great led to the Bulgarian Empire whose territory extended into Upper Macedonia and parts of Lower Macedonia. In the latter part of the tenth century, Tsar Samuel, who based his empire in Macedonia near the Ohrid and Prespa lakes, eventually would have his empire weakened by the constant Byzantine military offensives.

The Bulgarians would continue to battle the Byzantines throughout the thirteenth and fourteenth centuries for rule of Macedonian territory until another Slavic group gained power. The Serbs rapidly gained influence in what is the area that is present-day Kosovo. In 1282, King Milutin, the Serbian King, took Skopje (present-day capitol of the ROM) from the Byzantines. Later, Tsar Stephan Dusan would expand Serbian influence deep into Macedonia, which would be the start of the Serbian Empire. However, this would be short-lived. After Dusan's death, the empire disintegrated. This presented an opportune time for a new power to spread its influence. The Ottoman's conquest of the Balkans led to victory in 1389 in Kosovo. This gave the Ottomans complete power in the Balkans and allowed them to set sights on Constantinople. The Byzantine capitol resisted Ottoman raids until its port was sacked in 1453. The combination of crusades from Western Europe and disunity within the Balkans weakened the empire to leading its eventual collapse.

Since the Ottoman Empire was Islamic, it divided the multi-religious groups into what it called a millet system. Muslims were recognized as first class citizens within the system. To take advantage of first class status, mass conversions to Islam were conducted for Albanians and Slavs into Muslims. Christians were organized into separate millets,

along with other religious groups such as the Jews. The Ottomans were not interested in assimilating the religious groups; this could have been due to its lack of institutional capacity to merge the groups and the difficulty of communication due to mountainous terrain.

The people within the Christian Orthodox millets in the Balkans were under the control of the Greek patriarchate in Istanbul (formerly Constantinople). The Bulgarians and Serbs both feared assimilation into Greek influence under that religious structure. Both groups throughout the centuries struggled to maintain autonomy for control over maintaining a Serbian or Bulgarian church. This struggle continued into the Russo-Turkish war of 1877-78. Russia sided with the Bulgarian struggle for a church and self-determination. Russia also looked towards Bulgaria to expand its influence into the Balkans. Following the Turkish defeat, the Treaty of San Stefano of 1878 granted Bulgaria most of geographic Macedonia. The Bulgarian parishes called it Greater Bulgaria, where their dreams of their own state finally came true. Nevertheless, the great powers of Britain and Austria-Hungary, fearing Russian influence, sent warships to Dardanelles and war became a great possibility.[17] Russia backed down and eventually the Treaty of San Stefano was voided through the Treaty of Berlin. Therefore, Bulgaria lost its hopes of unifying the Slavic people of Macedonia with the Bulgarians.

The Treaty of Berlin amplified the national consciousness of the Slavs living in Macedonia. Many forces were coming down upon the Slavs in the area. The Bulgarians continued to have ambitions of assimilation and unification of the land, as did the Serbs with the western portion of the land and the Greeks with Lower Macedonia. The Slavo Macedonians living in Bulgaria formed special interest groups, which had specific plans for Macedonia. One such group called the 'Supreme Committee' hoped for annexation into Bulgaria. Another more radical group quickly emerged called the Internal Macedonian Revolutionary Organization (IMRO).[18] This group formally collaborated with the Supreme Committee but a more radical element with the organization developed demanding a separate Macedonian state.

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[17] Misha Glenny, *The Balkans: Nationalism, War, and the Great Powers, 1804-1999* (New York: Penguin Books, 2000), 143.

[18] The IMRO was the first organized revolutionary group to challenge occupational authority in Macedonia. They saw Macedonia territory as their own and all inhabitants as *Macedonians,* no matter their religion or ethnicity." The IMRO are considered the founders of the Macedonian national conscience.

After the Berlin Treaty, the Ottoman Empire remained intact but weakened. Greece declared independence in 1821 and managed to regain territory up to Thessaly. Serbia and Bulgaria were independent and looking for expansion into Macedonia. In August 1903, an uprising occurred in Macedonia. The Ilinden uprising (St. Elijah's Day) was a VMRO (formerly IMRO) led a campaign against the Ottomans. It resulted in the crushing of rebels by the Ottoman Army. The revolt was viewed mainly as a symbolic statement against the Turks and received credit for creating international interest in Macedonia.

The Albanians, who were typically loyal to their Turkish rulers, feared that Serbian and Greek territorial gains would eventually cause loss of their own lands. They felt that the Ottoman Empire was too weak to protect them so they mobilized guerrilla movements against such threats. The end result was an independent Albanian state in 1912. By this time, the only stronghold in the Balkans for the Ottomans was in Macedonia.

Within the Ottoman Empire, a new group emerged hoping to preserve what was left of the empire. The Young Turks were made up of a core of junior officers within the Army. They opposed Abdulhamid's autocratic rule and gained influence from western nationalist ideology. They formed the Committee of Union and Progress (CUP) and eventually overthrew the Sultan, founding the Republic of Turkey.

With great changes occurring throughout the Balkans during the early twentieth century, there would be competition towards claiming the decaying portions of the Ottoman Empire. In 1912, the countries of Bulgaria, Greece and Serbia, forged an alliance against the Turks. Differences between the small states were forgiven. They were to unite militarily against the stronger power. Bulgaria and Serbia, who initially agreed to an autonomous Macedonia, secretly agreed for a division of influence in northern Macedonia. Greece and Serbia made no such territorial agreements but the stage was set for the first Balkan War. The allies were victorious and the Treaty of London of 1913 left the Ottomans with nothing but Istanbul within the Balkans.

The allies were at odds about how Macedonia should be split. Bulgaria seemed the most disgruntled by the arrangement since they had assumed the burden of the fighting against the Turks. The Serbs wanted more territory since Austria-Hungary and Italy pressured Serbia to give up more land to the Albanians. The port city of Salonika

was contested by the Bulgarians and Greeks. This forced a Greek Serbian alliance against Bulgaria. The Bulgarians attacked the Greek and Serbian lines, which marked the beginning of the Second Balkan War. The Ottomans and the Romanians also attacked the Bulgarians. This left Bulgaria powerless and quickly defeated. Now geographic Macedonia was to be partitioned into three parts and renamed by the three countries. Vardar Macedonia would go to Serbia, Aegean Macedonia would now be northern Greece, and Pirin Macedonia became the southwest portion of Bulgaria. Through the Treaty of Bucharest of 1913, Bulgaria would retain only a small portion of what it had won in the first Balkan War.

During the First World War, Greece and Serbia joined the Entente Powers, while Bulgaria sided with the Central Powers in hopes of regaining territory lost after the Second Balkan War. During the war, the Bulgarian Army occupied most of Western and Aegean Macedonia. The Bulgarians took the opportunity to assimilate the Slavs while the occupation of Aegean Macedonia was considered harsh with reports of famine throughout the villages. Overall, the poor management of the occupation in Macedonia by the Bulgarians damaged their credibility with Slavs who once favored them. When the Central Powers were defeated in 1918, Bulgaria was again forced to retreat from its gains in Macedonia. Vardar Macedonia would become a part of the Kingdom of Serbs, Croats and Slovenes. A Macedonians delegation made its way to Versailles to state its case for autonomy, but it was not granted a hearing.[19]

Before and after the war years, there was a dramatic shift in the ethnic makeup of the Balkans. The Greek-Bulgarian convention of 1919 resulted in an exchange population of 25,000 Greeks, and between 52,000 to 72,000 Bulgarians were allowed to resettle to their motherlands.[20] The largest ethnic exchanged took place between the Greeks and Turks. Less than 400,000 Turks were exchanged for more then one million Greeks. Most Greeks moved into Greek Macedonia.

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[19]Keith Brown, *The Past in Question: Modern Macedonians and the Uncertainties of Nation* (Princeton, New Jersey: Princeton University Press, 2000), 41.

[20] Hugh Poulton, Who are the Macedonians? 86.

During the 1920s and 1930s, within the Kingdom of Serbs, Croats and Slovenes, the Slav Macedonians and the Albanians were constantly being faced with Serbian assimilation attempts. The VMRO, still an active group promoting a separate Macedonian state, joined forces with the Albanians to advance its hopes of the liberation of Macedonia to its geographic frontiers. The group mounted a number of attacks against Serbs in Macedonian territories. The group however, never really threatened state rule. They lacked public support and good Serbian and Bulgarian relations further affected their cause. Within the Kingdom of the Serbs, the voice of the Macedonians was being heard, not for a Macedonian separatist movement, but for some autonomy within Yugoslavian borders. This voice would be heard by the kingdom's future leader, Tito.

During pre-second World War, Bulgaria once again saw an opportunity to regain Macedonian territory. It aligned itself with Hitler under the axis powers. The Nazi occupation of the Balkans would be incorporated with the Bulgarian Army. Once again, the Bulgarians were occupiers of Macedonia. Initially, they were seen as liberators by Macedonians who disagreed with Serbian policies. The Bulgarians established a strong foothold within Skopje. As time passed, resentment grew against the occupation as religious and education practices emphasized pro-Bulgarian views. Treatment of the locals was considered poor while corruption further alienated the people. In 1942, a young communist leader in Yugoslavia saw this as an opportunity to build support against the occupation.

Josip Broz Tito led a rebellion against the Nazis. During post-war Yugoslavia, Tito transitioned Yugoslavia into six federal states with the sixth being the Socialist Republic of Macedonia (SR Macedonia). Tito granted the Macedonians autonomy under his federal system in the hopes of keeping separatist movements at bay and eliminating Bulgarian influence. Tito, by most accounts, had even more ambitious plans. In a proclamation on August 4, 1944, Tito stated:

People of Macedonia!

In the course of three years of combat you have achieved your unity, developed your army and laid the basis for the federal Macedonian state. With the participation of the entire Macedonian nation in the struggle against the Fascist occupiers of Yugoslavia, Bulgaria and Greece you will achieve unification of all parts of Macedonia, divided in 1915 and 1918 by Balkan imperialist.[21]

Thus, this is what some called the invention of a national identity for the Macedonians.[22] Tito's Yugoslavia would unite with Stalin for a communist take-over of the Balkans. Tito's ambitions were to include Bulgaria, possibly Albania and Greece to join his states. Stalin eventually became suspicious of Tito's ambitions and motives, and Stalin had also promised Churchill to leave Greece alone. This led to the Stalin-Tito split where Russia would no longer support Tito's expansion. The Greek Civil War (1945-50) was fought between the Greek nationalist government and Greek communists who considered union with Yugoslavia. Many Slav Macedonians living in Greece joined with the communist in hopes of forming a greater Macedonian Republic.[23] The Greek government with British and US support defeated the communist and their hopes for expansion. The defeated Slavs of Greece were forced to find refuge in Yugoslavia or Bulgaria in fear of Greek persecution.

During the Cold War, the Macedonians finally had a state, granted under Tito's rule. Greece was too weak to argue its case against the Macedonian identity. The Western powers were more concerned about communist containment than solving ethnic questions. The countries in the Balkans were living in relative peace. In the early years of

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[21] Poulton, Who are the Macedonians? 106.

[22] The debate over the origins of Macedonians continues today. Extreme Macedonian nationalist claim they are direct descendents to the ancient Macedonians, most moderates and the general public agree that they have no relation to the ancient Macedonians since their ancestors arrived in the sixth century. Most Macedonians agree that ancient Macedonians were a distinct non-Greek people. The Greek nationalist position is that because Alexander the Great and the ancient Macedonians were Greeks, and because ancient and modern Greece have an unbroken line of racial and cultural continuity, only Greeks have the right to identify themselves as Macedonians. Moderate Greeks generally believe that Tito stole Macedonian history to consolidate his control over the Slav Macedonians.

[23] A Slav-speaking minority currently living in Greece are known as the Slavophones. Their exact number is unknown, and the Greek government does not officially label them as a minority. The ROM position is that the group is a Macedonian minority living in Greece and requesting the government to recognize them as such.

Tito's Yugoslavia, Belgrade maintained centralized control of the six republics. Throughout the 1960s, reforms allowed for more decentralized control of the republics. As years passed, Belgrade struggled to maintain centralized control while Croatia and Slovenia demanded greater autonomy.

One group that requested greater autonomy was the ethnic Albanians. They inhabited the autonomous region of Kosovo and the western portion of Macedonia. In November 1968, they demonstrated for a seventh republic uniting the Albanian population which Yugoslavian heads of state saw as an attempt to secede from Yugoslavia in hopes for a greater Albania. Also, SR Macedonia saw this as a threat to their republic. Any lost territory might result in Bulgaria reaffirming claims to Macedonia. To suppress Albanian nationalism, SR Macedonia conducted a campaign to eliminate the Albanian threat. They revamped their school curriculums to be strictly pro-Macedonian and monitored Albanians for any activities that promoted nationalistic tendencies. This campaign was called 'differentiation' and led to dismissals of many Albanians from state administration and the disbandment of cultural clubs.[24] The greatest grievance for the Albanian population in SR Macedonia was loss of educational and language rights. The Macedonian language was enforced as the official language in an area where Albanians were the majority.

Despite the federation's problems with minorities, it held together. It was first united in battles against Nazi occupation and under the threat of Soviet of aggression.[25] The death of Tito in 1980 marked the beginning of the end for Yugoslavia. In 1989, a young politician named Slobodan Milosevic was sent from Belgrade to Kosovo to settle a dispute with the disgruntled ethnic Albanians. The Albanians were protesting for greater autonomy and rights. Some of the protestors became violent towards the Serbs. Milosevic, angered by what he saw, stepped on the balcony of the town hall and screamed, "No one should dare beat you. This is your land; these are your houses, your

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[24] Poulton, Who are the Macedonians? 128.

[25] Bruce D. Porter, *War and the Rise of the State: The Military Foundation of Modern Politics* (New York, NY: The Free Press, 1994) 300.

memories. You should stay here in sake of your ancestors and descendents."[26] The Serbs of Kosovo began to attack the protestors until they left the town square. Milosevic soon returned to Belgrade and grew to be the most prominent political figure in Serbia. He marginalized moderates and gained the support of the Yugoslav Army to expand his influence.

The republics were suspicious of Milosevic's motives and eager for independence. On 26 June 1991, Slovenia and Croatia declared their separation from the federation. On 8 September 1991, Macedonia would follow suit. The Socialist Republic of Yugoslavia was no more. Milosevic resisted but could not prevent Slovenia and Macedonia from their departure. Croatia on the other hand had a large Serbian minority. Such was the case in Bosnia when they looked for independence the following year. Serbian minorities in fear of being ruled by Croats or Muslims took up arms against the states with the support of Milosevic.

War in Croatia occurred from 1991 to 1995, while war in Bosnia occurred from 1992 to 1995. The end result was the Dayton Peace Accords signed on November 9, 1995. Both countries would eventually become independent but not before ethnic cleansing was committed. Violence would continue in the Balkans. The progressive breakup of Yugoslavia, along with the implementation of the Dayton Peace Accords, gave rise to a guerilla Kosovo Liberation Army (KLA) movement, which led to a continuous cycle of attacks and counter attacks between the Serbs from Serbia and the Kosovo Albanians. [27]

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[26] John G. Stoessinger, Why nations go to war, (Thomson Wadsworth, USA, 2005), 137.

[27] Peter D. Feaver, *Armed Servants: Agency, Oversight, Civil-Military Relations* (Harvard, Massachusetts: Harvard University Press, 2003), 273.

B.   THE BIRTH OF THE STATE

> In this part of the world it is difficult to find the true path between reason and emotion, myth and reality. This is the burden of the Balkans, which prevents us from becoming truly European. –Kiro Glogorov First President of the Republic of Macedonia[28]

In early 1991, SR Macedonia had to make quick decisions regarding its future. To remain in the federation meant its participation in the conflicts in Slovenia and Croatia, along with potential conflict in Bosnia. If SR Macedonia chose the wrong side, it risked missing the opportunity to claim its independence. This was a concept that Macedonian nationalists had craved for centuries.[29] There were several factors SR Macedonia had to consider before pursuing sovereignty. Within the federation, SR Macedonia was supported economically and militarily. Alone, SR Macedonia was a poor, land-locked country, whose neighbors would question its legitimacy. Greece would be sensitive towards an independent state called Macedonia because it claims such a name steals from the history between ancient Macedonia and Greece. Serbia would deny autonomy of a separate Macedonian Orthodox church. Lastly, Bulgaria would deny the existence of a separate Macedonian language and nation.[30]

In the fall of that year, SR Macedonia would hold a referendum where a large majority of the electorate voted for independence. A new constitution was drafted and approved by legal experts of the EU. SR Macedonia would now call itself the Republic of Macedonia. Its first President was Kiro Glogorov. Independence also brought an end to the government's one party system where a number of political parties would emerge such as nationalists, former communists and ethnic groups. One such party, the Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National

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[28] BNET Business Network, Macedonia: end of the beginning or beginning of the end, Parameters, Spring 2002, http://findarticles.com/p/articles/mi_m0IBR/is_1_32/ai_107216060, accessed May 13, 2008.

[29] James Pettifer, The Macedonian Question (New York, NY: Palgrave, 1999), 206.

[30] International Crisis Group, "Macedonia's name: Why the dispute matters and how to solve it," http://www.crisisgroup.org/home/index.cfm?l=1&id=1688, 1, accessed May 17, 2008.

Unity (VMRO-DPMNE), a leading nationalist party, pledged to work for the 'ideal of all free Macedonians united' in a Macedonian state.[31]

In early 1992, President Glogorov began the pursuit of international recognition for the Republic of Macedonia. The greatest barrier for recognition of the ROM came from the Greeks. There were reports of nationalistic rhetoric within some political spheres of Macedonia, calling for a reunification of Macedonia to its original borders. This included maps illustrating "Solun" (the Macedonian name for Thessaloniki) in a form of greater Macedonia. Tito's propaganda campaign ran deep into the Macedonian educational system and it was that message that created hurdles for Macedonia's recognition as a state. Greeks still felt the pain brought on by Tito's ambitions to reunify all of Macedonia during its civil war. Although Macedonia was a weak state and in no position to claim territory to the south, Greece maintained a strong position in defense of their land and culture.

On December 17, 1991, the parliament in Skopje adopted a formal declaration of recognition to the European Union. In a hearing, the European Commission (EC) decided to recognize Slovenia and Croatia but not Macedonia. The commission concluded that Macedonia satisfied the criteria for recognition and did not have any territorial claims (also stated in its constitution).[32] Since Macedonia had no threat of violence compared to Slovenia and Croatia, the commission delayed its recognition due to Greece's objection of the country's use of its name and symbols that were Hellenic.

Without a foreign policy strategy for independence along with its poor economic status, Macedonia went through a very hard time. In January-February 1992, the State's energy and food reserve could last only a few months. Within the same timeframe, Greece initiated a blockade of its northern border towards Macedonia. The UN declared sanctions and an embargo against Serbia closing its southern border. Production in

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[31] International Crisis Group, "Macedonia's name," accessed May 17, 2008.

[32] In the Macedonian Constitution, Amendment I states that the Republic has no territorial pretentions towards neighboring states; its borders can only be changed in accordance with the constitution, the will of its people, and by acceptable international norms.

Macedonia fell 50% compared to 1989.[33] Since the country was isolated and desperate, fears were that it would be annexed or divided by its neighbors.

Macedonia finally got some relief from these pressures when Bulgaria recognized it in January of 1992, which allowed for supplies and resources to enter from the eastern border. President Grigorov petitioned London for international recognition. He pleaded that he would develop a state that would protect human rights, guarantee inter-state borders with the flow of goods and services, create good neighborly relations, and set policies that would move Macedonia towards European integration. The EC would pass the debate over the recognition on Macedonia to the UN to the chagrin of the Greeks.

Since the situation in the Balkans was quickly worsening, Grigorov requested a UN protection force in Macedonia. UNPROFOR was established to provide a tripwire in preventing the war from spreading.[34] Though it was small in force, it provided a symbolic victory of recognition. This allowed for normal relations to begin with the UN nations, which eventually led to more countries recognizing Macedonia. On April 7, 1993, UN Security Council Resolution No. 817 recognized Macedonia under a provisional name "Former Yugoslav Republic of Macedonia" (FYROM).

Greece and the ROM would also compromise on an issue concerning the flag. With the signing of the Interim Accord in September 1995, the ROM would change its flag design, which portrayed the symbols of the Macedonian dynasty of Philip II. The Accord would allow the ROM to receive recognition from Greece as a state while the borders between the two countries were reopened. Today, the name dispute remains an issue without a resolution. Though Greece remains the ROM's top trading partner, the arguments over the Macedonian history ignites sensitivities on both sides.

Despite its difficulties, the ROM held together. It formed a new government and political system. Kiro Gligorov would maintain power from 1991 to 1999. He was the

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[33] Pettifer, *The Macedonian Question*. 208.

[34] Paul F. Diehl, *International Peace Keeping* (Baltimore, Maryland: The John Hopkins University Press, 1993), 192.

leader of the Social Democratic Party (SDSM) made-up mostly of former communists. Gligorov was praised for preventing conflict and gaining international recognition of the country.

The ROM has a 120-seat National Assembly, along with its popularly elected President. There are many Macedonian political parties. The two most powerful are the SDSM and the VMRO-DPMNE.[35] Minority groups are also allowed to create their own parties. The largest minority, ethnic Albanians, created parties such as the Democratic Alternative (DA), Albanian Party for Democratic Prosperity (PDP) and the Democratic Party of the Albanians (DPA). Once parliamentary elections are held, the winning Macedonian party creates a coalition with an Albanian party of its choice to take up the majority seats in the assembly.

The SDSM, which ruled the government from 1991-1998, came under heavy scrutiny for its lack of economic reform and allegations of corruption. In November of 1998, the former communist leadership was voted out in place of the VMRO-DPMNE.

In 1995, the United Nations imposed an embargo on Serbia. With the lack of goods entering Serbia, the smuggling of weapons, narcotics, and fuels was being conducted by organized crime groups. The UN embargo only reinforced profits going to these groups. It is argued that a criminal network was tied directly to the ruling government that worked as corrupt coalitions dividing control over the borders. Political parties would campaign for the national interest of their voters while in fact conspiring with the other side over the riches.[36] Brenda Pearson, a Balkan political analyst explains:

> Political party membership is the determining factor for employment in Macedonia. Thousands of people are purged from their jobs in the public sector and from the state enterprises when political power changes hands. Governing parties rule absolutely and, in return, do not really expect much

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[35] The VMRO-DPMNE (Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity) was founded in 1990, and is made up of a combination of Macedonian exiles and nationalist. The name VMRO was taken in respect of the famed Macedonian rebels of the prior century.

[36] International Crisis Group, "Macedonia's Public Secret: How corruption drags the country down," http://www.crisisgroup.org/home/index.cfm?id=1693&l=1, 3, accessed May 28, 2008.

from their employees. Thus, the country's workforce is by and large only too happy to comply with this Faustian bargain because it keeps them in power.[37]

In the late 1990s, corruption was widespread throughout the civil and public sector. A 1999 World Bank study found that the country had a highly underdeveloped public administration and a lack of control and accountability mechanisms within the state. Both Macedonians and Albanians feel a great separation between them and their politicians. A survey in 2001 showed public trust at 12%.[38] Citizens all agree that the biggest problems facing the ROM are the rule of law and political connections needed get ahead in society.

1.   The Albanian Minority: Their Marginalization within the ROM

The Albanians are the largest minority within the ROM. They make up 25% of the population. They mainly occupy the cities of Tetovo, Gostivar, and Skopje. During the referendum for ROM independence in 1991, two thousand Albanians marched in Tetovo demanding their own independence and unity with Albania. This protest was broken up by Macedonian paramilitary police.[39] The republic's insecurity as a nation was demonstrated within the early years of the state. First, in 1991, they worded their Constitution to separate Macedonians from other minorities.[40] The Albanians considered this as reducing Albanians and other groups to second-class citizens. Second, the ethnic makeup of the parliament was mostly Macedonian with little minority representation. Thus, the Macedonian majority could control any issue pertaining to minorities. Third, they removed the right for minorities to fly their motherland or symbolic flags for display. The old communist regime formerly allowed flags to be hung on certain occasions.

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[37] Suzette R. Grillot, Wolf-Christian Paes, Hans Risser, and Shelly O. Stoneman, "Fragile peace: Guns and security in post-conflict Macedonia*,"* http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan019254.pdf, 8, accessed February 8, 2008.

[38] International Crisis Group, "Macedonia's Public Secret," 5, accessed May 30, 2008.

[39] Pettifer, *The Macedonian Question* 138.

[40] The 1991 Macedonian constitution stated, "Macedonia is established as a national state of the Macedonian people, in which full equality as citizens and permanent co-existence with the Macedonian people is provided for Albanians, Turks, Vlachs, Romanics and other nationalities living in the Republic of Macedonia."

In 1992, the ROM was dealing with an increasingly vocal Albanian minority. Their protest of the government increased while the government's political elite lost patience. In Skopje, four Albanians were killed when paramilitary police fired into a crowd during a protest. In the town of Gostivar in 1997, three Albanians were killed and the mayor arrested over a dispute over flying the Albanian flag at the town hall.

Fear of a secessionist's movement led to more extreme attempts by the government to keep the status quo, which led to the arrest of prominent Albanians by the Interior police charging them with attempting to overthrow the state.[41] The situation worsened when in 1997, the government in Albania fell into near crisis.[42] Weapons caches were looted and made their way to the ROM borders. This provided an increase of arms to the organized crime and drug organizations.

Educational rights for the Albanians also worsened. It became a rarity for Albanians to receive a higher education. In 1991, only 303 ethnic minorities attended universities.[43] In 2001, only 4.9 % of Albanians participated in higher education.[44] An Albanian language university was established in 1995 in Tetovo but it was seen as illegal by the government. It did not receive state funding and was accused by the Macedonians to be an institution promoting secessionist movements. Students who numbered around 4,000 were often harassed as they attended.[45] Access to higher education was easier under Communist rule. Most Albanians would go to Pristina University in Kosovo before Serbia reduced their autonomy. Also, schooling in Albanian was allowed in ten

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[41] Pettifer, *The Macedonian Question,* 140.

[42] The Soviet collapse marked a difficult period for Albania. In the early 1990s, a host of refuges fled to Greece and Italy. The government faced a crisis in inflation and unemployment. In 1997, protestors took to the streets to protest a government corruption scheme. Riots broke out, and the country nearly fell into civil war. A large amount of weapons was taken from the country's ammunition caches and depot. This contributed to weapons proliferation in Kosovo and the ROM.

[43] Kristina Balalovska, "The Ethnobarometer Working Paper Series, Macedonia 2006: Towards Stability?" http://www.ethnobarometer.org/pdf/wp11.pdf, 41, accessed June 15, 2008.

[44] Judy Batt, Misha Glenny, Denisa Kostovicova, Nicola Mai, Madege Ragaru, Fabian Schidt, and Miranda Vickers, "Chaillot Paper, Is there an Albanian question?" http://www.iss.europa.eu/uploads/media/cp107.pdf, 45, accessed June 14, 2008.

[45] Pettifer, The Macedonian Question," 142.

secondary schools. By mid-1993, there was only one.[46] Primary and secondary schools for Albanians were mostly separated and based on a Macedonian government approved curriculum. In May of 1998, the newly elected VMRO-DPMNE worked to improve Albanian rights by recognizing the University.

The Albanians also claim they make up 35-48% of the population. In the 1994 census, they were shown as having only 25%.[47] The Albanians blame this on strict citizenship requirements that were purposely enforced to minimize Albanian influence in the country. Lastly, Albanians were poorly represented in the civil service. There was no Albanian judge, and very few Albanians employed in ministries. In 1998, only 8% were employed in the Ministry of Interior and only 3% within the Ministry of Defense. The Ministry of Defense established a 22% quota system for ethnic minorities for police, but only a few completed the program. The lack of education and training put minorities at a huge disadvantage compared to ethnic Macedonians. Unemployment held steady for all citizens of the ROM. It varied from 35 to 40% throughout the 1990's. This was blamed on slow reform policies, inability to attract foreign investment, and a centrally controlled government that failed to stretch its influence to the local municipalities. This caused a call for the decentralization of the government to allow greater autonomy at the local level. In 1996, a plan for local-self government was passed, but was slow to be implemented.

During the 1990s, the ROM focused on recognition and its transition from communist structures to a democratic, free-market state. Its poor institutional capacity and economic record made it difficult to provide effective political goods, as stated in Chapter II, which led to the poor ethnic accommodation by the government. Also, Macedonian nationalism saw Albanian rights as a direct threat. Professor of Anthropology Loring M. Danforth stated, "Any diversity of cultures, traditions, or identities that exist when a nation-state is formed, becomes with the creation of a natural

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[46] Poulton, Who are the Macedonians? 185.

[47] Ibid., 188.

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culture, a threat to national unity."[48] In turn, the unity of Macedonia, which was seen as essential for their survival, was threatened by the ethnic Albanians.

Below highlights the ethnic Albanians' political and cultural grievances based on a Congressional Research Service (CRS) report to U.S. Congress in November 2001.[49] The tipping point was when 250,000 Albanians from Kosovo flooded the ROM borders following the Serb incursion in 1999. The ROM government initially accepted the refuges but then closed its borders asking them to go elsewhere. This action along with ethnic tensions within its borders would lead to ethnic conflict in early 2001.

Ethnic Albanian grievances:

- Greater cultural rights such as the hanging of symbolic flags and icons

- Recognizing the Albanian language in its constitution. Force institutions to provide services in both the Macedonian and Albanian language

- Educational rights such as state support for the University, more Albanian teachers, a voice in the academic curriculum

- Greater representation in the government, public service, armed forces, and police

- Constitution preamble refers to Macedonian nation. Albanians portrayed as second-class citizens. Albanians claim to represent 40% of population versus 25% that the Macedonian government claims

C.   2001 ETHNIC CONFLICT: THE BREAKING POINT

In January of 2001, an attack occurred at a police station in Tearce, which left one Macedonian police officer dead. The group that claimed responsibility called itself the National Liberation Army (NLA) whose leader was identified as Ali Ahmenti. The government claimed the group was a copycat of the Kosovo Liberation Army (KLA). The government became critical of NATO for its handling in disarming Kosovo rebel forces, which led to their infiltration into the ROM. The NLA would announce its

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[48] Danforth, "The Macedonian Conflict," 20.

[49] Formulated by the CRS Report for Congress, "Macedonia: Country Background and Recent Conflict," November 2001, http://www.fas.org/man/crs/RL30900.pdf, 4-5, accessed January 20, 2008.

campaign for the liberation of ethnic Albanian territory and the fight for equal rights of Albanians in the ROM. Additional demands called for federalization, changes to the constitution, and the release of political prisoners. Clashes between the NLA and Macedonian police and security forces broke out in the northwest portion of the country. It was uncertain what the makeup of the rebel activity was. The number of rebels ranged from 2,000 to 5,500 strong.[50] Weapons typically came across the border from Kosovo.

The ROM government downplayed the power of the NLA. They called their statements propaganda in trying to divide the country at a critical moment. Political hardliners called them separatists looking to create a greater Albania. A group called the Albanian National Army (ANA), emerged and rejected any reconciliation with the government and vowing to continue the fight for a greater Albania. Security forces conducted constant air and ground raids on NLA and rebel strongholds.

The United Nations encouraged the republic to adopt a political rather than a military solution. They requested that both the Macedonian and Albanian leaders create a dialogue towards a resolution. Talks began in April 2001 and included members from all of the republic's political parties. President Trajkovski (leader of VRMO-DPMNE) refused to meet with members of the NLA, although the Albanian political parties did have side dialogue with the NLA. International mediators from the UN, EU, and US were sent to oversee the negotiations. Fears of conflict spillover were their main concern. Talks continued despite ongoing hostilities. Attacks were initially only between rebels and security forces, but deaths sparked riots between ethnic Macedonians and Albanian civilians.

There were ceasefires, but some viewed these as opportunities for rebels to re-supply. The government would then form an all-coalition political party in hopes of increasing dialogue and maintaining a cease-fire. Then, on August 13, 2001, the political leaders signed a peace agreement; as sporadic clashes were still ongoing throughout the country, the Ohrid Framework Agreement (OFA) was signed. There was also dialogue between the NLA and NATO. On August 19, Ali Ahmenti announced that his NLA

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[50] Grillot, et al., "*Fragile peace*," 20, accessed February 8, 2008.

would respect the ceasefire and hand over weapons to NATO. In exchange for the weapons, President Trajkovski agreed on a partial amnesty deal with the NLA.

The origins of the conflict are debated. As stated, organized crime and smuggling networks were widespread throughout the eastern Balkans. Since the smuggling routes ran into Kosovo and Serbia, various Albanian groups had control over these enterprises. It is believed that those criminal elements were directly linked to the Albanian DPA party. Several members of the NLA reported that they only raised arms to challenge the DPA's control on the smuggling routes.[51] In turn, Albanian rival groups forced the country into a civil war. Ali Ahmenti stepped up to control the NLA. He eventually would be seen as an Albanian folk hero who stood up for Albanians tired of corruption. Ahmenti also saw the timing of the events in Kosovo were in his favor. With international sympathy high, he could use this advantage to obtain more concessions for Albanian rights.

Corruption among the political elites was also blamed for the conflict. The International Crisis Group Balkans report listed two general schools of thought linking corruption to the conflict:[52]

- The "grand conspiracy" school. Some believe that the corrupt ruling who already divided turf for personal economic gain, wanted to incite a war to formally divide the country. Another theory was that they staged the war to distract the public from a wiretapping scandal that included members of the goverment.

- The "capacity building/weakening' school. Argument is the organized crime elements united and recruited extremists to weaken the central government and prove it as illegitimate. Reason for action was either ideological (DPA's inability to promote Albanian rights) or purely for economic gain.

Once a cease-fire was reached, NATO initiated Operation Essential Harvest. Its objective was to collect arms and ammunition voluntarily handed-in by Albanian rebels. The mission was intended to show good faith by the NLA in complying with the cease-fire.

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[51] Brenda Pearson, United States Institute for Peace, "Putting Peace into Practice: Can Macedonia's New Government meet the Challenge?" http://www.usip.org/pubs/specialreports/sr96.html, 4, accessed April 4, 2008.

[52] International Crisis Group, "Macedonia's Public Secret," 24, accessed May 29, 2008.

The NATO Secretary General wrote a letter to President Trajkovski stating the operation would be confined in scope to the collection of weapons' and would be deployed for a limited duration of time.[53] The force consisted of 4,500 soldiers. Overall, NATO troops collected and disposed of 3,875 weapons and 397,625 mines, explosives, and ammunitions handed in by the NLA.[54] NATO claimed the mission a success by surpassing their goal of 3,000 weapons collected. Unfortunately, the ROM government and community did not have the same assessment. Many argued that the weapons collected were old and obsolete. Concerns were that more modern weapons were hidden in weapon caches throughout the country. Following Operation Essential Harvest, a secret weapons cache was discovered with rocket launchers, machine guns, and anti-tank mines. Overall, NATO's mission did reduce the weapons arsenal of the NLA, though it did not fully demobilize them. This could have been the NLA's plan, in case their demands were never fully met

D.   THE OHRID FRAMEWORK AGREEMENT: THE CHALLENGE OF IMPLEMENTATION

On August 13, 2001, the Framework Agreement was signed. Its purpose was to secure the future of the ROM and integrate relations with the European Community. Over 50% ethnic Macedonians thought that the agreement was an insult because many concessions were given to the Albanians due to international pressure. The Albanians saw it as a victory but were skeptical that there would be full and effective implementation. Table 5 shows highlights of the Ohrid Framework Agreement.

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[53] CRS Report for Congress, "Macedonia: Country Background," 12, accessed January 25, 2008.

[54] Grillot, et al., *Fragile peace* 28, accessed February 8, 2008.

Table 4.   Highlights of the Ohrid Framework Agreement and government reforms

Basic Principles of OFA
1.1: The use of violence in pursuit of political aims is rejected completely and unconditionally
1.2: Macedonia's sovereignty and territorial integrity and the unitary character of the State are inviolable and must be preserved
1.3 The multi-ethnic character of Macedonia's society must be preserved and reflected in public life
Power Sharing Principles
1: A revised Law Self Government that reinforces the powers of local officials and enlarges their competencies
2: The principle of non-discrimination and equal treatment will be applied with respect to employment in public administration and public enterprise
3: Legislation concerning the vital interest of minorities will be passed via a double majority ruling. Vital interests includes laws affecting culture, use of language and symbols of minorities
Cultural & Educational Rights
Article 7 (2): Language: Any language spoken by at least 20% of the population is an official language
Article 45: Citizens have a right to establish private schools at all levels of education, with the exception of primary education
Article 46: The autonomy of universities is guaranteed. The conditions of establishment, performance and termination of the activities of a university are regulated by law
Other Reforms
1: Local heads of police will be selected by municipal councils. Police forces will generally reflect the composition of the population of Macedonia
2: Judicial system reform that will weed out corruption and train more Albanian judges
3: The invitation of the international community to assist in political, judicial, and economical development of Macedonia
4: Institutional reform that will further Europeanize the ROM'S institutions in hope of integration into the European Union

Source: Ohrid Framework Agreement, signed August 8, 2001 in Ohrid, the ROM,
http://faq.macedonia.org/politics/framework_agreement.pdf.

Most ethnic Macedonians feel that the OFA was forced on them by the international community because stability with the Albanians took precedence over their own interest. To them, the OFA gave enormous advantage to the Albanian position in the country. They felt that Albanian radicals could use the benefits for secession. They felt that reforms meant the loss of jobs within the civil and public sector that would go to less qualified Albanians in an extremely difficult job market. They feared decentralization of the government would turn towns into ethnic Albania enclaves where politically and culturally the Albanians would have complete control in areas where they were the majority.

The leading political leaders stated their commitment to the OFA but there would be obstacles in its implementation. The first challenge of the OFA was the shifting of jobs and public spending from the central government to local authorities.[55] Special training was needed to increase the competency of those members who were assuming responsibility. Also, a clear plan needed to be developed to explain decentralization to the average citizen. The second challenge was dealing with ethnic Macedonian nationalists who refused to accept power sharing. What could strike fear into their hearts was the transformation of the ROM into a multi-ethic state supporting minority rights. To nationalists, the ROM was supposed to be the reward for centuries of struggle for political freedom.

The third challenge was the government's reconciliation efforts with former members on the NLA. The popular Ali Ahmenti, whose influence during the conflict brought in the spectrum of the ROM politics, created an Albanian party called Democratic Union for Integration (DUI). He personally supported the OFA, but it was unclear how much unity there is within his party since many like himself were former members of the NLA. The group was not a part of negotiations in Ohrid.

Lastly, politicians would face difficulty in winning votes on a pro-OFA campaign. If ethnic Macedonians felt further implementation meant fewer benefits for them, votes would go towards candidates promoting ethnic agendas. Former Minister of Foreign

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[55] Pearson, United States Institute for Peace, 6, accessed April 4, 2008.

Affairs of the ROM Denko Maleski stated, "Ten years of nationalism makes the new democratic strategy unpopular with the Macedonian people, and there is no politician in the world that would like to be unpopular." Others felt that the government first needed to build the confidence of the people by proving itself legitimate. Former Economic Advisor to the ROM Sam Vakin stated, "The political class in Macedonia of both ethnicities is irreversibly discredited by its own venality, corruption, electoral fraud, and involvement in criminal activities." Overall, only 19% of Macedonians saw the implementation of OFA as essential versus 97% of Albanians. Decentralization was supported by 33% of Macedonians, and 84% of Albanians.[56]

Despite the negative tone within the country, there were reasons to feel encouraged about OFA's implementation and other reforms. During the 1990s, the ROM was virtually on its own in dealing with its problems. The crisis in the Balkans brought the EU, IGOs, NGOs and foreign aid into the region, which would help with institutional reform and development. In 2001, the ROM signed the Stabilization and Association agreements with the EU, which forced reforms pertaining to political, economic, trade, and human rights. This was seen as the first step towards EU membership. The crisis brought in foreign experts who would guide the administration towards EU standards. Though corruption would still be a problem, there would be more oversight of public officials to ensure benchmarks would be met for EU admission.

The remaining portion of this thesis will evaluate the political, economic, and social reforms addressed in the OFA, assistance provided by the international community, and the ROM's prospects for EU membership. Table 5 compares the reforms, which would be initiated by the government post-Ohrid, with the four desired end states enumerated in Chapter II.

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[56] ProQuest, "Macedonia Politics: Implementation of the Ohrid Agreement," http://proquest .umi.com/pqdweb?index-8&sid=3&vinst=PROD&fmt=3&star, accessed February 6, 2008.

Table 5.　　Matching the four desired end states with post Ohrid reforms

1. Stable Democracy	Post Ohrid legislation relating to democratic reform
A. Build legitimate institutions at the state, regional, and local level. Ministries and civil service sector must be reliable, efficient and maintain integrity	1. A revised Law of Self Government that reinforces the powers of local officials and enlarges their competencies
B. Allow the concept of power sharing in a multi ethnic state. This includes equal representation of minorities within the state and local level, and decentralization to allow greater autonomy of ethnic groups.	2. The principle of non-discrimination and equal treatment will be applied with respect to employment in public administration and public enterprise
C. Provide mechanism that would provide oversight into corruptions within the state's political and civil body.	3. Legislation concerning the vital interest of minorities will be passed via a double majority ruling. Vital interests includes laws affecting culture, use of language and symbols of minorities
	4. Institutional reform that will further Europeanize the ROM'S institutions in hope of integration into the European Union
2. Secure environment and Rule of Law	**Post Ohrid legislation relating to security and rule of law**
A. Security forces which protect international borders, key infrastructure, and airspace.	1. Local heads of police will be selected by municipal councils.
B. Police forces that are transparent, accountable, protect human rights, build civilian confidence and represent the ethnic makeup of the land.	2. Increase the number of police officers to proportionally represent the population of the community
C. Build a legitimate and accountable judicial system that supports the states constitution, laws, and properties. It also must be open to all ethnic groups and its application treating all equal. It must ensures judges are selected based on merit and not political favoritism	3. Invite the international community to assist in police reform which will provide technical expertise, technical training, and resources in order to develop a transparent multi ethnic force * The OFA did not stress judicial reform which would eventually become a hot topic years later

Table 5 continued on next page

Table 5.   Continued

3. Sustainable Economy	Post Ohrid legislation relating to economic reform
A. Build effective and reliable financial and economic institutions, promote private business and entrepreneurship and attract foreign investment by accommodating international business B. Reconstruct and invest the states infrastructure such as transportation and communication. C. Creates policies that would fight unemployment and train a viable workforce	The OFA did not stress specific economic reform. It did stress decentralization of authority to the local level, equal representation of the workforce, and institutional reform The document focused on ethnic issues but it was widely agreed that the conflict took on an economic component. The ROM government would take on major economic programs with the help of the EU, IMF and the World Bank. Its reforms will be discussed in Chapter IV.
4. Social Well-Being	**Post Ohrid legislation relating to social change**
A. Recognize and promote group political, cultural, and educational rights. Allow minority groups the opportunity to express their identity in a method accepted by the state. B. Provide equal education to all ethnic groups such as opportunities for advanced education, which helps assimilation into the workforce. C. Promote a peaceful existence between ethnic groups by workshops for breaking barriers	1. Language: Any language spoken at least 20% of the population is an official language 2. Citizens have a right to establish private schools at all levels of education, with the exception of primary education 3. The autonomy of universities is guaranteed. The conditions of establishment, performance and termination of the activities of a university are regulated by law

IV. POST-OHRID TO PRESENT: IMPLEMENTING THE OHRID FRAMEWORK AGREEMENT AND REFORMING THE STATE

A. THE EUROPEAN UNION: ITS ROLE AND CONTRIBUTIONS

The ethnic violence in the Balkans forced EU member states to rethink their methods of long-term stabilization of the Balkans. EU policy-makers pointed out that nationalism, ethnic hatred, social inequalities, and human rights violations were the root-cause of conflict.[57] Following the NATO military interventions in the Eastern Balkans, the EU would focus its attentions on the long-term development of the region. To prevent future wars, it created mechanisms for conflict prevention such was the Stability Pact for Eastern Europe. It was created in 1999 as a strategy to build the democracies of South Eastern Europe in hopes of maintaining peace and providing economic prosperity.[58] The Pact does not provide financial resources, but is a temporary body of leaders of both South East Europe (SEE) and the international community, who work on strategies in different areas, such as democracy, economy and security.[59] Currently, Albanian, Bosnia and Herzegovina, Bulgaria, Croatia, the Republic of Macedonia, Moldova, Montenegro Romania and Serbia are members.

The Stabilization and Association Process (SAP) was created to facilitate progress towards the reconstruction and development of SEE nations. The overall effort is to integrate Balkan countries towards European standards. Under the process, countries that wish to join the EU must make political, social or economic reforms. In return, they may be offered access to some of the EU markets. This is written within the Stabilization and Association Agreement (SAA) between the EU and the member state. Commitments for

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[57] Andrew Wellington Cordier Essay, "Journal of International Affairs, Stabilizing Macedonia: conflict prevention and organized crime in Macedonia will not be reduced until its poor are provided with a meaningful legitimate economic alternative," September 22, 2003, http://www.encyclopedia.com/doc/1G1-109272597.html accessed August 4, 2008.

[58] Stability Pact for Eastern Europe, "About the Stability Pact," http://www.stabilitypact.org, accessed August 4, 2008.

[59] "Stability Pact for South East Europe, Eight years of the Stability Pact for South East Europe-from stabilization to integration," http://www.stabilitypact.org/about/spisanie.pdf, accessed August 4, 2008.

reform must be made in accordance with the Copenhagen criteria established by the European council in 1993. According to the criteria, prospective EU members must abide by the following three conditions:[60]

- Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;

- The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;

- The ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The ROM was the first SEE country to sign a SAA agreement in April 2001. Under the agreement, the ROM would receive financial assistance from the Community Assistance for Reconstruction, Development, and Stabilization (CARDS) program. As of December 2000, CARDS has been the EU's principal instrument for financial assistance to the region. The full financial envelope for 2000–2006 for CARDS is €5.13 billion for South East Europe.[61] Aid offered by the EU is allocated within various sectors of reform such as justices and home affairs, administrative capacity building, economic and social development, environment and natural resources, and democratic stabilization. Tables 6 and 7 show the distribution of funds throughout South East Europe and the ROM. The main facilitator towards institutional building and reconstruction is the European Agency for Reconstruction (EAR). The agency was established in early 2000 and has served as the Balkans' main reconstruction element. It works as an independent agency within the EU and reports directly to the Council and European Parliament of the twenty-seven EU member states.

In 2007, a new funding method was established. The Instrument for Pre-Accession Assistance (IPA), which replaced CARDS and created a more defined framework for delivering funds to EU prospective members. IPA consists of five

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[60] European Commission for Enlargement,
http://ec.europa.eu/enlargement/enlargement_process/accession_process/criteria/index_en.htm, accessed July 2, 2008.

[61] European Commission for Enlargement, Statistics 2000-2006
http://ec.europa.eu/enlargement/enlargement_process/accession_process/criteria/index_en.htm, accessed July 2, 2008.

components: (1) Transition Assistance and Institution Building, (2) Cross-Border Co-operation with EU Member States, (3) Regional Development (transport, environment and economic development), (4) Human Resources Development (strengthening human capital and combating minority exclusion), and (5) Rural Development.[62]

Table 6.   CARDS Program Allocation for 2000-2006 (million €)

Country or Sector	2000	2001	2002	2003	2004	2005	2006	TOTAL
Albania	33.4	37.5	44.9	46.5	63.5	44.2	45.5	315.5
Bosnia and Herzegovina	90.3	105.2	71.9	63.0	72.0	49.4	51.0	502.8
Croatia (transfer to pre-accession from '05)	16.8	60.0	59.0	62.0	81.0	-	-	278.8
The Republic of Macedonia	13.0	56.2	41.5	43.5	59.0	45.0	40.0	298.2
Serbia and Montenegro	650.5	385.5	351.6	324.3	307.9	282.5	257.5	2559.8
Interim Civilian Administrations	10.0	24.5	33.0	32.0	35.0	36.0	35.0	205.5
Regional	20.2	20.0	43.5	31.5	23.0	47.9	43.5	229.6
Other	141.5	118.0	11.0	17.0	22.5	19.7	16.1	345.8
Macro-Financial Assistance (grants)	70.0	120.0	100.0	15.0	16.0	33.0	50.0	404.0
TOTAL	1045.7	926.9	756.4	634.8	679.9	557.7	538.6	5130.2
Croatia, pre-accession 2005-6						105	140	245
TOTAL including Croatia, 2005-6						662.7	678.6	5375.2

Source:http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/cards/statistics2000-2006_en.htm

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[62]European Commission for Enlargement, Instrument for pre-accession assistance (IPA), http://ec.europa.eu/enlargement/enlargement_process/accession_process/criteria/index_en.htm, accessed July 2, 2008.

Table 7.   CARDS allocation 2002–2006 to the ROM (million €)

Sector	2002	2003	2004	2005	2006	Total
Justices & Home Affairs	7	12.5	24	9.5	7.6	60.6
Economic & Social Development	11.5	11	15	8.6	13.1	59.5
Environment, Natural Resources	-	1	2	2	1.3	6.3
Democracy & the rule of law	17	12	11.5	17	10.1	56.6
Other	6	7	6.5	7.9	7.9	35.3
TOTAL ALLOCATION	41.5	43.5	59	45	40	229

Source:http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/cards/statistics2000-2006_en.htm

The EU is not the only donor contributing to the ROM. The IMF supports the country with a stand-by agreement (SBA), allowing macroeconomic stability to be maintained. The World Bank has offered yearly loan agreements along with technical expertise. In 2000, the ROM signed the Millennium Declaration with the United Nations. The program was established as a global partnership for fighting the world's main development challenges such as poverty reduction, education, maternal health, gender equality, and child mortality.[63] Those challenges are broken into eight Millennium Development Goals (MDGs). Other major donors to the ROM include the Netherlands, the United States (through USAID), Germany, Sweden, Norway and Switzerland.

B.   RECENT DEVELOPMENTS IN THE REPUBLIC OF MACEDONIA

During the peace negotiations in Ohrid, the ROM political parties agreed to unite under an all party-coalition. This lasted only until the 2002 parliamentary election, with the coalition separating to its original format divided between the nationalists and socialists. During the election, The SDSM-DUI won an overwhelming victory where its

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[63] United Nations Development Program, Millennium Development Goals, http://www.undp.org.mk/default.asp?where=weblinksm&link=91, accessed June 18, 2008.

primary agenda was to push for OFA implementation and improve the republic's economic, political, and security situation. The party quickly worked to push legislation though ethnic tensions remained high.

In February 2003, two Polish NATO soldiers and two civilians were killed when a car hit a landmine in a small, mostly ethnic Albanian village. When a Macedonian police unit entered to clear the village, police tactics were criticized as being forceful, which resulted in the death of an ethnic Albanian. An extremist group, the Albanian National Army (ANA), threatened to break the peace.[64] Fortunately, the influence of the ANA did not reach mainstream ethnic Albanians who mostly saw the implementation of the OFA as the best way to improve their lives.

In February 2004, the ROM President Boris Trajkovski died in a plane crash. He was seen as the country's most trustworthy politician. In March of that year, riots in Kosovo added to the political instability within the region. Fortunately, the ROM was able to conduct peaceful elections in April. Former Prime Minister Branko Crevenski won the presidency and set a goal to transfer power from the central government to local authorities. That month, the ruling coalition of the SDSM-DUI opened negotiations to refine the boundaries of the municipalities. With the country's 2002 census, the municipalities were to be redrawn to represent the fair ethnic distribution within the country. In closed-door negotiations, the coalition was proposing to reduce the number of municipalities from 123 to 83. The opposition party, VMRO-DPMNE, along with a new coalition member, the World Macedonian Congress, opposed the plan and seized the opportunity to delay the process by igniting ethnic tensions.

Ethnic Macedonians' growing fears were that the redrawing of municipalities would force ethnic Macedonians to sacrifice more influence to Albanians by increasing the number of Albanians within municipalities that were occupied mostly by ethnic Macedonians. Former Prime Minister Ljubco Georgievski stated, "The agreement on territorial boundaries is a new form of ethnic cleansing of the ethnic Macedonians from Western Macedonia." Led by DUI chief Ali Ahmenti, the DUI aggressively pressed their

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[64] Grillot et al., "Fragile peace," 9, accessed February 8, 2008.

SDSM coalition partner for an increase of municipalities that could be controlled by ethnic Albanians. The opposition played on fears that this agreement would be the first step towards Albanian succession.

The opposition parties collected over 180,000 signatures and eventually forced a national referendum in November 2004. The ruling government was quick to defend its party's position. President Crvenkovski argued that "decentralization is the most important part of the Framework Agreement." Ahmenti wrote an open letter to the Macedonians: "Shall we participate in a referendum, thus becoming a stumbling block for our country's integration into the EU, or shall we vote for Europe by ignoring the referendum? Shall we vote for the future or the past?"[65]

The EU also pressed Macedonians to ignore the referendum. To the EU, success of the referendum would derail progress made since the 2001 conflict. EC President Romano Prodi presented a speech in front of the Macedonian Parliament calling decentralization "a method of founding stable and deep roots of local democracy. Europe is here, at the reach of your hands… However, the decision depends on you…to whether you want Europe."[66] The United States also played a role in influencing the referendum. Just hours before the vote, Washington officially announced it would now recognize the Former Yugoslavian Republic of Macedonia by its constitutional name, Republic of Macedonia. This decision gave a great last-minute boost to the ruling government. The U.S. had delayed its recognition so as not to harm relations with Greece over the name issue.

On the referendum, only 26% voted *no* on the redrawing of the municipalities — much less than the 50% expected. The results showed that despite the differences between the ethnic groups, the referendum was not worth going to war. Overall, Macedonians were most concerned about rising unemployment, and the weak economy.

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[65] International Crisis Group, "Macedonia: Not out of the Wood Yet," *http://www.crisisgroup.org/home/index.cfm?id=1244*, 3, accessed May 16, 2008.

[66] International Crisis Group, Macedonia: Not out of the Wood Yet, 4, accessed May 16, 2008.

In a poll, 39% cited unemployment, 19% cited the economy, and only 3.2% cited decentralization as their greatest concern.[67]

The ruling government of the SDSM-DUI survived the referendum, but would lose the 2006 Parliamentary elections to the VMRO-DPMNE. The party's leader, Nikola Gruevski, took the Prime Ministership. Gruevski grew as a popular political figure within the ROM, building his political success by focusing on economic issues. He is young, energetic, and sees the EU as the doorstep towards obtaining economic prosperity and boosting self-confidence in the ROM. Once, he took office, the government announced an economic plan to revitalize the economy, mostly by a team of young professional technocrats who had professional experience in the U.S. Unfortunately, his government faced another crisis.

After the 2006 parliamentary elections, the DUI expected to join the VMRO-DPMNE coalition. The DUI succeeded in receiving a majority of the Albanian votes by campaigning for an increase in Albanian rights. However, the VMRO-DPMNE chose in favor of a smaller, less influential partner, the Democratic Party for Albanians (DPA). This led to strong opposition by the DUI, whose leaders boycotted parliamentary sessions. Some radical elements of the party threatened to renew violence. Through international pressure, both sides were able to negotiate an agreement on outstanding issues. The DUI lost credibility with the ethnic Macedonian public with the stance they took, and viewed the DUI as not committed to the progress of the ROM.

The ROM faced a number of political crises that threatened to derail implementation of the OFA. With the help of the international community and moderates within the government, the ROM continued to progress. Every time there is a new political crisis, however, important legislation and reforms are delayed. The political spectrum of the republic may be years from removing the old habits inherited from the former Yugoslavia. The following section focuses on the implementation of Ohrid Framework Agreement, international support, and political, economic, and security reforms initiated by the government.

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[67] International Crisis Group, Macedonia: Not out of the Wood Yet, 5, accessed May 16, 2008.

C. FOUR DESIRED END STATES: GOALS TOWARDS STRENGTHENING THE STATE

1. Stable Democracy

The major change brought on by the Ohrid Framework Agreement (OFA) is the concept of power-sharing governance. Power sharing is seen as tool for governance of a multi-ethnic society. Power-sharing systems usually have three major features. These are community autonomy norms under which ethnic communities have self-government over the matters of most concern to them: proportional representation, employment and expenditure rules that apply throughout the public sector, and constitutional vetoes for minorities.[68]

In the case of the ROM, the power-sharing model actually admits the division of the society along ethnic lines.[69] The OFA introduced power sharing in three main areas. These are the decentralization of power to local authorities; equitable representation of minorities in the public sector; and the adoption of the Badinter principle, which allows pieces of legislation affecting rights of minorities to be passed only with a double majority (of majority parliament members, and members representing communities not in the majority).

a. Decentralization

Decentralization is defined as devolving responsibilities for public service from national ministries to local governments, and endowing local governments with authority to raise revenues from their own sources to finance those services.[70] Decentralization also transfers responsibility of certain functions to the local level such as

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[68] Minority rights group international, Emerging Frameworks of Power-Sharing in South East Europe Strengths and Weaknesses, www.adi-macedonia.org/Downloads/publications/PowerSharing2003Report%20(ENG).pdf, 1, accessed April 10, 2008.

[69] Mirjana Maleska, "New Balkan Politics, What kind of political system did Macedonia get after the Ohrid Peace Agreement?" http://www.newbalkanpolitics.org.mk/napis.asp?id=31&lang=English, 4, accessed November 12, 2007 (as of August 3, 2008, this link was unavailable).

[70] Robert W. Rafuse, Jr., "USAID Local Government Reform Project, Why fiscal decentralization in Macedonia?" info.worldbank.org/etools/library/latestversion.asp?128831, accessed December 10, 2007.

urban planning, culture, education, health care and environmental protection. The theory is to give governance to those who better understand the local situation. An alternate view is that decentralization might intensify regional tensions by creating competition between municipalities.[71] Table 8 summarizes the advantages and disadvantages of decentralization.

Table 8.   Advantages and Disadvantages of Decentralization

Model	Advantages	Disadvantages
Delegation	Faster implementation	Difficulty to maintain quality and efficiency if the decentralized units are to fragmented
De-Concentration Decision-making is transferred To a lower administrative civil Servant level	Reduced need for central administrative bodies Local innovators implemented	Wide variations in practice (The rights hand does not know what the left hand is doing)
Privatization	Activities independent from politicians who may not be capable of making decisions or are unclear about their role	Emergence of private monopolies that may exploit their power

Source: The International Journal of Health Planning and Management, *Decentralization and healthcare in the Former Yugoslav Republic of Macedonia,* Menon (March 7, 2006).

When the ROM became independent, powers formally controlled by the municipalities were transferred to the central government. This included control of education, health care, welfare and culture. When their economy began to stabilize, the government tried to Europeanize its structures by redirecting back to the municipalities.

In 1995, the ROM established the 1995 Law on Local Self-Government. The law provided regulation, outlined responsibilities for local authorities, and encouraged citizen participation in making local decisions. It was looking for ways for local governments to be less economically dependent on Skopje. It made commitments to the European Charter of Local Self, and, in 1998, the Ministry for Local Self-Government (MoLS) was created. Slow legislative reform, along with ethnic tensions,

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[71] Sonia Menon, The International Journal of Health Planning and Management*, Decentralization and healthcare in the Former Yugoslav Republic of Macedonia* March 7, 2006, 4, doi.wiley.com/10.1002/hpm.823, accessed November 14, 2007.

delayed the law. The OFA called for a rework of the Law of Self-Government (adopted in January 2002), which defines the specific roles, competencies, and structure of the municipalities that will assume the control. The Law of Local Self-Government was followed by the Law on Financing of the Units of the Local Self-Government (July 2004). The Law on Territorial Organization (August 2004) followed those, and was the most controversial, leading to the national referendum in November 2004.

There is one main problem with decentralization in the ROM: it is one of the most centralized countries in the world. In 1996, local government spending was only 1.8% of the ROM's GDP, compared to 9.0% among members of the EU at that time. Also, local governments in the ROM created only 20% of their revenue; the remaining revenue was provided by the central government, compared to 55% by local governments of the EU.[72]

In the spring of 2004, the first order of business for the SDSM-DUI coalition government was the redrawing of the municipalities within the ROM. To facilitate the decentralization process, the EU recommended a reduction of the number of municipalities, which then stood at 123. That was to allow greater power to the municipalities and provide more balanced ethnic representation. The ruling party, behind closed doors, constructed a draft that left some 55% of the municipalities untouched, but drastically changed the boundaries of others. Overall, they reduced the number of municipalities from 123 to 83. Under the draft legislation, Albanians would now become the majority in the city of Struga and make up 20% in Skopje. Under the OFA, if a minority makes up 20% of the population, that minority's language becomes an official language. Also, Albanians would now make the majority in two of the ten municipalities in Skopje. Lastly, the city of Kosovo would also change its borders in 2008, making it majority Albanian and further reducing the number of municipalities.[73]

With the failure of the referendum of November 2004, the implementation of decentralization laws moved forward, but problems remained. Local mayors have

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[72] Rafuse, Jr., "USAID Local Government Reform Project," 3, accessed December 10, 2007.

[73] International Crisis Group, Macedonia: Not out of the Woods Yet, http://www.crisisgroup.org/home/index.cfm?id=1244, February 25, 2005, 2 accessed May 16, 2008.

often complained that the process has lacked a clear strategy for implementation. They point to a lack of communication and consultation with the central authorities, lack of information and transparency, unrealistic timelines, competing ministries and bureaucratic foot dragging.[74]

The public was also suspicious about the decentralizations process. Ethnic Macedonians fear that greater autonomy of the Albanians will lead to federalization, then possible succession. Also, because the political decisions and legislation were made secretly, the legitimacy of the reforms collided with public trust. The lack of an information campaign created assumptions about the true intentions of decentralization. The government's reputation for corruption gives it an *Achilles heel* with any reform legislation it tries to pass. In 2005, the ROM remained unprepared for the process of decentralization. A European police official stated, "No one is explaining decentralization to the average man. What's the benefit to him? You need to start with streetlights, parking, ID cards, and education."[75]

That year, the USAID-funded the Institute for Regional and International Studies monitored the ROM decentralization process and offered the following recommendations:

- Prepare and launch a public information campaign. The shortage of knowledge on decentralization is a major handicap of the reform. Furthermore, the non-transparent way of decision making is badly hurting the legitimacy of decentralization.

- Institutionalize consultation mechanisms with the broader civil society, especially local civil organizations. Establish civil society as the major ground for inter-ethnic understanding and involvement of citizens in the local decision-making process.

- Establish public-private partnerships with local governments to help funding, training, budget allocation, and the protection of local community rights.

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[74] International Crisis Group, Macedonia: Not out of the Woods Yet, http://www.crisisgroup.org/home/index.cfm?id=1244, February 25, 2005, 8 accessed May 16, 2008.

[75] Ibid.

- Assert on every occasion the European perspective of the country as this is the main source of mobilization across ethnic and political lines.[76]

Although the process of decentralization between 2001 and 2004 was marked with political stalemates, lack of a unified strategy, and poor legislative execution, the government has made significant improvements in the recent years. New legislation created a guide for transferring competencies in the Program for Decentralization of Powers (OPDP) in 2003–04 followed by a detailed plan for Transfer of Competencies and Resources in the Process Decentralization (DPTCR) adopted in 2005.

There are two major phases in the process of decentralization. The first is the transfer of competencies and resources from the central to local government across a range of sectors, which started on July 1, 2005. This would allow local governments the authority to collect the taxes necessary to build revenue. The second phase is the transfer of block grants, which was to begin in January 2008.[77] This is the transfer of money to local governments, which allows them to spend it as they see fit. The block grants are generally attached with general provisions on how it is to be spent. Since the first phase, progress with the legal and regulatory frameworks for transferring functions, the ROM ruling government has implemented two-thirds of the required laws in the transferring of functions. Table 9 highlights the number of laws passed — based on the sector as of the end of 2006. Appendix A highlights reforms spearheaded by EAR, UNDP, and other IGOs and NGOs towards decentralization in the ROM.

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[76] The Institute for Regional and International Studies, The Process of Decentralization in Macedonia: Prospects for ethnic conflict mitigation, enhanced representation, institutional efficiency and accountability, http://www.iris-bg.org/files/Macedonia%20Decentralization%20Report.pdf, 2006, 30, accessed March 4, 2008.

[77] EAR-former Yugoslav Republic of Macedonia-Annual Programme 2006, http://www.ear.eu.int/macedonia/main/mac-annual_programme_2006.htm, accessed May 14, 2008.

Table 9.   Numbers of laws passed, as of end of 2006

Sector	Laws (Adopted/Total)	By-Laws* (Adopted/Total)
Urban Planning	9/11	17/27
Local Economic Development	8/12	3/3
Culture	5/5	5/8
Education	3/3	5/16
Protection and rescue of citizens and goods	2/2	43/46
Environmental Protection	4/7	21/29
Communal services	14/15	6/12
Social and child protection	3/3	10/11
Sport and recreation	1/1	1/3
Health Care	2/2	-
Total	51/61	112/159
Outstanding	10	47

Source: Decentralization Review, EU CARDS TAD Project, November 2006[78]

Overall, the ROM has transferred the majority of sectors to the local government. With the help of international organizations, an information campaign on decentralization has taken place. Agencies such as EAR, UNDP and USAID have provided training and technical assistance in increasing the competencies of local officials. In 2007, a report was produced on fiscal decentralization in the ROM, and was presented at the Fiscal Decentralization Conference in Skopje in November 2007. In the opening remarks, UNDP Resident Representative in the country, Ms. Maria Luisa Silva Mejias stated,

> The assessment validates the general recognition that the decentralization reforms have significantly advanced in the past years. Decentralization reforms are complex and long processes even in stable and advanced societies. The consolidation of the new territorial map and progress in the transfer of implementation of the new competencies are commendable achievements.[79]

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[78] Nicoletta Feruglio, Jorge Martinez-Vazquez, and Andrey Timofeev, Fiscal Decentralization in Macedonia: An Assessment, 12, europeandcis.undp.org/poverty/show/5B200599-F203-1EE9-BA05A61F1BD91926, accessed June 2, 2008.

[79] United Nations Development Program, Fiscal Decentralization Conference, November 5, 2007, http://www.undp.org.mk/default.asp?where=news&id=390&start=1, accessed June 4, 2008.

The decentralization process has come a long way in the ROM. Despite its initial difficulties, local authorities have finally been given the responsibility to govern and, in time, their abilities will mature. The important point is that the first phase has been implemented. Political divisions in the central government impeded the progress in decentralization due to their inability to reach a consensus on the redrawing of boundaries, although political will and international pressure allowed the process to progress successfully.

b.   Equal Representation

During the 1990s, ethnic Albanians argued that they were greatly misrepresented within the ROM's civil service, public administrations and municipalities. Other minorities were also underrepresented within the employment sector, including the Turks, Roma, Vlachs, Serbs and Bosniacs. Unemployment in the ROM has fluctuated between 35 to 40% since its independence. The demographics show that most ethnic Macedonians live in urban areas that provide greater employment opportunities. Most minorities live in the rural areas where their livelihood is based on agricultural work.

It can be argued that the imbalance in employment is due to two reasons. First, farmers in rural parts may not see the need to educate their children, since they need them to work in the fields. Thus, they miss out on opportunities for professional employment. Second, the ROM is known to have a large grey market, which inflates unemployment numbers. A counterargument would be that despite the large grey market, the Albanian ethnic minority, which makes up 25% of the population, was greatly represented prior to the Ohrid Framework Agreement. In 1993, only 3% of ethnic Albanian citizens were employed in public administration.[80] In 2001, the Interior Ministry had only 4.5% of ethnic Albanians. Table 10 highlights employment and population by minority.

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[80] Kristina Balalovska, The Ethnobarometer Working Paper Series, Macedonia 2006: Towards Stability? 25, http://www.ethnobarometer.org/pdf/wp11.pdfPg, accessed June 15, 2008.

Table 10.   Employment percentage per population compared to national census

Ethnic Group	Employment 2000		Census 2002	
	Population	Percentage	Population	Percentage
Macedonians	459,200	83.5%	1297981	64.2%
Albanians	53,566	9.7%	509083	25.2 %
Turks	12,474	2.3%	77,959	3.9%
Serbian	7,416	1.3%	35939	1.8%
Roma	3,589	0.7%	53879	2.7%
Bosnians	N/A	N/A	17018	0.8%
Vlachs	1,155	0.3%	9695	0.5%
Others	N/A	N/A	20993	1.0%
Total	537,800	97.8%	2022547	100%

Source: http://www.cea.org.mk/Documents/First_USAID_report_labor_final_4.pdf

The Principle of Equal Representation was confirmed in the Ohrid Framework Agreement. It states,

> Laws regulating employment in the public administration will include measures to assure equitable representation of communities in all central and local public bodies and at all levels of employment within such bodies, while respecting the rules concerning competence and integrity that govern public administration.[81]

The first reform executed by the government was within parliament. The concept of power sharing refers to greater representation and control for minorities within the legislative branch. An amendment to the Law on Election of Members of Parliament in 2002 allowed for an election of the 120 parliament deputies under a proportional system. This would force a higher threshold of minority representatives within parliament. Under the law, the ruling political party needed to include not just an Albanian party within its coalition, but also a third party to obtain its majority.

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[81] Ohrid Framework Agreement, August 8, 2001, Section 4.2, http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008.

In July 2002, the Civil Service Law was amended, enforcing specific quotas to be fulfilled within certain professional sectors. It enforced the concept of positive discrimination in the employment of ethnic groups, which created initial problems. The Organization of Security and Cooperation in Europe (OSCE) have suggested that meeting the government's quotas within the police has forced some unqualified recruits to graduate from the police academy. Also, some of the ROM's main lenders, the International Monetary Fund (IMF) and the EC, have demanded cutbacks in public spending as reforms. This could ultimately lead to layoffs, which could affect Macedonians since nobody may want to alter the minority quota.

Thus, positive discrimination may solve the ethnic disparity of the country, but could lead to the marginalization of the ethnic Macedonians. This is just as undesirable as was the alienation of the Albanians. Equitable representation must mean fair representation of all ethnic groups if it will be successful. Prime Minister Nikili Gruevski is aggressively pursuing economic reforms in areas such as attracting foreign investors and developing the private business market. More jobs must be created to avoid an outcry against the positive discrimination policy.

Though there was a law requiring quotas for equal representation, the ROM lacked a nationwide strategy to implement this task. In January 2007, the government drafted the Strategy for Equitable Representation of Non-majority Communities in the Republic of Macedonia, providing guidance for equal representation in civil service and public enterprises. The government is now working on a National Employment plan that will work in unison with this strategy.

Overall, reform with regard to equal representation is taking place. Since the OFA dealt mainly with Macedonian and Albanian issues, the increase of the ethnic Albanians within the workforce is significant. In 2001, Albanians made up only 3% of the police force, and was also greatly under-represented within the military and judiciary. In 2006, Albanians accounted for 14.9% of those employed within the Justice and Home

Affairs Office.[82] The government is addressing Albanian inequality within the workforce, but it will need to focus on economic reform to increase the pool of employment to fulfill the needs of all citizens, not just cater to the ethnic Albanians in fear of renewing conflict.

c.   *The Badinter Principle*

Prior to the OFA, within the Macedonian assembly, Albanian parliament deputies complained of marginalization in decisions dealing with ethnic issues. Under the old majority system, ethnic Macedonians theoretically could team up and vote against a law since they held a strong majority. The OFA solution was to create a double majority vote or Badinter Principle; specifically, certain laws that deal with the vital interest of minorities need to be passed by a majority of votes within the assembly that includes a majority of votes within the assembly and members who "claim to belong to the communities not in the majority in the population of Macedonia." In essence, this provides some form of veto protection to minorities against what is called issues of vital interest of ethnic minorities. Under the amendment in the Macedonian Constitution, these protected interests include "laws that directly affect culture, use of language, education, personal documentation, and use of symbols."[83]

The Badinter principle works by protecting minorities from majority voting; on the other hand, it could have a destabilizing effect on the power-sharing system.[84] The ethnic Albanians could use their veto protection to slow the efficiency of the assembly. Also, the principle favors only the Albanian minority. If other minorities feel that their vital interests are being violated, they need the Albanians onboard to initiate the veto. Albanians have enough numbers in parliament to veto without other minority members.

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[82] Judy Batt, Misha Glenny, Denisa Kostovicova, Nicola Mai, Madege Ragaru, Fabian Schidt, and Miranda Vickers. Chaillot Paper, Is there an Albanian question? http://www.iss.europa.eu/uploads/media/cp107.pdf, 45, accessed June 14, 2008.

[83] Ohrid Framework Agreement, August 8, 2001, Annex A: Constitutional Amendments, Article 69(2), http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008.

[84] Adalah's Newsletter, Volume 13, May 13, 2005, http://www.adalah.org/newsletter/eng/may05/ar2.pdf, p. 1, accessed February 19, 2008.

Any deadlock with the assembly is brought to a Committee for Inter-Community Relations. The role of the committee today is to "consider issues of inter-ethnic relations" and "make appraisals and proposals for their solution."[85] This includes any deadlock within the assembly regarding the double majority rule. Until 2006, the committee stated there had been no deadlocks in the assembly due to the double majority rule. The same year, EC Ambassador to Macedonia Erwan Fouere stated, "Local parties should prepare a list outlining which laws are subject to the so-called Badinter Principle."[86] Though the vital interest was defined in the OFA, no specific laws were attached to the principle, which left room for interpretation.

In late 2006, the assembly was trying to pass legislation on police reform. The DUI insisted that this legislation required a Badinter majority, while the VMRO-DPMNE coalition insisted otherwise. In January 2007, the DUI boycotted the Parliament, charging the ruling government of marginalizing them and violating the Badinter principle.[87] Political dialogue resumed between both parties until another roadblock appeared. In September 2007, Prime Minister Nikola Gruevski submitted a draft that would extend voting rights to Macedonians in Diasporas, while also increasing the number of minorities in the assembly from 120 to 133.

The plan came under heavy criticism by the opposition party SDSM. They claim that such legislation would violate the Badinter principle because this new proposal specifically dealt with vital interest of minorities. They threatened to abandon Parliament if the legislation passed. The DUI submitted 4,100 amendments of its own and called for

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[85]Ohrid Framework Agreement, August 8, 2001, Annex A: Constitutional Amendments, Article 78(4), http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 17, 2008.

[86] Southeast European Times, EC envoy: Macedonian parties must define laws requiring Badinter majority, November 13, 2008, http://www.setimes.com/cocoon/setimes/xhtml/en_GB/newsbriefs/setimes/newsbriefs/2006/11/13/nb-07, accessed July 20, 2008.

[87] Southeast European Times, Breakthrough in Macedonian political dialogue remains exclusive, August 2, 2007, http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2007/02/08, accessed July 20, 2008.

a debate on each in hope of delaying the process.[88] The Prime Minister called for a two-stage process in passing the law, which would open the floor for debate. Dialogue has since resumed, but unless this principle is clearly defined, political deadlocks will continue to occur.

2. Rule of Law and Security

a. Police and Border Control

Since independence, the ROM police have been criticized for their human rights violations of minorities and their political connections to the government. During the 2001 conflict, the international community noted the deficiencies of the police force. The executive director of human rights watch for the Europe and Central division, Elizabeth Anderson, stated, "Persistent police abuse in Macedonia is simply shocking. Macedonia must urgently address the violence in its police stations. Ethnic Albanians are being severely abused, and in some cases beaten to death, without the slightest prospect of accountability."[89]

During the ethnic conflict, the SDSM government created a special tactics police force called the Tigers. This unit fought against the NLA, but was seen widely by the public as a political protection force.[90] The VMRO-DPMNE complemented the Tigers with a quick reaction unit of reservists called the Lions. Representatives from NATO and the OSCE claimed most of the initial recruits were criminals and thugs who

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[88] Southeast European Times, Election code proposal jeopardizes Badinter Principle, opposition says, August 2, 2007,
http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2007/09/18, accessed July 20, 2008.

[89] Human rights watch, Police abuse in Macedonia continues, August 22, 2001,
http://hrw.org/english/docs/2001/08/22/macedo1477.htm, accessed June 14 2008.

[90] Eirin Mobekk, Police Reform in South East Europe: An Analysis of the Stability Pact Self-Assessment Studies, 9, se2.dcaf.ch/serviceengine/FileContent?serviceID=21&fileid=456E14CA-F985-5845-61FC-ABB2F43DC4E4&lng=en, accessed June 4, 2008.

were given arms with very little training.[91] The Tigers were forced to demobilize and integrate into the civilian police force. As for the Lions, Amnesty International continues to report on ill treatment towards Macedonian citizens, specifically towards members of Muslim faith and the Roma.[92]

Other problems include poor control of the country's borders. With the breakup of Yugoslavia, the government has undertaken the responsibility of guarding the borders with Serbia, Kosovo, Albania, Greece and Bulgaria. Since the government lacked the capacity to secure its borders, the smuggling of drugs, weapons, and goods became a lucrative business. It contributed to a large black market within the Eastern Balkans. NATO Secretary George Robertson, at a border conference in May 2003, stated,

> Organized crime is able to cross the Balkans so easily, which creates the perfect condition for drugs, arms and people trafficking, terror and political violence. All this poses a real threat for the stability of the region, complicating the reform there and giving bad headaches to Europe.[93]

2000 and 2003, EAR conducted an assessment of Macedonian border security. The following is a list of the conclusions of their survey:

- The ROM reforms tend to be from the top down, whereas on-the-ground personal have difficulty understanding and implementing initiatives.

- The border security agencies do not know how to properly evaluate intelligence, which leads to smuggling activities going unchecked.

- There is a lack of communication between checkpoints because the agencies lack the technology and resources to link up.

The conflict brought a number of international missions into the ROM. In 2000, the International Criminal Investigative Training Assistance Program (ICITAP)

[91] Suzette R. Grillot, Wolf-Christian Paes, Hans Risser, and Shelly O. Stoneman, *Fragile peace*: *Guns and security* in post-conflict *Macedonia,* http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan019254.pdf, p. 12, Accessed February 8, 2008.

[92] Former Yugoslav Republic of Macedonia, The lions beat tonight: alleged ill-treatment of Macedonian citizens by paramilitary police, http://www.amnesty.org/en/library/asset/EUR65/025/2002/en/dom-EUR650252002en.pdf, accessed July 4, 2008.

[93] NATO speeches, Opening Remarks, May 22, 2003, http://www.nato.int/docu/speech/2003/s030522a.htm, accessed July 5, 2007.

was established to provide technical assistance and help develop a professional standards unit. The OSCE established a mission in the ROM and created a Police Development Unit focused on reform in accordance with the OFA. In December 2003, the EU executed its first security mission, called Proxima. It involved 200 unarmed police officers who were to monitor, mentor and advise the police force. The mission replaced Concordia, which officially ended a foreign military presence in the ROM. Lastly, EAR provided assistance in training, administrative, technical and logistical support. EAR and the OSCE have been the greatest catalysts in reforming the civilian police. Appendix B highlights activities by both agencies.

The Ohrid Framework Agreement enforced initiatives towards establishing and training a police force that represented the ethnic makeup of the community. It also involved the municipalities in the selection of their police chief.[94] In 2006, the Assembly passed the New Law of Police, aimed at building a police force that was transparent, accountable, and based on promotion of merit, not favoritism. Since 2001, reforms have been impressive. Albanian representation within the police has increased, and Albanian police participate in multiethnic patrols of the communities. The Interior Ministry has assumed responsibility for the border police, established a police academy and an organized crime unit, and created community-based outreach mechanism to encourage citizen engagement.[95]

Improvements to the capacity of the police and border control force are significant. The OSCE and EAR have aided in getting the force closer to EU standards, but it will still take time for the civilian police force to be the transparent and accountable force it needs to be. The NGO Macedonian Helsinki Committee for Human Rights (MHC) continues to report cases of torture and ill-treatment of civilians. The MHC has also accused the Ministry of Interior of failing to conduct investigations according to internal procedures, domestic law and international standards.

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[94] Ohrid Framework Agreement, August 8, 2001, Annex A: Constitutional Amendments, Basic Principles 3.3, http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008.

[95] International Crisis Group, Macedonia: Wobbling towards Europe, January 12, 2006, p. 7, http://www.crisisgroup.org/home/index.cfm?id=3869, accessed March 15, 2008.

b.   *Judicial Reform*

The ROM judicial system has gained a reputation for being politicized, inefficient, and corrupt. In 2004, there were one million court cases in a country of over two million.[96] In a audit by the EC Justice & Home Affairs mission to the ROM, they found that the average caseload for a judge was 800 cases, compared to the EU standard of 200 to 300. Not only is the judicial system slow and inefficient, but it also lacks transparency. In 2006, a report from the International Crisis Group stated:

> Day-to-day judicial operations are hamstrung by ineffective summons, bail and sentencing systems, various cycles of non-appearance and delays, rogue prosecutors, and a lack of security of court officials and witnesses. Limited training or professional development opportunities, a general lack of respect for procedure and court culture of blame and malaise have created a situation where the system functions.[97]

The case of Rastanski Lozja is a prime example of a poor Macedonian judicial system. In March 2002, six Pakistanis and one Indian were captured at the western Macedonian border with forged travel documents. After a few days in detention, they were brought to a deserted area and executed. The three police officers and a businessman stood trial for the crime and were acquitted in 2005 — despite overwhelming evidence against them. The ruling and judicial procedure for the trial were met with wide criticism by the public, judicial officials, and international experts. The opinion was that evidence was planted to portray the defendants as terrorist whose mission was to blow up embassies in Skopje.[98]

The OFA outlined reforms in the judiciary as it pertained to equal representation. The OFA declared that three of the seven members of the Republic Judiciary Council, the body that elects judges in the ROM, are to be elected by Parliament under the Badinter double majority system. This provision also applies for

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[96] Kristina Balalovska, The Ethnobarometer Working Paper Series, Macedonia 2006: Towards Stability? 38, http://www.ethnobarometer.org/pdf/wp11.pdfPg, accessed June 15, 2008.

[97] International Crisis Group, Macedonia: Wobbling towards Europe, January 12, 2006, p. 4, http://www.crisisgroup.org/home/index.cfm?id=3869

[98] U.S. Department of State, Macedonia, Country reports on human rights practices, March 6, 2007, http://www.state.gov/g/drl/rls/hrrpt/2006/78826.htm

three of the nine judges in the Constitutional Court.[99] Despite the amendment, the OSCE stated that "both the current structure and composition of the Republican Judiciary Council as a political-appointed body are counterproductive to the aim of achieving equitable representation."

The Ohrid Framework Agreement stressed equal representation within the judiciary, but it did not address reform. The ROM government was slow to act on reform until criticism came from Brussels. In 2004, the government submitted their application for membership to the EU. Upon review of the application, Brussels stated that, although economic and political reforms had been significant, little or no attention had been given to judicial reform.

In late 2004, under heavy international pressure, the ROM government published its first judicial reform strategy. The next year, the parliament voted unanimously on a package of amendments for reforms on the creation of an efficient case-handling process, mechanisms to reduce the large number of minor cases, witness protection, and establishment of an anti-corruption commission. The EAR has been helping to reform the Justice & Home Affairs office in Skopje (see Appendix B) but, based on EU assessment, progress has been slow. With the ROM's candidacy on the line, judicial reform is now a government priority, though the EU has pressed the country not to be too hasty with reforms in order to regain their credibility.

c.   Army of the Republic of Macedonia (ARM) and NATO

The ARM consists of an Army and Air Force. It was created in 1991, once the ROM became independent. When the ROM seceded from the federation, the Yugoslavian Army took back fifty-five combat aircraft and more than 450 armored vehicles and tanks, along with stockpiles of ammunitions.[100] The ARM was left with

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[99] Ohrid Framework Agreement, August 8, 2001, Annex A: Constitutional Amendments, Basic Principles 4.3, http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008.

[100] Suzette R. Grillot, Wolf-Christian Paes, Hans Risser, and Shelly O. Stoneman, *Fragile peace*: *Guns and security* in post-conflict *Macedonia,* 13 http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan019254.pdf, accessed February 8, 2008.

little more than obsolete weapons and tanks within their defense supply. During the 2001 ethnic conflict, the ROM succeeded in receiving military equipment and supplies from Bulgaria, Croatia, Serbia, and the Ukraine. As of 2003, the ARM consisted of 12,000 professional and conscript soldiers. The concept for the future of ARM is a light, mobile, professional army centered on Special Forces.[101] As of 2008, over 200 special force soldiers in Iraq and in Afghanistan are conducting raids, patrols and guarding checkpoints. NATO has played an integral role in providing expertise on the modernization of the ARM.

On April 2, 2008, the Bucharest summit reviewed applications for admittance into NATO from Albania, Croatia, and the ROM. Prior to the conference, Greek Foreign Minister Dora Bakoyannis told reporters that Athens would support the admission of Albania and Croatia into NATO, but could not back the ROM and would veto its request.[102] Athens' position was that the name *Macedonia* implied a territorial claim on the northern region of Greece, also called Macedonia. According to officials in Skopje, the Greeks have breached the 1995 Interim Accord in which Athens would agree not to block "membership in international, multilateral, and regional organizations and institutions."[103] Athens contends that although the ROM rejects territorial claims within their constitution, the radical claim of northern Greece remains. High government officials, textbooks, and official government maps depict Greek Thessaloniki as Macedonian.

During the summit, NATO decided to deny the ROM's admission into the alliance. Once the decision was announced, the ROM officials conducted a walkout in

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[101] Suzette R. Grillot, Wolf-Christian Paes, Hans Risser, and Shelly O. Stoneman, *Fragile peace*: *Guns and security* in post-conflict *Macedonia,* 15 http://unpan1.un.org/intradoc/groups/public/documents/untc/unpan019254.pdf, accessed February 8, 2008,

[102] BBC News, Greece rejects Macedonia NATO bid, March 6, 2008, http://news.bbc.co.uk/2/hi/europe/7280723.stm, accessed July 27, 2008.

[103] Interim Accord, Article 11 states "upon entry into force of this Interim Accord, The Party of the First Part agrees not to object to the application by or the membership of the Party of the Second Part in international, multilateral and regional organizations and institutions of which the Party of the First Part is a member; however, the Party of the First Part reserves the right to object to any membership referred to above if and to the extent of the Party of the Second Part is to be referred to in such organization or institution differently than in paragraph 2 of the United Nations Security Council resolution 817 (1993).," http://www.hri.org/docs/fyrom/95-27866.html, accessed July 3, 2008).

opposition to the decision, stating that it would undermine stability in the Balkans. NATO officials stated that talks will remain open for future accession once the name dispute is resolved. Athens has insisted on renaming the Republic of Macedonia in a fashion that separates it from its northern region, such as "New Macedonia" or "Upper Macedonia."

After seventeen years, a permanent solution still has not been reached. UN envoy Matthew Nimitz was sent to help Athens and Skopje find a solution that would be acceptable to both sides. He presented a set of five possible alternative names: Constitutional Republic of Macedonia, Democratic Republic of Macedonia, Independent Republic of Macedonia, New Republic of Macedonia and Republic of Upper Macedonia. Some of the names were not well received, with thousands of protests from the ROM and in Thessaloniki, the capital of Macedonia in northern Greece. The negotiations between Nimitz and the two sides are ongoing.

3.   ECONOMIC PROSPERITY

The development of the ROM's economy has been a difficult transition since its independence. First, it faced the transformation from socialist economic structures to a market-oriented system. Second, it was dealt a blow with sanctions imposed on Serbia, then the trade embargo imposed by Greece. The combination has created high unemployment and a low public trust of the government and state institutions. The Ohrid Framework Agreement did not specifically address economic development. The document's main focus was inter-ethnic issues through political dialogue, though it recognized that ethnic and ideological division would be a major impediment towards economic stability.

As of 2005, unemployment was at an all-time high of 37.3%.[104] The grey economy made up 45% of domestic activities, while Foreign Direst Investment was one of the lowest in the region. The state of the economy was marked by poor governance in

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[104] Main economic indicators of Macedonia, www.nbrm.gov.mk/WBStorage/Files/Economis_Indicators_a_1993_20070.pdf, accessed May18, 2008.

the private and public sector, unfavorable investment climate, corruption, and a weak judiciary that depresses domestic and foreign investment and hinders economic and employment growth.[105]

Unemployment remains the biggest problem in the ROM, especially with young adults. As of 2003, unemployment of those between the ages of 15-24 was 65.7%, between 25-29 at 50.8%, and 30-39 at 37.9%.[106] Basic labor market indicators show that labor force participation is barely above 50% (Table 11). One argument for the high numbers is the large grey market. Family farms, rural workers, and casual labor could accounts for a large portion of the grey market as would the illegal activities within the borders. Many of these grey-market dependents are uneducated and live below the poverty line. As of 2003, 22.6% of the population lived under the poverty line of $50 a month, as measured by international standards.[107]

In combating unemployment, the World Bank recommended that the government must create a climate of foreign investment and accelerate free trade.[108] Problems with executing those reforms in the short term were due to the poor government capacity to promote domestic reform, and a reputation of corruption scared foreign investors away. The country would need donor assistance in strengthening its industrial sector and in rural development. It would have to integrate its informal grey sector with its formal economy. Also, since the ROM was promoting equal representation, it needed to provide alternative employment opportunities for ethnic Macedonian citizens affected by positive discrimination.

In an EU evaluation of the ROM economy, they spotted a number of deficiencies that needed immediate attention. The country's major transport infrastructure needs

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[105] Country Programme Action Plan 2005-2009 Government of the Former Yugoslav Republic of Macedonia, United Nations Development Programme, p. 3, www.undp.org.mk/datacenter/files//CPAP_signed_for%20the%20Web.pdf, accessed June 29, 2008.

[106] Center for Economic Analysis, Report on Labor Market in Macedonia, March 2005, 17, http://www.cea.org.mk/Documents/First_USAID_report_labor_final_4.pdf, accessed June 8, 2008.

[107] Country Programme Action Plan 2005-2009 Government of the Former Yugoslav Republic of Macedonia, United Nations Development Programme, p. 3, www.undp.org.mk/datacenter/files//CPAP_signed_for%20the%20Web.pdf, accessed June 29, 2008.

[108] International Crisis Group, Macedonia: Make or Break, January 12, 2006, p/ 8, www.crisisgroup.org/home/index.cfm?id=2897&l=1 - 23k, accessed March 12, 2008.

repairs to facilitate external trade and movement of goods. It needs upgrades in wastewater treatment systems in order to improve its environmental standards. The country should reform its labor market, which shows geographical and ethnic disparities in employment. Lack of long-term and youth employment was seen as the biggest concern. There is a lack of investment in the quality of education, particularly in higher education. The country needs to invest in human capital to align itself with EU standards. Lastly, the agriculture sector is dominated by small family farms with a lack of irrigation, land fragmentation and lack of proper management systems.

Table 11.   ROM employment indicators

Indicators	1997	1999	2001	2003	2005
Working age	1,489,625	1,518,250	1,554,420	1,579,500	1,579,450
Employed	512,301	545,222	599,308	545,100	545,108
Unemployed	288,213	261,451	263,196	315,900	315,868
Labor Force	800,514	806,673	862,504	861,000	860,976
Participation Rate	53.7%	53.1%	55.5%	54.5%	54.5%

Source: http://www.cea.org.mk/Documents/First_USAID_report_labor_final_4.pdf

Table 12.   ROM economic indicators

Indicators	1993	1995	1997	1999	2001	2003	2005
GDP	-7.5	-1.1	1.4	4.3	-4.5	2.8	4.1
Inflation	229.6	9.2	4.5	2.3	3.7	2.6	1.2
Unemployment	27.7	35.6	36.0	32.4	30.5	36.7	37.3
FDI in mln Euro	N/A	N/A	27	31	493	81	79

Source: www.nbrm.gov.mk/WBStorage/Files/Economis_Indicators_a_1993_20070.pdf

Table 12 shows improvements in the ROM economy as the 1990s progressed, as the country benefitted from the lifting of Serbian sanctions and reestablishing trade with Greece. GDP, FDI and inflation figures improved but unemployment remained a problem. After the 2001 conflict, insecurities over stability lead to a sharp decrease in growth and a steady rise in unemployment. The government focused on the OFA implementation while legislation for economic reform lagged. Loans from the World Bank and the IMF helped build economic capacity, along with projects facilitated by EAR and USAID (see Appendix C)

In 2006, Gruevki was elected on a campaign focused on economic reform and EU integration. In office, his team of young, American-educated economists released a program for the economic reform. It was aimed at improving the living standard of the population, increasing employment, fighting corruption, developing democracy, improving inter-ethnic relations, increasing political stability, and integration into the EU and NATO.[109] The pillars of the program are the following:

- Employment: Create investment conditions and development of the private sector by reforming tax measures, diminishing legal regulations and administration barriers in business.

- Increasing competiveness: Assist Macedonian companies through decreasing working expenses, new investment cycle, transfer of knowledge and technology from foreign firms that would invest in the ROM, as well as improve education and qualifications of labor force.

- Increasing domestic and foreign investment: By providing stability and predictability of regulation, efficient executive procedure, protection of creditors, decreasing public consumption, improved public services quality, improved public infrastructure and more efficient judiciary.

- Decreasing public consumption and efficient state administration: Create a small but efficient state administration devoted to meeting needs and development of its citizens.

- Maximally reducing of bureaucracy and corruption: Extensive deregulation and the introduction of mechanisms that would allow citizens to monitor work of the state administration.

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[109] Program of the Government of the Republic of Macedonia, p. 1, www.vlada.mk/assets/program%20of%20the%20government%202006-2010.pdf, accessed June 20, 2008.

Since 2005, economic development has been significant in the ROM. GDP exceeded 5% in 2007, and growth in industrial production exceeded 10% in early 2008, though inflation has increased due to higher food and energy prices. [110] The IMF praised to the ROM during a review of the Stand-Bu Arrangement with the ROM, stating, "Economic growth has been robust, the fiscal position has strengthened, and foreign direct investments and international reserves have increased."[111] In June 2008, Prime Minister Nikola Gruevski was presented in New York with the World Bank award for the ROM's reform performance for 2007.[112] The country was ranked fourth top reformer based on a World Bank 2008 Doing Business report. It stated that the ROM eliminated the minimum capital required for business start-up, expedited the administrative procedures, eased entry of new firms, cut taxes, and launched a commercial credit bureau whose reports provide credit exposure of companies.[113]

The ROM also jumped 21 places in Transparency International's Corruption Perception Index from 105th place in 2006, to 84th place in 2007. The progress was the largest of any of the other 179 countries surveyed.[114] In a meeting with EU Finance ministers about the status of the ROM's economic policies, Finance Minister Trajko Slavaski stated, "I am glad to say that 2007 economic results in Macedonia are the best in 17 years, with positive trends in all economic sectors." Table 13 shows economic indicators for 2006/07. The ROM has also improved within the tourist industry. The

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[110] International Monetary Fund, Statement at the Conclusion of an IMF Mission to the ROM, April 8, 2008, http://www.imf.org/external/np/sec/pr/2007/pr07269.htm, accessed June 9, 2008.

[111] International Monetary Fund, IMF Executive Board Completes Third Review Under the Stand-By Arrangement with the Former Yugoslav Republic of Macedonia, February 27, 2008, http://www.imf.org/external/np/sec/pr/2008/pr0833.htm, accessed June 10, 2008.

[112] Republic of Macedonia Government, PM Gruevski collects WB award for Macedonia's reform performance in 2007, http://www.vlada.mk/english/News/June2008/ei4-6-2008a.htm, accessed July 25, 2008.

[113] Doing Business, Top Reformers in 2006/07, http://www.doingbusiness.org/features/Reform2007.aspx, accessed November 12, 2007.

[114] Transparency International, Corruption Perception Index 2007, http://www.transparency.org/policy_research/surveys_indices/cpi/2007, accessed June 14, 2008.

State Statistical Office (SSO) of the ROM claimed that the number of domestic tourists has increased 29.9%, and the number of foreign tourists has increased for 20.1% in May 2008 compared to May 2007. [115]

Table 13.   Recent economic indicators

Indicators	2006	2007
GDP	4.0	5.1
Inflation	2.9	6.1
Unemployment	36.0	34.2
FDI in mln Euro	286	N/A

Source: www.nbrm.gov.mk/WBStorage/Files/Economis_Indicators_a_1993_20070.pdf

Overall, the ROM economy has made an impressive recovery. The main reasons for its success have been foreign aid provided by international donors, the lack of a major outbreak of violence, speedy legislation reform, and EU pressure for reform. The country is still years away from sound economic stability and growth. Its unemployment rate still remains the highest impeding factor to economic prosperity. Corruption is still having a destabilizing affect on reforms. The reform of the judicial system is a priority to help clean up the other sectors of the economy.

4.   SOCIAL WELL-BEING

The main grievance voiced by the ethnic Albanians during the 1990s was their need for greater cultural and educational rights. The OFA was a document focused on providing greater accommodation for the minorities of the ROM. Regarding cultural rights, the agreement stated that "members of communities have a right freely to express, foster and develop their identity and community attributes, and to use their community symbols."[116]

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[115] Republic of Macedonia State Statistical Office, Tourism in the Republic of Macedonia, http://www.stat.gov.mk/english/statistiki_eng.asp?ss=14.02&rbs=1, accessed August 8, 2008.

[116] Ohrid Framework Agreement, August 8, 2001, Annex A, Constitutional Amendments, Article 48 (1), http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008.

The issue has caused controversy in the past and present. The 1997 riots in Tetovo and Gostivo are not forgotten. The controversy was about flying flags over municipal buildings, press conferences and public celebrations. This became especially sensitive in the implementation of decentralization because ethnic Macedonians feared that greater Albanian autonomy would mean an increase of the double-headed black eagle flag being flown, which is the same as the Albanian national flag. This is a symbol to many ethnic Macedonians of Albanian nationalism and interest towards succession. In 2005, debate ensued over whether there should be legislation over the flag issue. Many politicians feared that if emblems were not clearly defined, spoilers would use ethnic symbols to inflame ethnic tensions. This remains the case in Tetovo, where there is exclusive use of the Albanian flag at the Albanian local university, which continues to anger Macedonians.[117]

The OFA specifically notes that "with respect to emblems, next to the emblem of the Republic of Macedonia, local authorities will be free to place on front of local public buildings emblems marking the identity of the community in the majority in the municipality, respecting international rules and usages." [118] Although Prime Minister Gruevski denies that there is a need for legislation on the use of emblems, calling it a "non-issue," sensitivities towards the use of flags and symbols could ignite riots. For example, if the local police see an Albanian flag by itself posted over a building in a mostly Albanian populated area, are they prepared to pull it down possibly triggering a riot? Legislation would force the participation of the Albanians into a consensus on this issue.

Another issue concerning cultural rights of the Albanians is the language issue. Albanians requested their language become official, so they could receive services in both Macedonian and Albanian. The OFA answer to this issue was the 20% rule: where any minority that makes up 20% of the population in a municipality, that language becomes an official language. This includes receiving official government documentation

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[117] International Crisis Group, Macedonia: Not out of the Wood Yet, *http://www.crisisgroup.org/home/index.cfm?id=1244,* p. 10, accessed May 16, 2008.

[118] Ohrid Framework Agreement, August 8, 2001, Annex A, Constitutional Amendments, Section 7.1., http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008

in that language and translation services by the local government.[119] Though this pleases the Albanians, a fear is that greater language rights would make Albanians unmotivated to learn Macedonian, affecting their assimilation and further dividing the society along ethnic lines.

In terms of educational rights, the Albanians requested state funding of their University in Tetovo, created in 1996, and greater representation in higher education. They did not receive state funding — considered illegal by the government. The 20% rule allowed for the university to receive funding. Also, the government was pressured by the international community to open private, more independent universities. In July 2000, the government passed the Law on Higher Education authorizing the opening of private institutions. That year, the Southeast European University opened, providing classes in Albanian, English and Macedonian.[120] The University does not receive state funding since it is private. It was funded mainly by the international community and by private donations.

In order to encourage greater representation for minorities within higher education, the government installed a form of positive discrimination to ease their admission requirements. This has helped provide greater Albanian participation in higher learning. Albanian representation increased from 4.9% in 2001 to 14.9% in 2004. The Southeast European University also claimed 5,400 Albanian students graduated in the 2004–2005 year.

Overall, educational rights have improved for the Albanians, but other minorities may be left out. According to the NGO National Roma center, only one in ten Roma children have finished primary school because they do not speak Macedonian.[121] Since most schools teach in Macedonian, and some in Albanian, the Roma are completely left out of the education system. The government has started legislation for the assimilation of Romas in Macedonian mainstream. They are participating in the 2005–2015

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[119] Ohrid Framework Agreement, August 8, 2001, Annex A, Constitutional Amendments, Article 2, 3, and 4, http://faq.macedonia.org/politics/framework_agreement.pdf, accessed January 15, 2008.

[120] Kristina Balalovska, The Ethnobarometer Working Paper Series, Macedonia 2006: Towards Stability? 42, http://www.ethnobarometer.org/pdf/wp11.pdfPg, accessed June 15, 2008.

[121] Ibid.

International Decade of Roma program with other foreign governments in hopes of a framework to resolve Roma social issues.

Other than providing educational rights for its minorities, the ROM has other problems within its educational system. It is extremely centralized, lacks financing, teachers are not motivated, and the system has poor administrative capacity. Also, a great portion of the population remains uneducated. In an analysis of the population's educational structure, of the total number of persons aged over fifteen, about half do not have any or only a low level of education (Table 14). [122]

Table 14.   Education in the ROM

Population-school training	Total	%
Total	1579500	100
Without education	60700	3.85
Incomplete primary education	170200	10.8
Primary education	549200	34.8
Three-year secondary	168000	10.7
Four-year secondary	465100	29.5
Two-year college-level education	51200	3.2
University education	114900	7.3

Source: National Strategy for the Development of Education in the Republic of Macedonia 2005-2015

The government has worked towards education reform. Its National Strategy for the Development of Education aimed to provide equal education for all citizens, raise the competencies of its teachers, provide greater resources to its schools, and improve education towards EU standards.[123] The government has declared an increase in the education budget from 3.39% of GDP to 5%. They established a law to participate in the EU integrated Lifelong program that unites all European countries under the same

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[122] Ministry of Education and Science of the Republic of Macedonia, National Strategy for the Development of Education in the Republic of Macedonia 2005-2015, 29, http://www.ulb.ac.be/unica/docs/prium/Strategy-1.pdf , accessed June 15, 2008.

[123] Ibid., 17

standards. The program called for more compulsory education to be provided, and the government has put it into law. As of the 2008/2009 school year, students are provided Vocational Education and Training, and primary education has been extended from eight years to nine years.[124] The reforms again have been backed by the international community (see Appendix D).

Overall, the government has made strides in improving the social well-being of its citizens, but what do citizens think about their country's progress? The International Republic Institute (IRI) conducted an in-person interview of 1,108 Macedonian citizens in April 2008[125]. When asked if the ROM is heading the right direction, 37% responded *yes* as opposed to 18% in December of 2001. The survey indicates that citizens feel positive about EU and NATO integration, where over 90% of citizens support the country's pursuit of membership. However, 70% of those surveyed felt that life was better under the former Yugoslavia.

D.   PROSPECTIVE EU MEMBER STATES

The European Union has made it a priority to promote development of peace, stability, prosperity and freedom in South Eastern Europe.[126] The countries of Croatia, Serbia, Bosnia, Turkey and Albania have all hoped that membership in the EU is in their near future. Each country shares similar problems in comparison to the ROM, including corruption, poor economic performance, ethnic divisions or slow institutional reform. The information below provides a brief summary of the common problems facing Balkan nations other than the ROM.[127] Additionally, a comparison between the nations reveals their economic and corruption indicators (Tables 15 to 18).

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[124] Commission of the European Communities, the ROM 2007 Progress Report, 56, http://www.delmkd.ec.europa.eu/en/whatsnew/2007/20%20fyrmacedonia_progress_reports_en.pdf, accessed July 16, 2008.

[125] The International Republic Institute, Macedonia 2008, April 11-15, 2008 http://macedonia.usaid.gov/Documents/IRI_Public_Opinion_Survey_Dec-07. ppt accessed May 16 , 2008

[126] Europa, Enlargement strategy 2006-2007: challenges and integration capacity, http://europa.eu/scadplus/leg/en/lvb/e50025.htm, accessed August 15, 2008.

[127] European Commission Enlargement, Potential Candidate Countries, http://ec.europa.eu/enlargement/potential-candidate-countries/, accessed June 20, 2008.

1. Albania: The country is still recovering from the 1997 near civil unrest. Its main problems consist of poor dialogue between the government and the opposition on reforms, slow reforms on corruption, lack of independence and transparency of its judicial system, and lagging in its preparation for its 2009 Parliamentary elections based on OSCE and Venice Commission recommendations. Between 1991 and 2004, the EU has donated over 1.3 Billion Euros in state reforms. In June 2006, Albania signed a Stabilization and Association Agreement (SAA) with the EU.

2. Bosnia and Herzegovina: Struggling with reconciliation between the Serbs, Croats and Bosnians. Corruption throughout the country's administration and police forces remains widespread. Since 1991, the EU has provided 2.5 billion Euros worth of assistance. In June of 2008, they signed the SAA with the EU but only after Bosnia and Herzegovina promised to sign legislation on police reform. With the signed agreement, Bosnia and Herzegovina joins a European Partnership that focuses on key areas of reforms needed for European membership. This includes full co-operation with the International Criminal Tribunal, reform of police services, adoption and implementation of required public broadcasting service legislation and strengthening public administration.

3. Croatia: The enlargement commission stated that Croatia may be admitted between 2010 and 2012. Croatia was awarded candidate status is 2005 while negotiations began later that year. The country's economy has recovered nicely and is ahead of all EU prospective states towards admittance. However, problems in the country remain. This includes reforms within the judiciary and public administration, corruption, minority rights, and the return of refugees. The commission has also stated that in order to make progress in the accession negotiations, Croatia need to focus efforts on adopting EU legislation and building the administrative structures and capacity necessary for its correct enforcement.

4. Montenegro: Formerly a State Union member with Serbia. In May of 2006, created a referendum for its independence. The next month was officially declared sovereign by the European Union. Signed the SAA in Oct. of 2007. The EU has states Montenegro must strengthen its rule of law, fight organized crime and corruption to continue its hopes towards EU integration.

5. Serbia: Signed the SAA in May of 2008. Government is currently making two major transitions, first is a recent shake up of its parliament where a new collation was created, second was the difficulty of accepting Kosovo as an independent neighbor. Serbia faces the challenges of the SAA implementation. The EU has stated that this requires that Serbia cooperate fully with the International Criminal Tribunal for the former Yugoslavia. Other challenges include comprehensive institutional, political and economic reforms in line with priorities of the European Partnership.

6. Turkey: Has been an EU candidate country since 1999. Political and human rights reforms has been a road block towards EU admittance. During accession negotiations, the EU has stated that Turkey must completely fulfill the Copenhagen criteria. Although reforms has progressed, the commission has states improvements are needed in the rights on non-Muslim religious communities, women's rights, trade union rights and minimizing civilian control of the military. Another criterion for admittance has been good relations with its neighbors. Greece and Turkey relations have improved but a resolution over Cyprus would further help Turkey's hopes of EU membership

Table 15.   Failed State Index
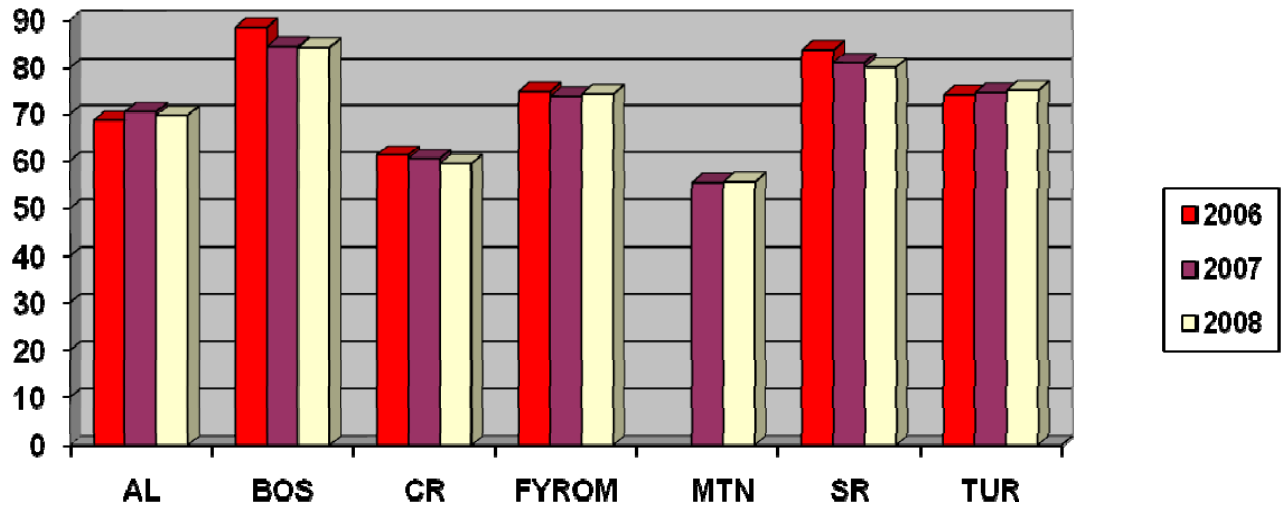
Source:
http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=292&Itemid=452,
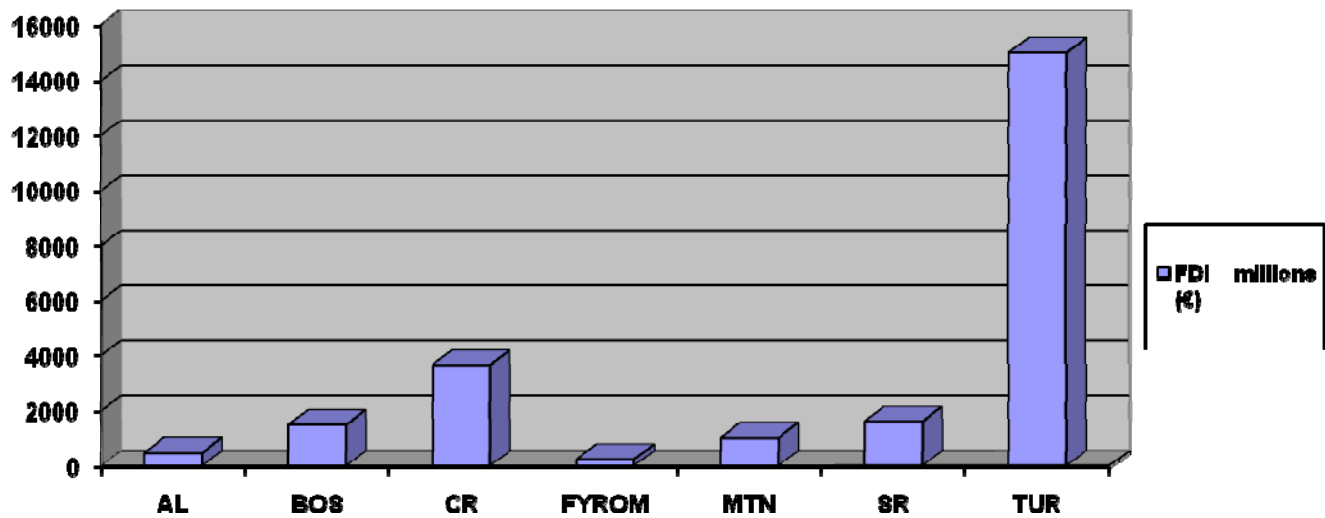Failed State Index combines social, political and economic indicators. The higher the score, the worst off
the country is. In the 2008 index, Somalia ranked 114.2 as the highest, while Norway ranked 16.8 as the
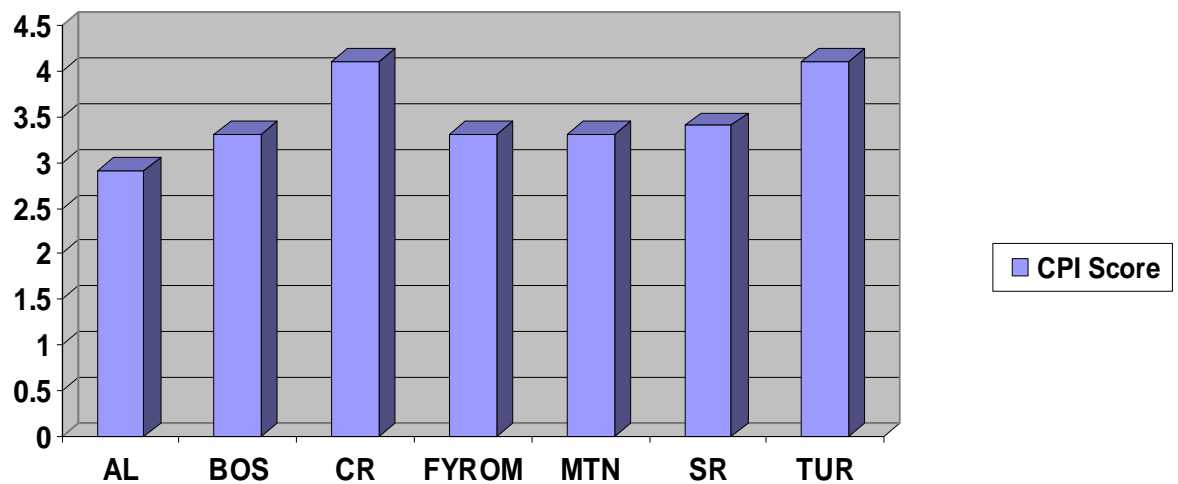lowest.

Table 16.   Economic Indicators 2007
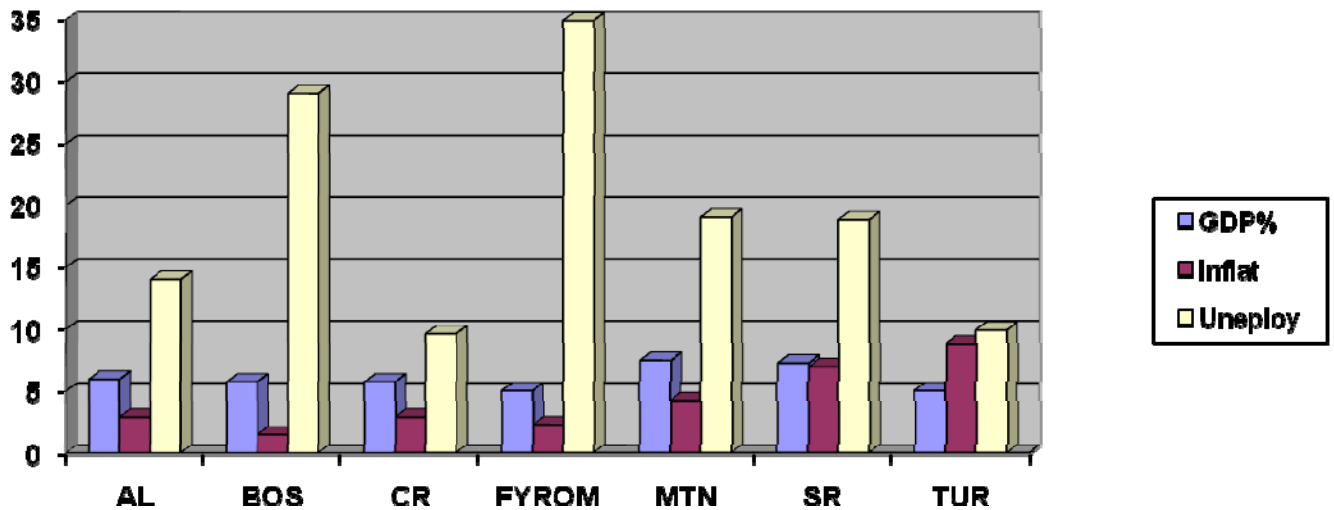
Source: http://www.wiiw.ac.at, (economic indicators as a percentage).

Table 17.   Foreign Direct Investment Inflow 2007

Corruption Perception Index 2007

As of August 2008, Croatia, the ROM and Turkey are official EU candidate countries. Albania, Bosnia and Herzegovina, Montenegro and Serbia are prospective candidate countries who have all signed Stabilization and Association Agreements with the EU. If these nations conduct reforms based on the Copenhagen criteria, EU membership should be on the horizon.

As EU members, nations unite under a single market. This allows the economic integration of member states by minimizing bureaucratic procedures and taxes on goods crossing the borders. It also allows freedom of movement for workers, unites members under a single currency and promotes competition under EU standards.

One major concern is the enlargement capacity of the European Union. If economically weak countries such as the ROM join the EU, stronger member states may have to carry the extra burden of supporting them. EU membership is seen as the major catalyst of reform in the Balkans. If the EU delays membership due to capacity limitations, Balkans states may not be so motivated towards progression, such as is the case in the ROM. In a conference on EU integration in June 2005, ROM Deputy Prime Minister Radmila Sekerinska stated, "Possible delay or stoppage of the enlargement will lead to delays in and complication of reforms, discouragement of home and foreign investors, and re-strengthening of populist in the region."

EC President Jose Manuel Barroso told reporters that the EU would not slow down its enlargement process and no EU member has requested it do so.[128] Growing fears about EU unity remain following the 2005 vote when an EU constitution failed to pass; France and the Netherlands voted "NO."

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[128] Western Balkans, Macedonia concerned about possible enlargement slowdown, http://www.western-balkans.info/htmls/save_pdf2.php?id=741, accessed June 4, 2008.

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V. CONCLUSIONS AND RECOMMENDATIONS

In Chapter II, the four desired end states for the Republic of Macedonia were stated, which consolidated information on what was seen as important for strengthening of the state and preventing conflicts. Chapter IV analyzed the ROM's efforts to reform itself. This thesis concludes by examining whether the ROM has met the criteria outlined within the four desired end states, followed by recommendations for what is needed for further progress. Closing thoughts are provided, summarizing what has been accomplished in the ROM and what the future holds it.

A.   RECOMMENDATIONS

1.   Stable Democracy

The ROM hopes to build legitimate institutions at the state, regional, and local level. Ministries and the civil service sector must ultimately be reliable, efficient, maintain integrity, and provide mechanisms to provide oversight into corruptions within the state's political and civil body.

The ROM's institutional capacity has been greatly strengthened over the past decade. With the financial and technical support provided by the international community, the ministries and civil sector were modernized substantially. However, the ROM is still years away from becoming reliable and efficient. Political and ethnic favoritism is still common, while corruption remains a major impediment. The 2007 Transparency International Corruption Index did show great improvement for the ROM in 2007, but the government must continue towards reform. Non-partisan corruption committees need to be organized to oversee the ministries and report directly to the EU. The EU must continue to provide liaison support for guidance and oversight. This support must continue even after the ROM becomes an EU member. The ROM must not only reform its institutions as an incentive towards EU membership, it must also retain concrete goals, with or without the EU, to build public confidence.

a. *Sharing Power*

Has the ROM succeeded in implementing power sharing in a multi ethnic state? This concept includes equal representation of minorities within the state and local level, and decentralization to allow greater autonomy of ethnic groups.

Despite the initial problems with decentralization, the government has made great progress towards its implementation. Legislative and other powers are being transferred to local governments. Greater fiscal responsibility has been provided to the municipalities. Projects spearheaded by EAR, USAID, and the UNDP have given confidence to local authorities. The government though must be wary that sensitivities towards proving ethnic Albanians greater autonomy could spoil the decentralization process. Decentralization needs to be an all-hands process that includes all citizens. Information campaigns needs to include public seminars, town hall meetings, and central to local government communication mechanisms.

The government has committed itself to providing equal representation. An increase in Albanians in the workforce is visible in all sectors. The government must caution that increased employment for minorities has a negative effect on ethnic Macedonians, which could re-ignite ethnic tensions. Fulfilling minority quotas is a goal that should be undertaken in unison with programs to increase jobs for all citizens. This means attracting foreign companies — which opens new job opportunities — and promoting small businesses. Efforts must be made to formalize the grey market to shed new light on actual labor participation rates.

2. Secure Environment and Rule of Law

Can the ROM security forces protect international borders, key infrastructure, and airspace?

The missions, led by the OSCE and EAR, have greatly improved the technical, logistical and readiness capacity of the civilian police force's ability to guard the borders. Unfortunately, smuggling remains such a lucrative business it has only slightly curbed the high number of illegal activities. Relations with neighboring states can be used as a

force multiplier towards border security. Joint patrols and information sharing allows border security forces to be more proactive in their efforts.

It is imperative that the armed forces of the ROM join NATO. This guarantees European military support in case an internal or regional conflict occurs. The government must continue to work with Greece on a resolution of the country's name. After 17 years of debate, both countries need to look to the future, not the past.

a.   Police Forces

Can the ROM maintain police forces that are transparent, accountable, and protective of human rights? Do these forces build civilian confidence? Do they represent the ethnic makeup of the land?

The increased number of ethnic Albanian civilian police has been impressive. Macedonian and Albanian forces have been integrated and are conducting joint patrols of neighborhoods, but a number of issues remain to be addressed. Human rights violations continue, especially towards smaller minorities. Citizens still have a low level of trust towards the civilian police force. Reform must continue, building community relations with the local police force. Town meetings with local police chiefs will allow citizens to voice complaints directly, while building a social network towards their security. Reports of human rights abuses need to result in EU-imposed on the government. A police code of ethics needs to be enforced, while the Ministry of Interior needs to be more critical of local police departments in enforcing policy.

b.   Judiciary

Has the ROM built a legitimate and accountable judicial system that supports the state's constitution, laws, and properties? Is it open to all ethnic groups in its application, treating all as equals? Are judges selected based on merit and not political favoritism?

The ROM continues to lag in the area of judicial reform. Efforts toward reform only began through EU threats of delaying EU accession negotiations. The

government must utilize the same political will it did during the decentralization process to enforce change by weeding out corruption, improving case handling, and nominating judges based on a merit system. EU must provide heavy oversight to ensure reforms are in line with EU standards. NGOs must continue to report the unfair trials to the international community, which, in turn, will put pressure on the government for reform.

3.   Sustainable Economy

Is the ROM building effective and reliable financial and economic institutions, promoting private business and entrepreneurship, and attracting foreign investment by accommodating international business?

The ROM economic policy reforms have been impressive. The country is showing improvements in all sectors of its economy. Prime Minister Gruevski has been the force improving the ROM's economy; compared with other Balkan nations, however, it still lags in areas such as growth and foreign investment. The ROM has been relatively stable since the 2001 conflict. Peace and stability should attract more foreign investment. EU memberships must remain the top priority of the government. Membership would open new markets for the ROM to improve growth, decrease inflation and combat unemployment. Cracking down on corruption and improving rule of law is essential for improving the economy. The ROM must invest wisely the funds received by the EU towards infrastructure, business development and tourism.

a.   Infrastructure

Will the ROM be successful in its goal to reconstruct and invest in infrastructure such as transportation and communication?

By modernizing the country's major transport infrastructure, the movement of goods would improve, promoting external trade and also ensuring that towns are not isolated from receiving goods and services. The government must continue to invest in modernizing the nation's infrastructure and communication network so it can compete with other EU nations.

b.   *The Workforce*

Has the ROM created policies that fight unemployment and has it trained a viable workforce?

Unemployment remains the greatest problem facing the ROM. It could have a destabilizing effect on the nation. Economic reform must focus on attracting business that requires skilled workers while encouraging small business openings, which should lure workers away from the grey market. Unemployment of young adults must be addressed. If EU membership is achieved, it should open a new market for workers within the ROM and for citizens seeking work abroad.

4.   **Social Well-Being**

Does the ROM recognize and promote group political, cultural, and educational rights, allowing minority groups the opportunity to express their identity in a method accepted by the state?

The Ohrid Framework Agreement has been fully implemented. The ethnic Albanian minority have received the desired language and educational rights. The Albanian political elite now must show good faith and prove it is committed to the progress of the ROM. Fears still exist that Albanians will only ask for more individual rights, which they will use towards secession. It is essential that Albanian and Macedonian leaders collaborate on decisions and demonstrate a united front to build public trust.

a.   *Equal Education*

Does the ROM provide equal education to all ethnic groups, including opportunities for advanced education to encourage assimilation into the workforce.

The positive discrimination policy towards university admittance has greatly increased Albanian participation in higher learning. The Albanian University in Tetovo is now state funded. The government must now focus on developing an educational system that promotes multi-ethnic classrooms, high educational standards,

and includes the smaller minorities, such as the Roma. EU membership allows incentives for students to pursue university education, where they now have the ability to work in other EU member states.

B.   CLOSING THOUGHTS

The 2001 ethnic conflict between the Macedonian security forces and the Albanian rebels exposed many problems within the Republic of Macedonia:

- Years of ethnic Albanian marginalization would motivate opportunistic rebel groups to mobilize and challenge the state's authority.
- Deep levels of corruption paralyzed the country's institutions and public confidence.
- The lucrative business of border smuggling contributed to the proliferation of weapons, narcotics, and goods throughout Southeast Europe.
- The country's poor rule of law contributed to a lousy judicial system and the poor performance of the civilian police.

The signing of the Ohrid Framework Agreement proved one thing: The government did not want to slide into the same violence that disrupted Croatia, Bosnia and Kosovo. Despite the international pressure to end violence, both the Macedonian and Albanian political elites forged the agreement and mustered the strength to implement it. While the ROM benefitted from foreign aid and international support, it was the government's responsibility to pass legislation and execute reform.

The role of the European Union in developing the ROM cannot be overlooked. The Stabilization and Association Process has proved to be an effective system in developing the countries of Southeast Europe. The EU has realized that it is more cost-effective to prevent war, by strengthening institutions and developing economies, than it is to rebuild nations after war. EU membership provides the poor countries of the Balkans the hope of integrating into mainstream Europe rather than continuing isolation.

As noted in Chapter II, if a state fails to provide a stable democracy, rule of law, economic prosperity and social well-being, it could slip into conflict. This is what

happened in the case of the ROM. The insecurity of the new Macedonian nation led to the poor treatment of its minorities. The ROM feared it would be annexed by its neighboring states, which led to a strong nationalistic approach of governing itself. Ethnic Albanian nationalism was seen as a direct threat for secession and loss of land, which was understandable when its neighboring countries questioned the Macedonian existence. This led to restriction on cultural and educational rights for the ethnic Albanians and other minorities.

The years since the 2001 conflict have been a lesson in democracy for Macedonians, who have learned that there is no substitute for a strong democracy. The ROM must now question the future: Will the country remain peaceful, and is the future bright? Will the OHA stand the test of time, and will the country become an EU member? As long as the ROM continues the progress it has made in the past seven years, the answer is *yes.* Since the conflict, there has been no major outbreak of violence. The country has dealt with the death of a president, the uncertainty in the status of Kosovo, a national referendum on decentralization that threatened the implementation of the OHA, the NATO membership veto by Greece, and opposition political party walkouts in parliament. Despite these barriers, along with the ethnic and ideological divisions between the governments, the ROM continues to stumble its way towards the European Union.

This leaves the author to believe that the citizens of the ROM truly want peace and prosperity. They see the EU as their best chance to forget the past and assimilate into Europe. They want a state that can provide them opportunities for education and professional employment. Macedonians do not want to be distracted by ethnic divisions. They want a government that combats high unemployment.

The ROM is doing its part in reforming the state; the EU must also continue its commitment to the country. Delays in allowing Southeast Europe nations into the EU, after benchmarks have been reached, would frustrate the morale of these nations. If, in the next ten years, Balkan nations are proud members of the EU, these nations can finally believe in a bright future, with security and prosperity, and little chance of ethnic conflict.

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APPENDIX A

A.   EAR ACTIVITIES ON DECENTRALIZATION 2000–2006

Total cost: 25.9 million Euros
Project: Public and Local Administration Reform: Developing the administrations capacity to manage internal financial control management of EU assistance.
Description: Support the Ministry of Local Self Governance and local authorities in the overall planning and coordination of the decentralization process. Support the local authorities in urban planning through the delivery of urban planning training and IT equipment. Support the Ministry of Finance and municipalities in developing a fiscal framework for decentralization.
Results: The training of civil servants from non-majority communities in public administration (Representation of minorities rose from 10% in 2002, to 16% in 2005). Established a government bureau for the implementation of the Ohrid Framework Agreement. Provided policy advice, training, equipment and constructed small scale infrastructure projects in supporting the transfer of competencies from the central to local government. Helped the Ministry of Finance develop and introduce sound fiscal and budgetary practices. Supported Central Internal Audit Department within the Ministry of Finance to create a new law on Internal Audit. Assisted the Ministry of Local Self Government in implementation and coordination of the decentralization process.

Source: Projects for 2000-2005: http://www.ear.eu.int/sectors/main/sec-public_administration_mac.htm, 2006: http://www.ear.eu.int/macedonia/main/mac-annual_programme_2006.htm. \

B.   UNDP ACTIVITIES ON DECENTRALIZATION 2005–2009

Project Title: Capacity Building at Local and National Level for MDG Based Planning

Description: Focused on capacity development of local stakeholders in development (planning, implementation, monitoring). Help facilitate the integration of local interest and priorities into national level planning

Donor and Budget: Netherlands Development Organization (SNV), $203,000 USD

Location and period of project: Demir Kapija, Brvenica, Rosoman, Makedonski Brod, April 2007-April 2009

Interim Results: Project structure and coordination established. Local leadership Groups in four municipalities established. First training "Citizens Participation local development processes" for Local Leadership Groups implemented in all four municipalities. Training manuals for local development planning revised and published

Project Title: Inter-Municipal partnerships for improved public service quality-I

Description: Improvement of the quality of public services provision at the local level through the enhancement of the inter-municipal cooperation in the context of ongoing decentralization reform

Donor and Budget: Norway, 400,000 Euros

Location and Period of Project: Vasilevo, Bosilivo and Novo Selo, August 2008-September 2008

Interim Results: Assessments and recommendation for quality improvement of public services in area of urban planning, tax administration and inspection supervision. Wireless network established between the three municipalities. IT equipment provided and local area infrastructure established. A basic guide for Human Resource Management developed to support civil servants responsible for implementation of HR function.

Project Title: Friendly Libraries for All Citizens

Description: Transfer of local libraries in the ownership of local government units, in terms of their rehabilitation and functional reorganization. Objective is to transfer libraries into multi functional cultural and information centers with improved citizens access to information

Donor and Budget: Norway, 415,000 Euros

Location and Period of Project: Kavadarci, Radovis, Strumica, Kocani, Vinica, and Cair (Skopje), June 2005-June 2007

Interim Results as of mid 2007: Process of infrastructural reconstruction of the libraries in Strumica, Kavadarci, and Radovis was completed in 2006. A web portal for the libraries was activated and hosted. ICT center was established in Vinica. Training to employees towards Advanced levels in Microsoft Offices Applications, Relationships between library/librarian and the client, partnerships between the library and the community.

Source: http://www.undp.org.mk/default.asp?where=projects&item=activeprojects

C.   DECENTRALIZATION AID EFFORTS BY USAID, IREX, AND SADC

Agency: USAID

Project Title: USAID Decentralization Project

Description: Continuation of the USAID Government Reform Project, which provides technical assistance in the area of decentralization, which includes IT, hardware and software support, small scale community improvements and grant support to municipalities.

Budget and Period: 11.5 million USD, expired July 2007

Results: Supported the establishment of financial management and tax administration capacities. Ensured regular utilization of citizen participation mechanisms in public-making through practicable IT solutions. Assisted in the implementation of one stop permitting systems that resulted in improved zoning, city planning and permitting capacity of the municipalities.

Agency: IREX Europe

Project Title: Supporting decentralization through strengthening local broadcasters

Description: Objective is to increase citizen's access to accurate information on the decentralization process thus encouraging active participation in decision- making

Budget and Period: Unknown

Results: Provided seven in house workshops, bringing in experts on decentralization, to ensure local journalists and media fully understand the process. Training which focused on providing quality news programs incorporating issue based reporting on decentralization.

Agency: Swiss Agency for Development and Cooperation

Project Title: ZELS Autonomy and Service Project

Description: Strengthen the management capacity of the association of Local Self Government Units (ZELS). Purpose of ZELS is to strengthen inter-municipal cooperation and assisting inter-ethnic committees. In is to serve as once voice of all municipalities. The program hopes to provide translation equipment to all municipalities.

Budget and Project duration: 2.60 million CHF, September 2007 thru end of 2010.

Results: In progress

Source:
USAID:http://macedonia.usaid.gov/English/DG/Decentralization_eng.html,
IRXE:http://www.europe.irex.org/programs/macedonia/localbroadcasters.asp,
Swiss Agency for Development and Cooperation:
http://www.swisscooperation.org.mk/en/Home/Governance/ZELS_Autonomy_and_Service_Project

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APPENDIX B

A. EAR ACTIVITIES IN SECURITY REFORM 2001-2006

<u>**2001**</u>
Project:	Budget:
Integrated border management	5 Million Euros
Border demarcation with FRY and FRY/Kosovo	1 Million Euros
Integrated communications network for BCPs	1.5 Million Euros
Strengthening of control at 'Green Border'	2 Million Euros
Integrated border management strategy	.5 Million Euros
Customs administration	4 Million Euros

<u>**2002**</u>
Project:	Budget:
Integrated border management	2.2 Million Euros
Immigration & asylum	2.0 Million Euros
Fight against crime	1.0 Million Euros

<u>**2003**</u>
Project:	Budget:
Integrated border management	6 Million Euros
Immigration & asylum	1 Million Euros
Fight against crime	3 Million Euros

<u>**2004**</u>
Project:	Budget:
Integrated border management	10 Million Euros
Fight against crime	4 Million Euros

<u>**2005**</u>
Project:	Budget:
Combating money laundering (Phase II)	1.5 Million Euros
Strengthening capacity to combat organized crime & terrorism	.5 Million Euros

<u>**2006**</u>
Project:	Budget:
Police and the Fight against Organized Crime	2 Million Euros
Integrated Border Management	3.5 Million Euros

Results:

Successful transition of control of green borders from the Army to the civilian police. 115 vehicles provided to new border police services. Construction of facility to house the National Border management Co-ordination Center. Border search and detection equipment supplied. Developed national strategies to combat money laundering and drug related crimes. The strengthening of the police academy through training and adoption of EU best practices. The construction of a national digital radio system for the police.

Source: http://www.undp.org.mk/default.asp?where=projects&item=activeprojects

B.   OSCE SPILLOVER MONITOR MISSION TO SKOPJE

Description: Provide confidence building, monitoring, police advising and the training of a multi-ethnic force. Key mission was for creation a Police Development Unit to bring minority representation within standards set fourth by the OFA.

Timeframe: 1992 to present

Results: In 2001, was issued a mandate to train 500 police officers from the non majority community by July 2002 which was accomplished. In 2004, 1,176 police officers were trained increasing Albanian representation from 4.5% to 17% in three years. In 2005, trained 3000 officers on modern management development, surveillance techniques, fighting human trafficking, election security, and code of police ethnics. Assisted the Ministry of Interior with guidance and expertise towards its New Law on Police, which was adopted in October of 2006.

Budget: N/A

APPENDIX C

A.   EAR ACTIVITIES TOWARDS ECONOMIC DEVELOPMENT 2001-2006

2001	
Project:	**Budget:**
Small Infrastructure for local governments	2.5 Million Euros
Transport	11 Million Euros
Support to economic reforms	3 Million Euros
Agriculture	3.25 Million Euros

2002	
Project:	**Budget:**
Private & financial sector development	2 Million Euros
Trade	4 Million Euros
Local infrastructure development	14 Million Euros
Economic and social development	3 Million Euros

2003	
Project:	**Budget:**
Private & financial sector development	3 Million Euros
Trade	4 Million Euros
Local infrastructure development	9 Million Euros
Economic and social development	3 Million Euros

2004	
Project:	**Budget:**
Private & financial sector development	4.5 Million Euros
Trade	4 Million Euros
Local infrastructure development	8.5 Million Euros
Economic and social development	3 Million Euros

2005	
Project:	**Budget:**
Improvement of the investment climate in FYR Macedonia	1.2 Million Euros
Small & medium-size enterprise development	2.4 Million Euros
Co-operation with IFIs – Transport networks management	1 Million Euros

2006	
Project:	**Budget:**
Investment Climate	4.5 Million Euros
Trade	2..2 Million Euros
Infrastructure	1.6 Million Euros
Employment	3.3 Million Euros

Expected Results:
Improved business environment through better implementation of legislative framework and the enhancement of credibility of regulatory institutions. Starting the integration of the informal economy. Increased competiveness in the private sector. Increased number of start-up businesses. Higher level of Foreign Direct Investment. Institutions for controlling food and feed quality are in place, and legislation is improved. Support the Ministry of Transport and Communication and Fund for National and Regional Roads with the development of appropriate maintenance plans.

Source: http://www.ear.eu.int/macedonia/macedonia.htm

B.   WORLD BANK LOAN PROJECT FOR THE ROM

Total Loan: 85 million USDs
Project: Programmatic Policy Development Policy Loan 1 (PDPL 1) Oct. 27, 2005 thru Jun 30, 2006 Programmatic Policy Development Policy Loan 2 (PDPL 2) Mar. 27, 2007 thru Dec 31, 2007 Programmatic Policy Development Policy Loan 3 (PDPL 3) May 13, 2008 thru Dec 31, 2008
Description: A series of loans designed to support the government's economic reform program over a three to four year program. It aims to promote economic growth and job creation through (1) reforms to improve the investment climate, (2) reforms to strengthen the governance and efficiency of the public sector, and (3) through strengthening industry and trade.
Results: Ongoing

Source: The World Bank
http://www.worldbank.org.mk/external/default/main?menuPK=304507&pagePK=141143&piPK=399272&theSiteP

C.   INTERNATIONAL MONETARY FUND LOAN

Total Loan 75.8 million USDs
Project: Three year Stand-By Arrangement loan Aug. 31, 2005 thru Aug 31, 2008
Description: Structural reforms to improve business climate, competiveness, and sound macroeconomic policies to maintain financial stability. Program should bring down non- wage labor costs and draw employment out of the grey market, thus ensuring that labor enjoys legal protections while contributing to increased revenue collection.
Results: Ongoing

Source: http://www.imf.org/external/np/sec/pr/2005/pr05196.htm

D. USAID ACTIVITIES TOWARDS ECONOMIC DEVELOPMENT 1993-2007

USAID assistance with the new Law on Electronic Communications (passed in 2005) created a level playing field for the sector.

USAID provided technical assistance in the development of the Law on Public Procurement (passed in 2007) that increased transparency of the government's tendering process.

Over $220 million in securities has been sold since 2003 through Macedonia's first Treasury Securities Market, designed with USAID support.

USAID advised the Ministry of Finance on the issuance of Macedonia's first-ever publicly traded government bond, which securitized 500 million Euro in frozen deposits and created a liquid security that substantially increased turnover on the Macedonia Stock Exchange.

USAID provided training on debt and portfolio management to the Ministry of Finance, which now efficiently manages the total public debt of $2.7 billion while spreading the maturities at the domestic government bonds market and introducing Eurobonds.

USAID helped the Macedonia Stock Exchange design a new website to deliver publicly available financial information on companies to investors and other audiences.

The new web portal for the Employment Service Agency (ESA) has been created where resumes and job announcements are posted. More than 500 resumes have been posted on the web portal.

20,000 brochures for the employers and active job seekers were published and distributed to ESA local offices as part of the organization's re-branding.

11 USAID-assisted processed food companies who attended the 2007 Anuga trade fair in Germany sold more than $1 million worth of products to export markets at the fair.

Information technology (IT) firms directly assisted by USAID more than doubled their exports of software and services from 2002 to 2006.

Nearly 150 new collections for international home accessories, fashion and gift markets, as well as local consumer and tourist markets have been designed and marketed through the USAID Aid to Artisans project.

Local and export sales for craft enterprises facilitated by USAID through Aid to Artisans increased by 520 percent between 2003 and 2004.1

The USAID Small and Medium Enterprise (SME) Fund, now transformed into a local non-bank financial institution Crimson Development Foundation, issued 136 loans worth $9.3 million from 2004 to 2007. These loans created 825 new jobs and financed over $20 million in new exports.

Foreign tourism to Macedonia almost doubled from 2002 to 2006 (form 112,300 to 197,000 visitors) as a result of USAID support to adventure tourism.

43,000 visitors learned about Macedonia over the national tourism portal Exploring Macedonia created with USAID assistance

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APPENDIX D

A.   USAID EDUCATION PROJECT

Project:
(1) Primary Education Project (PEP), Oct. 1, 2006 thru Sep. 30, 2011
(2) Secondary Education Activity (SEA) Sep. 5, 2003 thru Sep. 4, 2008

Description:
(1) Improve the overall quality of primary education by increasing the level of teaching and learning, renovating schools, and increasing access to computer and internet technologies. (2) Improve the overall quality of education in all vocational schools by proving teacher development, career development, and strengthening school management and governance.

Results:
Over 7000 students are currently enrolled at South Eastern European University (SEEU), a multi-ethnic, multi-lingual institution founded with USAID support. Five faculties are operating with over 75 percent Albanian and 20 percent non-Albanian enrolled students.

Installed 2,000 computers in the nation's 100 secondary schools and nearly 4,000 computers in 360 primary schools.

All 19 general secondary schools have been equipped with media-labs and all 1,100 teachers trained in interactive-teaching methodologies.

Nearly 9,000 primary and secondary teachers have been trained in basic IT skills and an integration of IT into the classroom.

From 2005 to 2007, USAID provided free high-speed internet to 460 schools nationwide.

2,225 Roma students - 417 in pre-school, 1,450 in primary school, 264 in secondary school and 94 in university - have been supported to stay in school and improve their academic achievement.

Career centers have been established in 71 vocational secondary schools, with a total enrollment of over 20,000 students.

In 2007, eight primary schools were renovated with $300,000 from USAID and additional funding of at least 15 percent from their municipalities.

In 2006, USAID helped Macedonia to become the first wireless country of its size in the world.

Source: http://macedonia.usaid.gov/Documents/2008EducationProfile.pdf

B.   WORLD BANK EDUCATION LOAN

Total Loan: 19.5 million USDs
Project: Education Modernization Project, Dec 16. 2003 thru Sep 30, 2009
Description: Improve and provide uniform quality of education, support for access of minorities towards higher education and assist the decentralization of education towards local authorities.
Results: Ongoing

Source:
http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P066157

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