

Chapter 6



Local Government  
in Macedonia

by

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*Ilija Todorovski*

## 1. Legal and Constitutional Basis

### 1.1 Brief History of Local Self-government

From 1974 to 1991, the Macedonian system of local government was highly decentralized and exhibited the following characteristics: (1) a broad range of local government competencies, including some not possessed by local governments in any other country, such as economic regulation and national defense; (2) almost complete financial autonomy of local government units; (3) an extensive system of administrative and executive bodies structured at the republic and federal (Yugoslav) government levels, each having separate competencies; (4) election of local representatives by popular vote and appointment of local officials and other staff by local authorities without interference from central authorities; (5) a single-tiered local government system; and (6) large municipalities.

One of the positive aspects of this system was that municipalities were engaged fully in the development of many social spheres, such as the economy, education, health, culture, social care, infrastructure, et cetera. This represented a dynamic transformation from the previously lethargic municipal system that existed under the highly centralized, postwar state in Yugoslavia. Consequently, the level of political culture among local populations rose, as did their familiarity with relevant data and knowledge of the situation and trends in the fields mentioned above.

However, the negative effects of the system proved stronger. Generally speaking, the transfer of power from central to local authorities was too drastic and failed to establish a working balance to enable the effective exercise of power. More precisely, state functions in local development were reduced dramatically, which caused many difficulties in the period prior to transition.

First, the extremely high level of local autonomy severely hampered the ability of the state to coordinate economic activities. Because municipalities pursued individual economic policies, many parallel enterprises were established throughout the Republic of Macedonia and the Federation of Yugoslavia. This in turn created slow and uneven economic development and unhealthy competition, especially in foreign markets. In addition, municipalities often undertook fiscal measures counteracting the effects of those issued by the central authorities. For instance, although republic or federal ministries decreased some taxes in order to stimulate exports, communal taxes were simultaneously raised, annulling any intended benefits.

Second, the almost complete financial autonomy of local governments deprived the state of efficient instruments to support underdeveloped municipalities or subdistricts. The philosophy of decentralization, carried to an extreme, implies local development without state interference, relying only upon local human, natural and economic resources. However, since municipal resources differed greatly from one other, local development was uneven, and the gap between developed and underdeveloped municipalities widened. The only resource available to address this problem was the federal Fund for Underdeveloped Municipalities in Macedonia, but even this contributed less than one percent to local budgets, which was insufficient.

Furthermore, the territorial conception of the municipality, composed of a town and its surrounding villages, caused development gaps within each municipality. The ratio of urban to rural population (55:45 or 60:40) was reflected in local legislative and executive bodies; hence urban projects and investments easily acquired the majority of votes and were given priority. The state did not intercede in the growing gap between urban and rural areas.

Third, because huge administrations were required to fulfill the broad range of competencies, large municipalities were created to incorporate more taxpayers and thus increase funding. Contact between local officials and ordinary citizens was poor, especially under the one-party system, where the status of local officials depended far more on loyalty to their party leaders than on popularity with the local population. Bureaucratization frustrated citizens into putting more of their energy into local development.

Large municipalities could not participate intimately in the lives of their citizens. An average municipality covered 750 square kilometers and included more than sixty thousand inhabitants. Having little in common with villages fifty kilometers away, the population from one area was indifferent to the initiatives of the population in another.

After the disintegration of Yugoslavia in 1991–92, Macedonia became a sovereign and independent state. The will to survive under the pressure of unfavorable domestic and external circumstances resulted in centralization and the dramatic reduction of local government competencies and autonomy. Local government units from 1991 to 1995 experienced a period of interregnum, since former laws were abolished and new ones had not yet been adopted. The process of codification started in 1995 with the Local Government Act and subsequently has continued with the adoption of several other laws dealing with the electoral system, new territorial division, et cetera. Recent changes have produced a system of local government with the following major characteristics.

1. *A reduction in local government competencies.* Most significantly, economic obligations were eliminated, as well as the territorial component of national defense. According to the new Constitution, local government competencies include urban planning, communal activities, culture, sport, social security and childcare, preschool education and other fields determined by law.
2. *Greater financial dependence of municipalities on central authorities.* As stipulated by the constitution and the Local Government Act, the state now can coordinate local government

development more efficiently and provides financial support for the most underdeveloped areas, regardless of their location.

3. *A dramatic reduction in the size and populations of municipalities through the redefinition of territorial boundaries.* In an effort to imitate the model of “social communities,” smaller units were created in which common interests may be identified more easily, resulting in better problem resolution and public involvement. As a result of the new territorial division, Macedonia now has 123 municipalities instead of the thirty-four that existed prior to 1996.
4. *A more streamlined organizational structure designed to reflect the reduction in both territorial size and competencies of local governments.* The collective executive body was replaced by the office of the mayor, and the three chambers of the municipal assembly (with between sixty to one hundred twenty delegates) were collapsed into one legislative body—the council—with no more than twenty-five councilors. The underlying goal was that the system should be simpler and lines of responsibility drawn more clearly.
5. *The introduction of a proportional voting system for local representatives.* The former majority electoral system was replaced in 1996, and councilors now are elected by proportional voting according to the D’Hondt method. Mayors are elected by majority vote.
6. *Clarification of the division of power between the legislative and executive bodies to achieve stronger political competition at the local level.* Both the council and mayor depend on popular vote, and a strict separation of functions ensures independence.
7. *Guarantees of minority representation in local government.* Minority nationalities comprise a third of the population in Macedonia; hence, interethnic relations are extremely important. Efforts to ensure sound interethnic relations in territories with mixed ethnic populations fall along three lines: (1) proportional representation of the different nationalities in the local government administration; (2) the establishment of a multiethnic commission, as provided in the Local Government Act; and (3) the use of minority languages and alphabets in addition to Macedonian.
8. *Promotion of urban planning through the new institution of chief municipal architect.* Due to the low level of urbanization in Macedonia, the chief architect undertakes planning and design for urban and architectural development.

## 1.2 Legal Basis of Local Governments

Macedonia has a single-tiered system of local government based on the municipality; currently, there are 123 plus the City of Skopje, a community comprising seven municipalities.

A municipality covers the territory of one or more settlements linked by the common needs and interests of the local population and possesses the capacity for economic and social development and citizen participation in the decision-making process. The territory of a municipality represents a natural, geographical and economic whole, with a communication network between settlements, gravitation towards a common center, and a developed infrastructure.

The division of the republic is defined by the Law on the Territorial Division of the Republic of Macedonia and Demarcation of the Municipal Boundaries. The founding of new local government units and alterations to existing territories or municipal seats must be enacted by law after prior consultation with the local population in the respective area through citizens' gatherings or referendums.

Local government units are classified as urban, composed of a single town and possibly a number of surrounding villages, or rural, made up of a single village or a group of villages. Thus, every settlement does not necessarily comprise a local government unit. The only administrative distinction between an urban and a rural municipality is the existence of a city architect in the urban municipal structure. The City of Skopje is a special type of local government and is regulated by a specific law, which is discussed below.

### 1.3 Status of the Capital

Skopje, as the capital of Macedonia, is the only city in the republic with special status or organization. Its local government is much larger than any other in Macedonia due to the size of its territory and population as well as the huge concentration of administrative, educational, cultural, economic and other institutions of national interest. In this unique case, responsibilities are distributed strictly between the authorities of the City of Skopje as a whole and those of its seven individual municipalities. The City of Skopje has no right to interfere in the activities of its municipalities.

Specific public services for which the authorities of the City of Skopje are responsible include:

- development programs;
- the budget and balance of payments;
- general urban planning after prior approval from the state urban authorities;
- programs regulating construction areas based on the municipal programs;
- administration of construction areas, collection of construction land use fees and their distribution among the municipalities;
- naming streets, squares, bridges and other infrastructure facilities in conformity with the law;
- construction, repair and maintenance of trunk and main streets;
- drinking water supply, rainwater drainage and sewerage;
- city cleaning and garbage collection;

- street lighting;
- maintenance of parks, forests and other recreational sites;
- maintenance of greenery, tree-lined paths, fountains and waters along the main streets;
- city transport, street and traffic signals and public parking;
- maintenance of the central city cemetery;
- maintenance and utilization of the Vardar River and reconstruction of the bridges within its territory;
- maintenance and operation of two large open-air markets.

The City of Skopje also:

- undertakes initiatives and offers opinions and proposals for the extension of institutional networks in the fields of culture, sport, social security protection and child care, preschool education, basic health care, protection of animals and plants and manmade environments;
- encourages and creates conditions for the development of handicrafts, tourism and catering;
- performs civil defense duties;
- establishes city administrative services;
- establishes city inspections;
- establishes public communal enterprises;
- determines sanctions when city regulations are violated.

The City of Skopje may establish mass media of city relevance. It also may supplement activities managed by the central government (particularly in the areas of culture, sport, social security, children's care, basic health protection and protection of the natural and manmade environment). This can be accomplished by financing construction, providing equipment and maintaining facilities in the respective fields. The City of Skopje also may cooperate with the capitals of other countries.

#### 1.4 Territorial Self-governments below the Municipal Level

Local populations may establish communities or neighborhoods (usually a village or a city district) as territorial self-governments within the municipal structure. The terms and procedures of their establishment, program of activities and finances are regulated in detail by the appropriate local government statutes.

The local governments of these communities consist of the council as the decision-making body and the president as the executive authority. They also may have a secretary to carry out administrative and technical issues if adequate funds are available.

Citizens are allowed to make decisions on issues concerning their everyday lives and work. They may initiate construction or reconstruction of local infrastructure in the area of their local

community and organize local support in the form of money or labor. These communities are not political units; they cannot issue authoritative acts, conduct inspections, et cetera. Their competencies are limited to proposing actions to municipal authorities and participating in them on a voluntary basis in response to the expressed will of the local population.

Local communities are legal entities. They can be financed by the following sources:

- municipal grants;
- municipal funds for entrusted work;
- funds collected by the local population;
- sources from various legal entities and private individuals;
- donations, et cetera.

## 1.5 Relationship between State Administration and Local Government

The central authorities—the national government and assembly—are empowered to design and ensure the operation of the local government system. They are committed to set forth all basic principles, modes and legal instruments of local government operations and determine its legal framework. The central authorities organize and conduct local elections, oversee the development of the local government system and intervene when necessary to ensure proper functioning.

There are two different types of administrative-territorial divisions in Macedonia. The first consists of central governmental bodies and their local agencies. Administrative bodies subordinated to ministries (Ministry of Education and Physical Culture, Ministry of Health, Ministry of Labor and Social Policy, Ministry of Culture) are located in large municipalities. Some institutions within these ministries, like the Pedagogical Institute (a partially autonomous entity within the Ministry of Education), may also have local offices (see figure 6.1). The second type of administrative-territorial division is the system of municipal governments.

The ministries may entrust a part of their work to the local governments under the assumption that they will address such responsibilities in a more efficient manner. In these cases, it is the duty of the central authorities to provide the local authorities with sufficient funds for such projects. Central authorities also are involved in financing some projects in local government units in order to improve local living conditions, especially in underdeveloped areas.

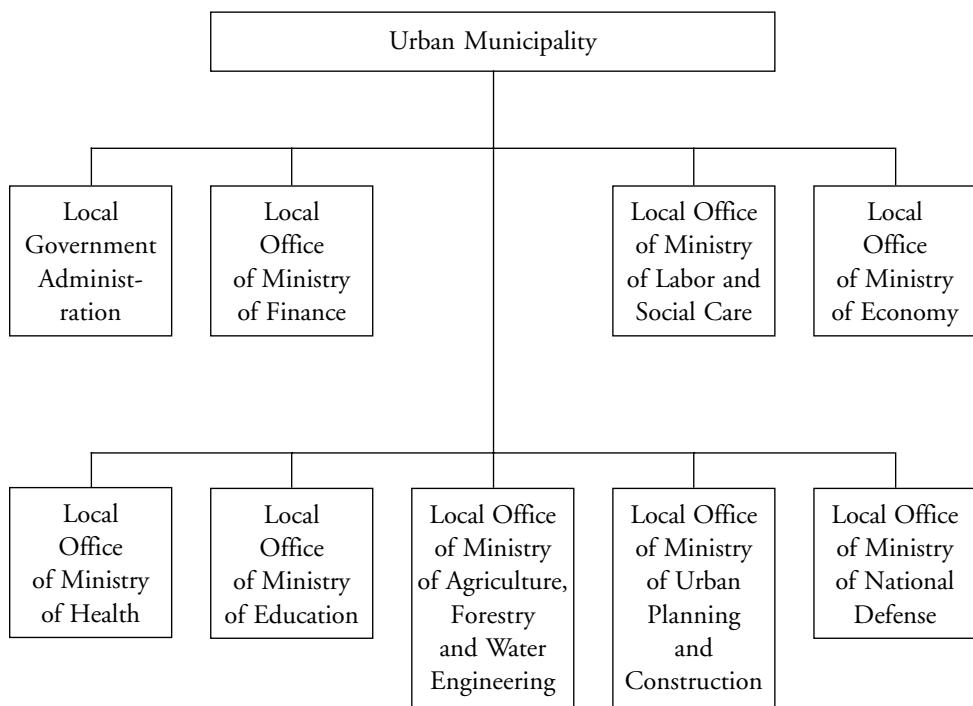
Any local government has the right to perform its duties and select priorities as mandated by law without the interference of the central authorities. However, there is central control over local government units in the following respects.

1. The local government must report its financial situation to the Ministry of Finance. Central authorities determine the size of local government budgets, taking into consideration the

level of development, the size of the population, et cetera. If a municipality provides more money from its own sources, then the “surplus” must be approved for local use by the central authorities or transferred to republic funds.

2. The central government or the respective ministries monitor the legality of local government activities. The government may suspend the implementation of any general act adopted by local authorities that is not in accordance with the Constitution and may initiate procedures before the Constitutional Court in order to determine if it complies with the Constitution and the law.
3. If the central government or ministry entrusts a task to a local authority, then it has the right to supervise the progress of that task and to provide instructions and guidelines to the local authority in charge of the project. Financial control over the project is exercised by the Ministry of Finance.

*Figure 6.1*  
**Local and State Administrations Located and Performing Activities  
in Urban Municipalities in Macedonia**



There are several decentralized bodies of the central government, including the National Statistical Office, the Republic Hydrometeorological Institute and the Macedonian Archives. Their networks cover the largest, most populated municipalities throughout the country.

The government of the Republic of Macedonia has the right to dissolve the council of a local government unit that fails either to convene for a period of more than six months or to hold at least two sessions a year. It also may do so if the council fails to adopt a budget for the following year before 31 December. The government then is obliged to issue a notice on new elections; until these elections take place, the mayor assumes the council's functions. The local government council also may be dissolved if it adopts an act endangering the sovereignty and territorial integrity of the Republic of Macedonia, in which case the government reports the situation to the National Assembly.

If the mayor of a particular local government unit is not willing or is not in a position to perform his or her duties, the government appoints a commissioner until the next elections are held.

If a council or mayor believes that a particular regulation passed by the National Assembly or the central government violates the rights of the local government, procedures may be initiated before the Constitutional Court to decide if the regulation is in conformity with the Constitution and laws. If local authorities consider their rights to be violated by the activities of the government or its ministries, they can appeal to the regular courts.

A great variety of forms and means of cooperation exists between local authorities and the ministry agencies operating in the territory of a particular municipality. The most important are the following:

- the local offices of the Ministry of Finance collect taxes and fees on behalf of the local government units (with the exception of the municipal construction land fee) and ensure monetary transfers to local authorities and the periodical reporting of payment balances;
- local governments and the territorial public administration can exchange professional information, arrange joint meetings, prepare joint drafts, provide joint opinions, et cetera, and they may establish joint bodies to discuss or scrutinize long-term issues.

## 1.6 Regionalization

There are no regions in the Republic of Macedonia. The ethnic Macedonian politicians and public take the stance that the republic is too small to require regionalization. However, ethnic Albanians, the prevailing population in western Macedonia, tend to promote regionalization.

## 2. Local Politics, Decision Making

### 2.1 System of Local Elections

Every citizen of the Republic of Macedonia acquires the right to vote upon reaching eighteen years of age. A citizen must be a permanent resident in the municipality where he or she votes. Elections are free, equal, universal and by secret ballot.

Both mayors and local council members are elected by popular vote. The number of municipal councilors depends on the size of the local population and is determined by the Local Government Act (see table 6.1). The only exception is the council of the City of Skopje, which is comprised of thirty-nine members—twenty-five elected directly by citizens and fourteen delegated by the seven municipal councils (two from each) within Skopje's territory.

*Table 6.1*  
**Number of Local Council Members According to Size of Municipality in Macedonia**

Number of Residents	Number of Councilors
0–10,000	13
10,001–30,000	17
30,001–50,000	19
50,001–100,000	23
100,000+	25

Both the proportional and majority electoral systems are applied in local elections. Councilors are elected by proportional vote according to the D'Hondt method. Officially registered political parties and groups of at least two hundred citizens may nominate lists of candidates. The candidates and their supporters must be Macedonian citizens and permanent residents of the municipalities in which they are nominated. Citizens do not vote for particular candidates, but rather for lists of candidates. In accordance with the D'Hondt method, the number of elected councilors of any particular list is proportionate to the votes cast for that list. So, for example, if thirty percent of the citizens in a particular municipality vote for the list of candidates nominated by the Liberal Party, then thirty percent of the candidates on the list are elected councilors.

The nomination procedure and legal conditions for mayors are identical to those regarding councilors. Thus, mayoral candidates must be Macedonian citizens and permanent residents in the municipalities in which they are nominated, and they may be nominees of officially registered political parties or groups of at least two hundred citizens. In these elections, however, the

majority electoral system is applied; a mayor is elected by majority vote, provided that half of the entire constituency in a particular municipality participates in the elections. If not, a second round of elections is held for those candidates obtaining more than ten percent of the total number of votes in the first round. If there is only one or no candidate with more than ten percent of the votes, then the two candidates receiving the highest number of votes in the first round participate in the second round of elections. The winner is the candidate who obtains the majority of votes in the second round of elections.

The bodies in charge of conducting local elections are the National Electoral Commission, municipal electoral commissions, the electoral commission of the City of Skopje and electoral boards.

The National Electoral Commission appoints the members of the municipal electoral commissions as well as those of the City of Skopje for a term of four years. Local commissions are comprised of five members each, with two representing the party in power and two representing the opposition parties that obtained at least five percent of the vote in the national elections (the most recent of which were held in 1994).

The municipal electoral commissions are charged with technical preparation. This includes preparing lists of candidates, appointing members to the electoral boards directly involved in the voting procedure, deciding on complaints by parties or citizens concerning the activity of a particular electoral board and verifying and publicly announcing the outcome of the municipal election.

The electoral boards are comprised of two members: one representing the ruling party (or coalition) and another representing the opposition party. They are responsible for the implementation of the voting procedure in each voting district; this involves both explaining the voting procedure to citizens and ensuring that voting rules are obeyed. The Local Election Law provides that the opposition parties are entitled to supervise directly the regularity of elections.

*Table 6.2*  
**Voter Response in Local Council Elections in Macedonia, 1996**

	Number	% of Electorate	% of Ballots Cast
Total Electorate	1,498,653	100.00	
Voted	904,438	60.35	100.00
Valid Ballots	796,206		88.03
Invalid Ballots	108,232		11.97

SOURCES: *Bulletin of the State Electoral Commission* (Skopje: 1997); Stojmen Mihajlovski and Dushan M. Verigic, *Multiparty Elections in the Republic of Macedonia* (Skopje: Institute for Sociological, Political and Juridical Research, 1998).

*Table 6.3*  
**Results of Local Council Elections by Political Party in Macedonia, 1996**

Political Parties	Number of Votes Received	%	Number of Councilors Elected	%
Social Democratic Alliance of Macedonia	203,084	25.51	554	29.45
VMRO-Democratic Party for Macedonian National Unity	152,591	19.16	370	19.67
Socialist Party of Macedonia	66,307	8.33	166	8.83
Democratic Party	66,532	8.36	131	6.97
Liberal Party	59,706	7.50	111	5.90
Party for Democratic Prosperity	78,944	9.91	205	10.88
Party for Democratic Prosperity of Albanians	56,175	7.05	147	7.82
VMRO-Democratic Party	12,385	1.56	5	0.26
Democratic Party of Turks	10,616	1.33	40	2.13
Others	89,866	11.29	152	8.09
<b>Total</b>	<b>796,206</b>	<b>100.00</b>	<b>1,881</b>	<b>100.00</b>

SOURCES: *Bulletin of the State Electoral Commission* (Skopje: 1997); Stojmen Mihajlovski and Dushan M. Verigic, *Multiparty Elections in the Republic of Macedonia* (Skopje: Institute for Sociological, Political and Juridical Research, 1998).

*Table 6.4*  
**Voter Response in Mayoral Elections in Macedonia, 1996**

Total Electorate	First Cycle		Second Cycle	
	Voted	%	Voted	%
1,419,081, of which:	855,390	60.28	721,431	50.84
Skopje: 354,681	188,696	53.20	175,982	49.62

SOURCES: *Bulletin of the State Electoral Commission* (Skopje: 1997); Stojmen Mihajlovski and Dushan M. Verigic, *Multiparty Elections in the Republic of Macedonia* (Skopje: Institute for Sociological, Political and Juridical Research, 1998).

*Table 6.5*  
**Mayors of Municipalities by Party or Coalition Affiliation in Macedonia, 1996**

Party Affiliation	Number	%
Social Democratic Alliance of Macedonia (coalition)	54	43.54
Coalition of VMRO-Democratic Party for Macedonian National Unity, Democratic Party, MAAK-Conservative	28	22.58
VMRO-DPMNE	1	0.81
Democratic Party	1	0.81
Party for Democratic Prosperity (PDP)	15	12.09
Socialist Party	10	8.06
Social Democratic Alliance of Macedonia, Socialist Party	1	0.81
Party for Democratic Prosperity of the Albanians (PDPA)	5	4.03
PDPA, NDP	3	2.42
PDPA, NDP, PDP	1	0.81
Democratic Party of Turks in Macedonia	2	1.61
Democratic Party of Serbs	1	0.81
Democratic Progressive Party of Roma	1	0.81
Independent Candidates	1	0.81
<b>Total</b>	<b>124</b>	<b>100.00</b>

SOURCES: *Bulletin of the State Electoral Commission* (Skopje: 1997); Stojmen Mihajlovski and Dushan M. Verigic, *Multiparty Elections in the Republic of Macedonia* (Skopje: Institute for Sociological, Political and Juridical Research, 1998).

## 2.2 Forms of Direct Democracy

Citizens participate directly in decision making on issues of local relevance through citizens' initiatives, gatherings and referendums.

Citizens have the right to propose or initiate the adoption of a certain act in order to resolve particular issues within the authority of the local council. If at least ten percent of the registered voters support a particular proposal, it must be discussed by the council within the term determined by the local government statutes (ninety days at most).

A gathering of citizens may be called for the entire municipality or for one of its subdistricts. The gathering is announced by the mayor on his or her initiative or upon the request of at least ten percent of the electorate in the area concerned. Such a gathering may adopt general guidelines regarding the activity of municipal bodies by a majority of votes of those attending the gathering. The local bodies are obligated to take these guidelines into consideration within ninety days.

The council may issue a referendum concerning matters within its sphere of competence on its own initiative or upon the request of twenty percent of the electorate as determined by the municipal statutes. The decision resulting from the referendum is adopted upon a majority vote (provided that more than one half of the electorate has participated) and is binding for the council.

## 2.3 Internal Structure of Local Government Decision Making

The municipal council is the legislative body of the local government unit. The council:

- adopts the municipal statutes and the rules of procedure for the council;
- adopts the budget and the annual balance of accounts;
- adopts working programs and plans;
- makes decisions within the competency of local government;
- establishes municipal administrative bodies and supervises their work;
- establishes commissions for the appointment and dismissal of municipal administrative officers;
- appoints and relieves of duty its president and secretary;
- establishes public services, institutions and enterprises, supervises their work and appoints and dismisses their managers on proposal of the mayor;
- oversees inspections on issues within the competence of the local government unit;
- determines sanctions when municipal regulations are violated;
- carries out other activities as determined by law.

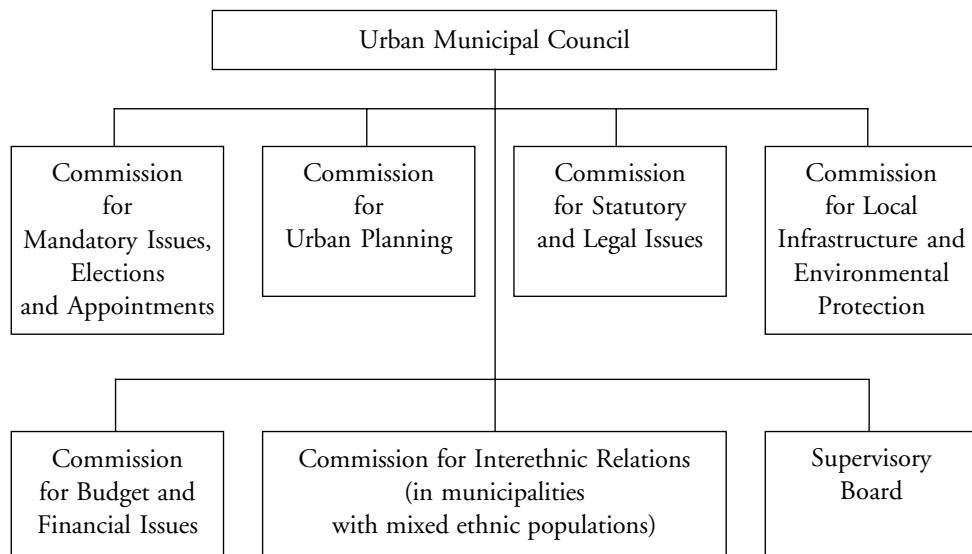
The council is entitled to utilize public goods and natural resources within its territory in carrying out its duties as entrusted by law.

Council sessions, which are open to the public, are convened by the president and must be attended by a majority of the total number of councilors. Decisions are made by a majority vote of the councilors attending unless determined otherwise by law or the municipal statutes. The statutes, rules of procedure, budget and balance of accounts are adopted by a majority vote of the total number of councilors.

Committees or commissions are established mainly in order to discuss the drafts of various acts and resolutions and to present them to the council. A local government council usually has

several commissions, each of which addresses one or two local unit competencies on either a standing or an ad hoc basis. The most common commissions are the following: statutes commission, finance and budget commission, commission for communal activities, commission for urban planning and commission for the protection of the natural and manmade environment. Their membership and responsibilities are regulated by the local government's statutes (see figure 6.2). The law also stipulates that a commission for interethnic relations be established in municipalities with mixed populations including representatives of all nationalities residing in the municipality.

*Figure 6.2*  
**Commissions of Urban Municipal Councils in Macedonia**



The council elects the committees' members, choosing from councilors or from experts in a committee's particular field of activity. The committee chair acts as the link between the committee and the other local government bodies.

The president of the council is a councilor nominated by a special commission (elected by the council immediately after verification of the mandates of the councilors) and elected by a majority vote of the total number of councilors. The president:

- summons and leads the sessions of the council;
- organizes the work of the council;
- signs decisions and other acts passed by the council.

Councilors have the right and duty to participate in their council and commission meetings. They have the right to pursue initiatives and proposals and pose questions to the mayor.

Although the office of councilor is unpaid, expenditures incurred in order to attend meetings are reimbursed. The mandate of a councilor is terminated in the case of death, resignation, conviction for criminal charges, sickness for more than a year or absence from meetings for more than six months without justification. A councilor cannot be held to have committed a criminal offense or be detained owing to the views he or she expresses or to the way he or she votes in the council.

The office of mayor is a representative and executive organ in the local government unit. The mayor:

- represents the local government unit;
- implements decisions of the council;
- implements work entrusted to the local government unit by the central authorities;
- proposes to the council the adoption of decisions and other general acts within its competence and publicizes the acts and decisions passed by the council of the local government unit in the official municipal gazette;
- issues individual acts if specifically entitled to do so in conformity with the law and the statutes of the local government unit;
- manages the municipal administration and municipal property in conformity with the law and the statutes of the local government unit;
- appoints and dismisses the chief architect (in urban municipalities), the heads of the municipal administrative departments and the members of the town (city) council for architecture;
- hires and dismisses officers in the municipal administration after acquiring the opinion of a special commission of the local council;
- carries out other work as determined by law and by the statutes of the local government unit.

The mayor is obliged to call the council's attention to acts and decisions that do not comply with the Constitution or the law. In such cases, the council must review the act or decision within fifteen days. If the council fails to achieve conformity of the act with the Constitution or law, then the mayor is obliged to inform the government of the Republic of Macedonia.

The mayor performs his or her duties on a professional basis and is responsible to the citizens of the local government unit. A vote of no confidence may be initiated by at least twenty percent of the total number of voters and is adopted by a simple majority vote of all voters in the local government unit. The mayor's term is terminated in the case of resignation, death, illness longer than a year, absence longer than six months without a justifiable reason or conviction for criminal charges. The government of the Republic of Macedonia establishes the reason for and enacts the mayor's termination. The government then informs the National Assembly so that the latter may initiate new mayoral elections in the respective municipality.

The municipal office prepares drafts of acts and other resolutions in accordance with the recommendations and instructions of the mayor. After the approval of the draft by the mayor, it is distributed to committee members for discussion. Party groups also may initiate discussion if an act is of suitable importance. The last stage at which the draft may be radically changed or rejected is at the committee level. Committee members usually add their parties' opinions to the draft, which is then passed at a council assembly. While some drafts may inspire long debates by councilors, very seldom is the version adopted by the committee dramatically changed.

## 2.4 Public Participation in Decision Making

Public participation in decision-making is very limited. Local papers are published only in larger municipalities, where they mainly report information or provide expert opinions and academic discussions on local issues, but they are not strong enough to encourage public participation in the resolution of particular problems. The number of nongovernmental organizations (NGOs) has increased dramatically over the last three or four years, mainly through the support of foreign sponsors; however, they still are not influential enough to initiate major changes in the local decision-making process.

Both the administrative body and the mayor are authorized to issue individual administrative acts regulating particular rights of citizens. If citizens are not satisfied by first-instance decisions, they can lodge complaints with the mayor against the decisions of the administrative body and with the council against the decisions of the mayor. If citizens are not satisfied by second-instance decisions, they may defend their rights through the court system. In addition, the public attorney protects the constitutional and legal rights of citizens when they are violated by bodies of the state administration or by other organizations with public mandates.

## 2.5 Distribution of Power between Different Levels of Government

Ministries, through their territorial departments or offices, oversee maintenance, development, personnel and financing for the following areas: education, social welfare, health services, culture, sports, environmental protection, police and some economic services, such as gas and electricity. The local offices of the Ministry of Finance collect taxes and fees (with the exception of municipal construction land fees) on behalf of the local government units. Their duties include tax collection, transfers of money to local authorities and administration of periodical reports and payment balances.

Local governments are in charge of the maintenance, development, financing and, in some cases, the personnel for:

- local infrastructure (construction and maintenance of roads and streets, drinking water supply, drainage of rainwater and sewerage, cleaning and garbage collection, lighting, maintenance of parks and greenery, maintenance of public cemeteries, et cetera),

- local public transportation,
- municipal secondary vocational schools,
- programs establishing building zones within the municipal territory and the collection of construction land fees,
- general urban plans after the approval of the state urban authorities, detailed urban plans and urban documentation for the inhabited areas of the territory of the municipality after the approval of the state urban authorities.

Local authorities may participate in the work of the institutions administered and financed by the ministries in several ways:

- by submitting initiatives and opinions on all relevant issues concerning the functioning of institutions in the above fields, though the ministry has final decision-making power,
- by participating in the work of school boards, though all substantial decisions (staff salaries, curricula, et cetera) are made by the Ministry of Education or its institutes,
- by serving on school committees that propose candidates for headmaster positions to the Ministry of Education, although the minister makes the final selection,
- by contributing extra funding to ministry initiatives in fields of local interest.

One may conclude that local governments play very insignificant roles in these fields since their opinions and initiatives are not binding for central authorities and their poor financial revenues cannot substantially supplement state budget funds in the above fields. In fact, local government competencies in local service delivery are very narrow. In addition, municipalities are dependent on territorial public administration with respect to tax and fee collection. However, hierarchical relations between the central and local authorities do not exist. One possible exception could be the adoption of general and detailed urban plans, which necessitates the prior consent of local offices of the Ministry of Urban Planning and Construction.

## 2.6 Ethnic Issues, Multicultural Government

Local government units in which the proportion of inhabitants of other nationalities (ethnic Albanians, Turks, Serbs, et cetera) exceeds fifty percent of the total population according to the last census (currently 1994) are considered to have “a majority of other nationalities.” Territorial units in which representatives of other nationalities exceed twenty percent of the total population are considered to have “a considerable proportion of other nationalities.”

In such areas, the relevant languages and alphabets are officially used in addition to the Macedonian language and its Cyrillic alphabet. This applies to council sessions, other local government bodies, statutes, decisions and general acts, public services, institutions and enterprises established by the local government unit.

In a local government unit with a majority of non-Macedonian inhabitants, signs of the settlements, public services, institutions and other enterprises are written both in Macedonian and in the language and alphabet of the relevant nationality. This also may be decreed, at the discretion of the local council, in those areas with a considerable proportion of non-Macedonian inhabitants. Signs for institutions that serve to promote the cultural identity and education of ethnic minorities are written both in Macedonian and in the language and alphabet of the minority group, even if they are in areas where there is a small number of inhabitants of the respective nationality.

The Local Government Act states that efforts should be made to provide proportional representation of other nationalities in the election of and appointment to the bodies of local government units with mixed ethnic populations. The law stipulates the establishment of a commission for interethnic relations made up of representatives of all resident nationalities in municipalities with mixed populations. The statutes of these local government units create procedures to fulfill this legal provision regarding the composition and election of committee members, et cetera.

## 2.7 Local Government Associations and International Contacts

Membership in the Macedonian Association of Local Government Units is a mandatory form of cooperation among local governments. The association performs the following tasks:

- discusses the draft of any act or regulation concerning local government issues;
- promotes and organizes cooperation among local government units;
- represents local government interests before the state authorities;
- promotes cooperation between the local and central authorities;
- establishes cooperation with other national and international associations of local government units, et cetera.

There are two institutions in charge of education and training of local government staff. The first is the Law Faculty in Skopje, where local government is a subject in undergraduate and postgraduate studies. The second is the Institute for Sociological, Political and Juridical Research where local government is a subject of its M.A. program in political studies. Doctoral dissertations on this topic may be defended at both institutions. Both institutions also conduct short-term training courses with domestic and foreign experts.

The Institute for Sociological, Political and Juridical Research permanently carries out various fundamental, developmental or applied projects dealing with local government issues. In addition, some experts from law faculties, the Sociological Institute of the Philosophical Faculty, et cetera are involved in local government projects.

### 3. Local Administration, Service Provision

#### 3.1 Structure and Operation of Local Administration

The municipal administration consists of inspectorates, offices, et cetera. Its responsibilities include:

- preparing drafts of acts to be passed either by the council or mayor of the local government unit;
- carrying out activities for the council and mayor requiring special expertise;
- issuing individual administrative acts;
- following and analyzing the situation in specific fields and suggesting initiatives and proposals either to the council or to the mayor;
- carrying out other work entrusted by the council and mayor;
- performing other technical administrative activities.

Both mayors and communal inspectors have authoritative power, allowing them to issue independent acts. Municipal inspectors have a limited range of powers and chiefly ensure that services (for example, water supply, sewerage, garbage collection, markets, et cetera) function in conformity with the appropriate regulations. If not, they may issue orders to a private individual or legal entity to correct the situation. Further noncompliance may result in a complaint to the mayor, whose decision can be challenged through the court system.

The mayor in executing the decisions of the municipal council is entitled to issue individual acts (for instance, the selection of enterprises dealing with local infrastructure services). Any unsatisfied parties may lodge a complaint against the mayor's decision with the municipal council. If they remain unsatisfied by the council's decision, they may initiate a lawsuit before the regular courts.

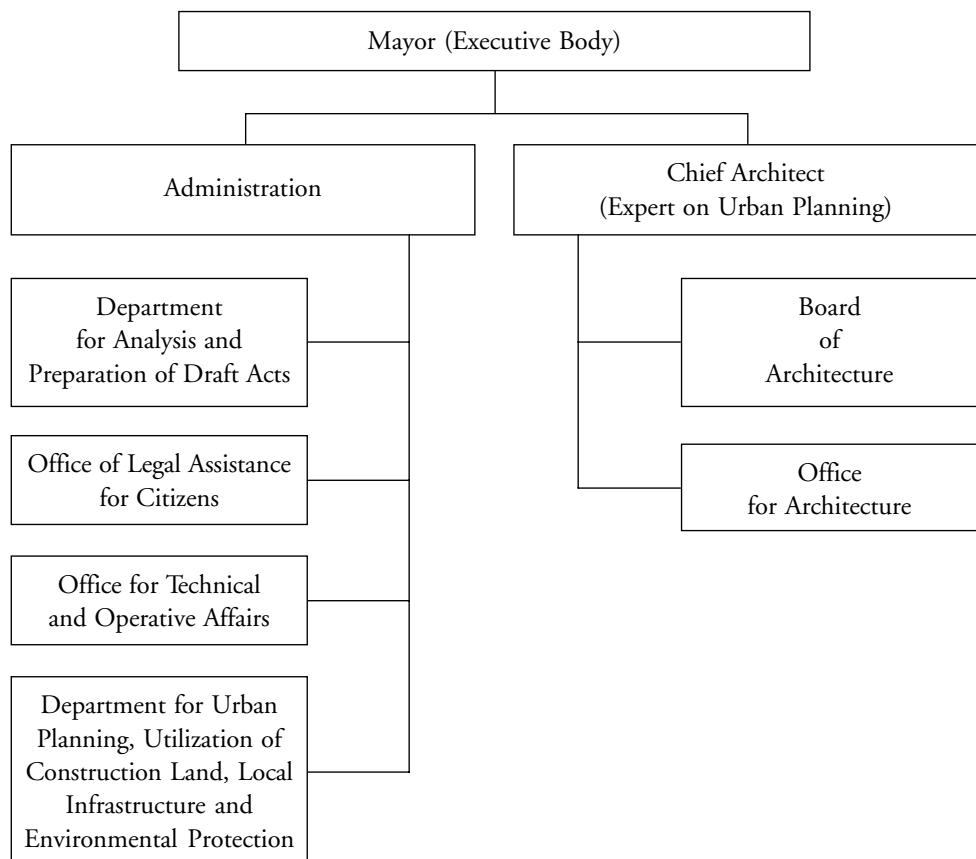
The mayor oversees a wide variety of managerial functions: organizing and managing the municipal administration, supervising municipal property and appointing all civil servants, experts and executive officers. In larger municipalities, the department heads and the chief architect are responsible for directing activities in their departments and for proposing staff to be appointed by the mayor. In rural municipalities, however, there are fewer departments and employees, and the mayor handles all managerial functions.

The Local Government Act stipulates that the administration be divided into two sectors: one dealing with analysis, expertise, draft preparation and inspection and one providing technical administrative services, such as issuing documents. Each of these sectors is further subdivided into various departments. For the time being, however, most local government units are dependent on budgets determined by the state and lack municipal property (the division of assets in newly established municipalities has not yet been executed). Consequently, they are not able to perform all administrative services needed, nor can they recruit appropriate personnel. As a result of this, many of them lack even communal (municipal) inspectors.

The personnel of local administrations includes civil servants or municipal officials and other employees or executives. In larger urban municipalities, the former category consists of the secretary of the municipality (who acts as legal adviser), the heads of administrative departments (legal, financial, et cetera) and the chief architect. At the top of the municipal administrative hierarchy is the mayor. All other officers, analysts, et cetera belong to the second category.

The mayor appoints the chief architect for a term of four years. He or she is assisted by the municipal board of architecture, comprised of distinguished architects and other professionals, and the office of the chief architect. The chief architect manages institutions and nominates their members, who then are appointed by the mayor (see figure 6.3). Rural municipalities have neither a chief architect nor an office for architecture.

*Figure 6.3*  
**Administrative and Expert Bodies  
in Urban Municipalities in Macedonia**



The chief architect:

- undertakes initiatives for the modification, elaboration and design of detailed urban and architectural plans;
- gives expert opinions on detailed urban plans and architectural projects in order to preserve the ambient values of particular town areas or objects;
- gives consent for architectural projects of great importance to the town;
- proposes supplementary regulations and norms in the field of architecture;
- undertakes initiatives for the revitalization of particular town areas;
- preserves the cultural and architectural tradition of the town.

Local councils may establish public services, public institutions and public companies. Some examples include secondary vocational schools and communal companies for water supply, garbage collection, et cetera. The councils have the power to appoint managers to these institutions, request financial and work reports, and otherwise supervise their performance.

### 3.2 Local Service Delivery

Municipal service delivery is mandated by law or assumed voluntarily by the local government. Those functions that are mandatory include:

- adoption of developmental programs as well as general and detailed urban plans after the approval of the state urban authorities;
- adoption of budgets and balances of payment;
- determination of building zones within the municipal territory;
- collection of land fees;
- construction and maintenance of local roads and streets;
- maintenance of the drinking water supply, rainwater drainage, sewerage, street cleaning, garbage collection and public lighting;
- maintenance of parks, green areas and public cemeteries;
- provision of local transportation;
- maintenance and utilization of riverbeds;
- maintenance and use of markets;
- naming of streets, squares, bridges, et cetera;
- advice on the opening of primary schools (a responsibility of the Ministry of Education);
- guidance on and participation in the development of primary education, culture, sport, social security and child care, preschool education, basic health care, protection of the natural and manmade environments;
- encouragement of the development of handicrafts, tourism and catering;
- civil defense duties;
- establishment of municipal administrative bodies, inspections and public communal enterprises;
- determination of sanctions when municipal regulations are violated.

Municipalities may choose to undertake the following responsibilities at their own discretion:

- establishment of mass media of local relevance in conformity with the law;
- establishment of secondary professional schools;
- provision of supplemental funds to improve primary education, culture, sport, social security, childcare, health care and protection of the natural and manmade environment;
- financial support for economic enterprises;
- acceptance of projects entrusted by the central authorities.

Communal services (water supply, garbage collection, electricity supply, park maintenance, et cetera) may be provided by public companies and through concessions and licenses. Thus, private individuals or entities as well as public companies may provide communal services. Public companies may be established by the state or by municipalities as limited liability or joint stock companies with private investors.

Most public companies are traditional budgetary companies, meaning that relations between the company and the municipality remain unchanged. Some exceptions exist among newly established municipalities, which engage private companies through temporary contracts.

## 4. Local Finance, Economic Development

Financing for many areas is provided by the central government (see section 2.5). The bulk of local government funds is intended to finance local infrastructure and public transport. In addition, if local governments can afford to, they may finance municipal secondary schools and provide supplementary funds for infrastructure, facilities, equipment and staff in those areas supported by the central government. Thus, unlike their western or East European counterparts, Macedonian local governments do not have the obligation to finance development in these fields.

### 4.1 Revenues

Local government property consists of land, facilities and money. Municipalities may dispose of their assets in the same manner as any other economic subject. However, due to unsettled property disputes from the last territorial division in 1996, many municipalities, particularly newly established ones, are not yet in possession of their property.

Some legal controversy surrounds sources of local revenues. Although legal possibilities exist for municipalities to increase revenues, the current status of the law makes it impossible for them to be utilized. The Budget Law, passed in 1993, designates the following independent or original local revenues:

- taxes (on property, on the transfer of property, on copyrights and other rights, on inheritance and estates);

- communal fees;
- state grants;
- domestic and foreign donations;
- other revenues transferred to local governments in conformity with the law.

However, in 1995, the Local Government Act was adopted, stipulating the following expanded list of local revenue sources:

- a share of the sales tax on goods and services and of tax on economic activities (as shared revenue with the republic);
- taxes (on property, on the transfer of property, on copyrights and other rights, on inheritance and estates);
- land fees, communal fees and revenues from services;
- profits from municipal public enterprises;
- a share of the profits from public enterprises located in the municipality;
- fines for violations of municipal regulations;
- revenues from taxes granted by the central government;
- other sources in conformity with law.

Although local revenues should be regulated by the more recent Local Government Act, it has not yet been put into practice. This is partly because a special local finance law has not yet been passed to elaborate the above items, particularly the share of taxes on goods and services and on economic activities. Another factor is the yet incomplete division of assets among municipalities after the territorial division of 1996. Therefore, the former, more restrictive Budget Law is still effective, depriving local governments of very valuable independent or original local revenues.

For the time being Macedonian local governments utilize the following sources of revenue.

1. State grants or grants by the government and some governmental funds and agencies, such as the following:

- *Fund for Economically Underdeveloped Areas.* This is administered by an agency within the Ministry of Development. According to a special regulation passed by the government, the beneficiaries of the fund can be either private individuals or legal entities in the underdeveloped areas. These include rural settlements in underdeveloped municipalities and other villages that are located in mountainous, border or other highly underdeveloped regions. This fund is mainly intended for investments in local infrastructure, such as construction and repair of roads, water pipes, electricity networks, postal facilities, primary schools, health centers, veterinarian hospitals, training, et cetera. The agency provides up to eighty percent of the value of any particular investment.
- *Fund for Communal Activities and Roads.* This fund is intended mainly for the construction and repair of roads and streets in all local government units.
- *Fund for Water Pipes and Sewerage.* This fund finances construction, repair and maintenance of water pipes or water supply systems and sewerage networks in all local government units.

- *Budget transfers.* These can be used primarily to strengthen the capacity of local administration.
2. Shared revenues currently do not exist.
  3. Independent or original revenues, including:
    - *Taxes.* These include taxes on property, on the transfer of property, on copyrights and on inheritance and estates. The amount of these taxes is determined by law, meaning the respective regulation is prepared by the government and passed by the National Assembly. They are collected by the local offices of the Ministry of Finance and afterwards are transferred to local government units.
    - *Communal fees.* No land designated as a building or construction zone in urban areas is privately owned. Thus, anyone wishing to erect buildings (private or public) in these areas must pay communal fees for the use of the land. Local authorities are entitled to determine the amount of the fees and are responsible for their collection. Other communal fees, such as those for public lighting and for street use paid by vehicle owners are determined and collected by territorial administrations and distributed to local governments according to criteria established by the state.
    - *Service fees.* Communal enterprises provide local service delivery for public transport, water supply, sewerage and garbage collection; consumers pay for these services directly.
  4. Foreign and domestic donations. Foreign donations are more numerous; some provide one-time funding, and others permanent, such as PHARE, Dialogue Development (Denmark), et cetera.
  5. Local contributions. Local authorities do not issue bonds, but they can mobilize the local population to donate money or participate in public works as a volunteer labor force.

*Table 6.6*  
**Structure of Local Government Revenue in Macedonia [%]**

	1994	1995	1996	1997	1998
State Grants	22.2	30.4	27.7	48.9	42.2
Independent or Original Revenues	77.6	69.4	71.8	48.9	55.1
Local Contributions	0.1	0.1	0.2	1.3	0.7
Donations (foreign and domestic)	0.1	0.1	0.3	0.9	2.0

NOTE: Financial statistics are the mean values of a representative sample of four local government units in the period 1994–96 and nine local government units in the period 1997–98, covering about thirty percent of the Macedonian population.

Based on the data in table 6.6, the following conclusions can be drawn. First, the proportion of state grants is continually increasing in relation to independent or original revenues. This is due to the establishment of the Fund for Economically Underdeveloped Areas in 1994 and the specialized agency in charge of administering the fund plus increases in already existing funds. The territorial division of 1996 produced about ninety new municipalities, some with poor financial resources, which therefore rely much more on state grants than the former, larger municipalities. There also has been a substantial increase in donations, especially from abroad, in the structure of local government finances.

## 4.2 Expenditures

Table 6.7 shows that there has been a consistent increase in local government capital expenditures in an attempt to overcome unfavorable situations, primarily in the field of local infrastructure. This is due to the former state grants as well as legal restrictions on local administrative expenditures. Every year, national authorities pass laws limiting the amount of local finances that can be spent on staff and other administrative costs in each particular municipality.

*Table 6.7*  
**Distribution of Local Government Expenditures in Macedonia [%]**

	1994	1995	1996	1997	1998
Current Budget	50.2	45.6	46.2	41.3	41.8
Capital Expenditure	49.5	54.2	53.5	58.1	56.8
Other	0.3	0.2	0.3	0.6	1.4

NOTE: Financial statistics are the mean values of a representative sample of four local government units in the period 1994–96 and nine local government units in the period 1997–98, covering about thirty percent of the Macedonian population.

As demonstrated by Table 6.8, most revenues are spent on infrastructure, since most local government competencies lie in this sphere. The high percentage of administrative costs compared to total expenditures demonstrates how small local budgets really are. Finally, the figures show that funds for local needs other than infrastructure and administration are symbolic, mainly coming from the Fund for Economically Underdeveloped Areas. Only the largest cities have the privilege of spending a small portion of their revenues on other needs.

Municipal borrowing is not widespread at the moment, as many municipalities have unsettled property claims, revenues are poor, and the loan capacities of Macedonian banks are very limited. No banks have been established by local authorities or for the special purpose of supporting local needs.

*Table 6.8*  
**Structure of Local Government Expenditures in Macedonia [%]**

	1994	1995	1996	1997	1998
Administration	42.9	39.7	37.8	26.1	30.2
Infrastructure	52.4	55.3	57.1	66.6	60.3
Education	3.3	3.5	3.7	4.8	3.9
Health Care	0.1	0.2	0.1	0.2	0.3
Sport, Culture	0.4	0.4	0.5	0.5	0.5
Social Protection	—	—	—	—	1.7
Environmental Protection	0.2	—	0.3	0.5	0.9
Public Transport	—	—	—	—	0.2
Other	0.8	0.9	1.1	1.3	2.0
<b>Total</b>	100.0	100.0	100.0	100.0	100.0

NOTE: Financial statistics are the mean values of a representative sample of four local government units in the period 1994–96 and nine local government units in the period 1997–98, covering about thirty percent of the Macedonian population.

Laws dealing with the termination of companies include the Trade Companies Law and the Bankruptcy Law. The former stipulates the basic terms for both the establishment and termination of various types of companies (sole proprietors, publicly traded corporations, limited partnerships, limited liability companies, joint stock ventures, et cetera). The Bankruptcy Law deals with bankruptcy proceedings and its legal consequences, the management and disposition of property from the bankrupt estate, the bankruptcy plan, et cetera.

#### 4.3 Economic Development

There is a rather unclear provision in the Local Government Act according to which the local units may encourage and create conditions for the development of handicrafts, tourism and catering. In general, national bodies are in charge of economic development, and the act does not clarify how local governments might participate in this process. In any case, municipalities, faced with budget restrictions, will continue to give higher priority to infrastructure problems at the expense of local economic development. The first initiative of any kind was a meeting to discuss the role of municipalities in local economic development supported by foreign sponsors in December 1999.

## 5. Next Steps in the Transition Process

The advantages of the local government system introduced in the transition period are outlined below.

1. The electoral system has established a democratic nomination procedure (candidates can be nominated by political parties or groups of two hundred or more citizens) and the right of all citizens above eighteen years of age to vote in free elections by secret ballot. The combination of two electoral systems—proportional for councilors and majority for mayors—is also a positive development. The former provides fair, proportional distribution of votes in accordance with the political strength of all participants, giving even minor political parties a voice in the local council. The two-round majority system for mayoral elections enforces legitimacy.
2. All local officials are elected and appointed by local bodies. The central authorities therefore cannot interfere in local personnel affairs, one of the basic prerequisites for real local autonomy.
3. Central authorities control only the legality of local decisions and not their merit. It is this discretionary right that gives local governments the freedom to make decisions in their own interests.
4. The organizational structure of local governments provides strict division between legislative and executive powers in a municipality. Because mayors owe their offices to popular vote rather than to the council, they have independent status vis-à-vis the local council. This, in addition to their right to appoint all local staff, encourages them to be more responsible and creative in overseeing local processes.
5. The chief architect also represents an important innovation in local government organization, since development of infrastructure absorbs almost all local attention and energy. Most places have experienced chaotic growth with many illegally built settlements, some of which have been erected on agriculturally fertile soil; lack water supply, waste disposal, et cetera; and are badly in need of urbanization. The chief architect, together with his or her office, addresses these problems and promotes programs that have changed dramatically the urban face of many communities.
6. The new territorial division, which reduced municipalities in size and population and created rural municipalities, had the positive effect of producing smaller territorial units with more common interests, a basic condition for solidarity and joint action. Furthermore, smaller local government units provide the opportunity to govern in a less bureaucratic manner, since people generally know each other and have better access to local institutions.

7. The creation of rural municipalities is a constructive step towards more even local development. After territorial division, rural areas had the historically unique opportunity to dispose of their own money. In contrast, under the previous regime, all local revenues were centralized by large municipalities and used mainly for urban areas, whose representatives dominated the municipal assemblies.
8. Great progress has been made in financing underdeveloped rural areas since 1994 by establishing the special national fund and agency for this purpose, determining criteria for financing and defining precisely which villages may be potential beneficiaries of this fund.
9. Forms of direct democracy allow inhabitants to participate in local processes. Although referendums are the only form practiced to date, raising political consciousness will pave the way for public gatherings and further initiatives by citizens.
10. Existing regulations endeavor to create sound interethnic relations through the proportional representation of nationalities in local governments, the establishment of local interethnic commissions and the official use of minority languages in municipalities with significant non-Macedonian populations. In spite of this, relations between ethnic Macedonians and ethnic Albanians in the western part of Macedonia are tense. The roots for ethnic Albanian discontent lie much deeper than the arena of local affairs. They are dissatisfied by their social status, lack job opportunities in governmental and social services and in other economic spheres, experience difficulty in enrolling in higher education institutions, et cetera. Ethnic frustrations arise mainly in the fields of state administration, police, army, economy and education—fields in which the local authorities and population have no real impact.

Among the basic shortcomings of the local government system are the following.

1. Local government competencies are too narrow to meet the requirements of the local population. Although the local government has almost full control over local infrastructure, it has very limited involvement in the fields of education, health, social security, culture, et cetera. This creates two problems. First, central authorities or particular ministries are involved in day to day local activities (such as appointing headmasters and providing teaching aids for schools) and neglect their strategic or conceptual tasks. Furthermore, since central authorities make all basic decisions in these fields, local authorities and citizens remain relatively inactive and indifferent to participation in these local spheres.
2. Local government financing is currently the most complicated and acute problem. First, the division of assets after the territorial division of 1996 is still incomplete. At that time, financial relations between the old municipalities and the Macedonian government or ministries were not settled, since many local government departments were transferred to the respective ministries without a precise division of assets or properties. A special law,

passed soon afterwards, stipulated that the division of assets between the central government and old municipalities be implemented in the following six months, and between old and newly established municipalities by June 1997. The former was done after a long delay, and the latter has not yet begun. Consequently, newly established municipalities have no concept of what their possessions actually are. As a result, they have very limited capacity to invest their own resources, even in the field of local infrastructure.

Second, municipalities have the right to collect construction land fees, but other taxes and fees are determined by law and collected by local departments of the Ministry of Finance. Because state tax collectors are not directly motivated to collect local taxes, they fail to identify all taxpayers, producing a shortage in local revenues. Also, local authorities depend on reports from these departments, but complain that they are never on time.

Finally, the Local Government Act of 1995 enumerates the sources of local revenues, one of which is the sales tax on goods and services or tax on economic activities (as shared revenue with the republic). But a subsequent law on local finance has not yet been passed, meaning that the Budget Act of 1993 is still in effect. Since the sales tax does not exist in the Budget Act, this limits potential local revenues.

Faced with so many financial restrictions, the central allocation of funds and central control, most local governments must reduce their activities to address only local infrastructure, and even in this field they cannot have a dramatic effect on development.

Laws on local government financing should be prepared, elaborating the financial provisions of the Local Government Act. They should introduce new sources of revenue, the most important being the tax on goods and services and on economic activities, as well as revenues from fines, property utilization, public companies, et cetera. This could dramatically improve the financial capacities of all local governments, especially those that currently depend on state grants. In addition, this will indicate which local government units are capable of surviving on their own financial resources and which will benefit from mergers with other local government units. Changes must be made in the existing regulations to allow local governments to collect additional taxes and fees in order to increase local government revenues and hence provide more independence from central authorities. This in turn will lead to higher creativity in the conceptualization and implementation of local policies.

3. Territorial division, although generally positive, was not realized to its fullest extent for extremely small municipalities. Although one of the basic goals of the territorial division was to separate villages from urban areas in order to provide them with more autonomy, this was inconsistently carried out, and many villages are still incorporated into urban municipalities. Additionally, no empirical research was performed prior to the territorial division in order to identify the financial and personnel capacities of the new municipalities.

Consequently, very tiny municipalities were established, some with less than one thousand residents. The capacity for these municipalities to provide normal local development was thus reduced to zero.

4. The institution of the chief architect was not introduced in rural municipalities, although their urban and architectural problems are much more acute.
5. The Macedonian Association of Local Government Units is inactive and lacks external assistance. Major efforts should be made to jumpstart local government associations by establishing new organizational schemes and expanding their activities. Such associations should consider creating various chambers to represent different needs of local government (for instance, one for old municipalities and another for newly established ones). In addition, data on local government units should be published and updated every year nationwide.
6. Under the former system of large municipalities, public services such as transportation and water supply served many settlements and were organized from one municipal center. The territorial reorganization raises the question of how to coordinate these activities among the municipalities, since they are not very precisely regulated in the existing Law on Communal Activities.
7. Local administrative staffs are not trained to adjust to the new social changes. Old municipalities work according to previous schemes and ignore the need for management training. Consequently, many of them are conservative and provide obstacles to accelerated local government development. Furthermore, staff members in newly established municipalities are inexperienced.

The Ministry of Local Government was established at the end of 1998 and was an important step towards resolving local government problems. But the new ministry will need time to design and carry out its conception of local government reforms. Generally speaking, local government development in the 1990s is characterized by strong centralization with primarily negative effects. Furthermore, the system of local governments is a part of the entire social system and thus depends on the functioning of the whole. Because the Macedonian economy is still in recession, its poor output greatly reduces opportunities for an effective local government system. Despite the reforms enacted, local governments have poor financial sources at their disposal and will likely achieve very humble results. In addition, the judiciary in Macedonia is undergoing a very deep crisis. Although there are many legal mechanisms to protect the rights of local governments and citizens against the central authorities, they cannot be exercised without efficient judicial protection. Finally, there are many problems with the cadastre in Macedonia. Ownership cannot be determined easily due to missing and contradictory records, and there are many unsettled lawsuits dealing with property relations that aggravate legal traffic and property transactions.

## Postscript: Recent Local Government Developments

Two events in the year 2000 were of importance to the further development of local government in the Republic of Macedonia: local elections and the drafting of a new Local Government Act.

### 1. Local elections 2000

Both parliamentary and local elections are of great interest to the populace and serve as evaluations of the achievement of the central or local authorities. The populace, in this period of transition, is hopeful that the new authorities will dramatically change their unfavorable living and working conditions.

Elections took place for local councilors and mayors on 10 and 24 September (first and second rounds), and in voting districts where the election results were cancelled due to irregularities, on 8 October. The results, according to unofficial sources, are illustrated in tables 6.9 to 6.12.

*Table 6.9  
Local Council Election Turnout in Macedonia, 2000*

Indicator	Number/%
Total Number of Councilor Mandates	1,625
Total Number of Registered Voters	1,634,859
Voter Response	58.95%

SOURCE: *The Future of Elections in Macedonia* (Skopje: IFES, USAID, 17–18 November 2000).

*Table 6.10  
Local Council Election Results by Party in Macedonia, 2000*

Party/Coalition	Number of Councilors Elected
Coalition “For,” including Social Democratic Alliance (SDS), Liberal-Democratic Party (LDP), League for Democracy, Socialist Party of Macedonia (SPM)	733
VMRO-DPMNE/Democratic Alternative (DA)	574
Party for Democratic Prosperity of Albanians (DPA)	213
Party for Democratic Prosperity (PDP)	82
Candidates Nominated by Groups of Citizens	10
Other Minor Parties	13

SOURCE: *The Future of Elections in Macedonia* (Skopje: IFES, USAID, 17–18 November 2000).

*Table 6.11*  
**Mayoral Election Turnout by Party in Macedonia, 2000**

Party/Coalition	Number of Votes
Coalition “For,” including SDS, LDP, League for Democracy, SPM	525,392
VMRO–DPMNE/DA	313,087
DPA	116,676

SOURCE: *The Future of Elections in Macedonia* (Skopje: IFES, USAID, 17–18 November 2000).

*Table 6.12*  
**Mayoral Election Results by Party in Macedonia, 2000**

Party/Coalition	Number of Mayors Elected
VMRO–DPMNE/DA	57
Coalition “For,” including SDS, LDP, League for Democracy, SPM	33
DPA	23
PDP	3
Candidates Nominated by Groups of Citizens	2
Other Minor Parties	3

SOURCE: *The Future of Elections in Macedonia* (Skopje: IFES, USAID, 17–18 November 2000).

The Coalition “For,” including the Social Democratic Alliance (SDS), Liberal-Democratic Party (LDP), League for Democracy and Socialist Party of Macedonia (SPM) won the elections in terms of overall votes obtained, councilor mandates won in municipalities and mayoral mandates won in almost all larger towns and cities, including Skopje. This victory was not necessarily due to the councilors’ and mayors’ achievements in the municipalities, which are not very impressive due to the narrow range of local competences and restrictive local finances, but rather was a reflection of the overall economic and social failures of the ruling coalition to which the parties VMRO-DPMNE and DA belong.

## 2. Draft Local Government Act

The draft Local Government Act is still being considered by the government, but there are three points that distinguish it from the 1995 act.

1. *Scope of local competences.* The extension of local competences is proposed for the following:
  - Social care is delegated to local government. Line 22 of Article 17 dealing with local government competences includes the provision of social protection to the population (social assistance to the poor and socially endangered; lodging and care for the elderly; shelter, care and education for orphans);
  - The municipalities are entitled to establish and finance the construction and maintenance of facilities in the fields of preschool education, culture, sport, social security and child care, protection of animals and plants, protection and promotion of man-made environment, et cetera.
  - The municipalities make decisions on urban planning, conditions for construction and general planning in contrast to the existing act, which requires the consent of state urban planning authorities.
2. *Mayoral status.* According to the draft, the mayor can perform his/her duties only on a professional basis, as opposed to the existing Local Government Act (article 39).
3. *Existence of a joint administration.* The draft introduces joint administration for two or more municipalities elaborating its organs and basic relations.

Generally, the draft act represents a step toward decentralization, since some of the competences, especially in the fields of social care and urban planning, will be transferred from central to local authorities. But even if this act is adopted, the Republic of Macedonia will remain a centralized state, since many competences in education and health care that are the domain of local units in developed countries will remain that of the ministries. Furthermore, the Local Finance Act is not being drafted parallel to the Local Government Act, and it is not clear if sufficient amounts of funding will be provided for the increased number of local competences and activities.

## Recent Publications on Local Government in Macedonia

Statistical Office of the Republic of Macedonia. *Statistical Yearbook of the Republic of Macedonia*.

Statistical Office of the Republic of Macedonia. *Macedonia in Figures*.

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## Note

<sup>1</sup> The Future of Elections in Macedonia, IFES, USAID, 17/18 November, Skopje.

## Annex 6.1

### Major General Indicators

All basic statistical data used can be found in the *Statistical Yearbook of the Republic of Macedonia 1997* (Skopje: Statistical Office of the Republic of Macedonia, 1997); *Macedonia in Figures 1998* (Skopje: Statistical Office of the Republic of Macedonia, 1998); or Doncho Gerasimovski, *Demographic Characteristics of the Republic of Macedonia According to the New Territorial Division* (Skopje: Statistical Office of the Republic of Macedonia, 1997).

Size of territory	25,713 square kilometers
Population density	76 inhabitants per square kilometer
Population (1994)	1,945,932
Pensioners (1997)	167,057
Disabled pensioners	48,909
Old-age pensioners	118,148
School-age children (1996–97)	341,201
Primary school children (ages 7–15)	259,957
Secondary school students (ages 15–19)	81,244
Major ethnic divisions	
Macedonians	66.6 percent
Albanians	22.7 percent
Turks	4.0 percent
Roma	2.2 percent
Serbs	2.1 percent
Vlachs	0.4 percent
Per capita GDP (1996)	1,581 USD
State budget (1997)	
Education	17.7 percent
Health services	0.6 percent
Social security	25.4 percent
Housing and protection	
of urban environment	0.4 percent
Culture, sport, recreation	2.5 percent
All local government funds	1.1 percent
Public debt (31 December 1997)	1.1311 billion USD
Unemployment rate (1997)	36.0 percent
Inflation rate (annual, 1997)	4.4 percent

## Annex 6.2

### Population, Settlements and Administrative Units

All basic statistical data used can be found in the *Statistical Yearbook of the Republic of Macedonia 1997* (Skopje: Statistical Office of the Republic of Macedonia, 1997); *Macedonia in Figures 1998* (Skopje: Statistical Office of the Republic of Macedonia, 1998); or Doncho Gerasimovski, *Demographic Characteristics of the Republic of Macedonia According to the New Territorial Division* (Skopje: Statistical Office of the Republic of Macedonia, 1997).

*Table 6A.1*  
**Number of Settlements by Population Size Categories in Macedonia**

Population Size Category	Number of Settlements	%	Number of Inhabitants	%
0–1,000	1,377	78.55	335,966	17.27
1,001–2,000	137	7.82	192,955	9.92
2,001–5,000	80	4.56	236,717	12.16
5,001–10,000	17	0.97	111,646	5.74
10,001–50,000	16	0.91	369,777	19.00
50,001–100,000	4	0.23	254,111	13.07
100,001–1,000,000	1	0.06	444,760	22.86
1,000,000+	0	0,00	0	0,00
Unsettled (deserted)	121	6.90	0	0,00
<b>Total</b>	<b>1,753</b>	<b>100.00</b>	<b>1,945,932</b>	<b>100.00</b>

Average population of a municipality 15,821

Number of local governments at each level

Municipalities	123
City of Skopje	
(community of 7 municipalities)	1
Total	124

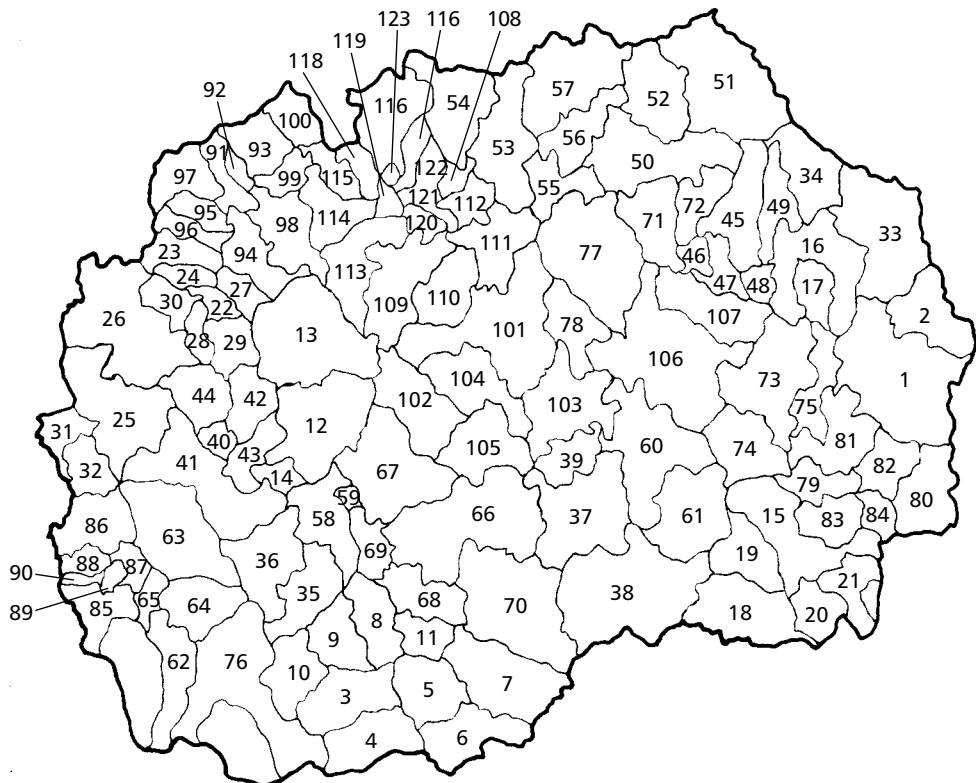
Number of civil servants and public employees (1996)

Employed by the state	13,088
Employed by local governments	2,127

*Table 6A.2*  
**Number of Municipalities by Population Size Categories in Macedonia**

Population Size Category	Number of Municipalities	%	Number of Inhabitants	%
0–1,000	4	3.25	2,811	0.14
1,001–2,000	8	6.50	12,614	0.65
2,001–5,000	34	27.64	116,081	5.96
5,001–10,000	27	21.95	200,932	10.30
10,001–50,000	39	31.72	793,531	40.78
50,001–100,000	10	8.13	701,884	36.07
100,001–1,000,000	1	0.81	118,079	6.10
1,000,000+	0	0.00	0	0.00
<b>Total</b>	<b>123</b>	<b>100.00</b>	<b>1,945,932</b>	<b>100.00</b>

*Figure 6A.1*  
**Administrative Map of Macedonia**



- |                     |                       |                         |
|---------------------|-----------------------|-------------------------|
| 1. Berovo           | 15. Valandovo         | 29. Srbinovo            |
| 2. Pehchevo         | 16. Vinica            | 30. Vrutok              |
| 3. Bitola           | 17. Blatec            | 31. Debar               |
| 4. Bistrica         | 18. Gevgelija         | 32. Centar Zhupa        |
| 5. Novaci           | 19. Miravci           | 33. Delchevo            |
| 6. Bach             | 20. Bogdanci          | 34. Makedonska Kamenica |
| 7. Staravina        | 21. Star Dojran       | 35. Demir Hisar         |
| 8. Mogila           | 22. Gostivar          | 36. Sopotnica           |
| 9. Kukurechani      | 23. Negotino–Poloshko | 37. Kavadarci           |
| 10. Capari          | 24. Vrapchishte       | 38. Konopishte          |
| 11. Dobrushevo      | 25. Rostusha          | 39. Rosoman             |
| 12. Makedonski Brod | 26. Mavrovi Anovi     | 40. Kichevo             |
| 13. Samokov         | 27. Chegrane          | 41. Drugovo             |
| 14. Plasnica        | 28. Dolna Banjica     | 42. Oslomej             |

43.	Vraneshtica	70.	Vitolishte	97.	Shipkovica
44.	Zajas	71.	Probishtip	98.	Zhelino
45.	Kochani	72.	Zletovo	99.	Jegunovce
46.	Cheshinovo	73.	Radovish	100.	Vratnica
47.	Obleshevo	74.	Konche	101.	Veles
48.	Zrnovci	75.	Podaresh	102.	Bogomila
49.	Orizari	76.	Resen	103.	Gradsko
50.	Kratovo	77.	Sveti Nikole	104.	Chashka
51.	Kriva Palanka	78.	Lozovo	105.	Izvor
52.	Rankovce	79.	Strumica	106.	Shtip
53.	Kumanovo	80.	Novo Selo	107.	Karbinci
54.	Lipkovo	81.	Vasilevo	108.	Arachinovo
55.	Orashac	82.	Bosilovo	109.	Studenichani
56.	Klechovce	83.	Kuklish	110.	Zelenikovo
57.	Staro Nagorichane	84.	Murtino	111.	Petrovec
58.	Krushevo	85.	Struga	112.	Ilinden
59.	Zhitoshe	86.	Lukovo	113.	Sopishte
60.	Negotino	87.	Delogozhdi	114.	Saraj
61.	Demir Kapija	88.	Labunishta	115.	Kondovo
62.	Ohrid	89.	Veleshta	116.	Chucher–Sandovo
63.	Belchishta	90.	Vevchani	117.	Gazi Baba
64.	Kosel	91.	Tetovo	118.	Djorche Petrov
65.	Meshishta	92.	Dzepchishte	119.	Karposh
66.	Prilep	93.	Tearce	120.	Kisela Voda
67.	Dolneni	94.	Brvenica	121.	Centar
68.	Topolchani	95.	Kamenjane	122.	Chair
69.	Krivogashtani	96.	Bogovinje	123.	Shuto Orizari

## Annex 6.3

### Major Laws on Public Administration and Local Government

The following laws regulate public administration and local government in Macedonia:

- Constitution of the Republic of Macedonia, published in the *Macedonian Official Gazette*, Skopje, 52/1991, articles 114-117
- Local Government Act, *Macedonian Official Gazette*, Skopje, 52/1995
- Law on Local Elections, *Macedonian Official Gazette*, Skopje, 46/1996
- Law on Territorial Division of the Republic of Macedonia and Demarcation of the Municipal Boundaries, *Macedonian Official Gazette*, Skopje, 49/1996
- Law on the City of Skopje, *Macedonian Official Gazette*, Skopje, 49/1996
- Law on the Voters' Lists and Voter's Identity Card, *Macedonian Official Gazette*, Skopje, 49/1996
- Primary Education Act, *Macedonian Official Gazette*, Skopje
- Secondary Education Act, *Macedonian Official Gazette*, Skopje
- Budget Law, *Macedonian Official Gazette*, Skopje, 79/1993
- Public Enterprises Act, *Macedonian Official Gazette*, Skopje, 38/1996
- Decision on Establishment of Public Enterprise Designing Territorial and Urban Plans, *Macedonian Official Gazette*, Skopje, 30/1996
- Law Regulating Relations among the Existing and Recently Established Municipalities, *Macedonian Official Gazette*, Skopje, 59/1996
- Law on Voting Districts, *Macedonian Official Gazette*, Skopje
- Law on the Government of the Republic of Macedonia, *Macedonian Official Gazette*, Skopje, 38/1990
- Law on General Administrative Procedure, *Yugoslav Official Gazette*, Belgrade, 32/1978
- Law on Communal Activities, *Macedonian Official Gazette*, Skopje, 45/1997
- Law on Incentives for Development of Economically Underdeveloped Areas, *Macedonian Official Gazette*, Skopje, 2/1994
- Law on Criteria, Amounts, Conditions and Purposes for Distribution of the Resources Serving as Incentives for Development of Economically Underdeveloped Areas, *Macedonian Official Gazette*, Skopje, 33/1994
- Decree for Determination of Economically Underdeveloped Areas in the Republic of Macedonia in the Period 1994-98, *Macedonian Official Gazette*, Skopje, 16/1994
- Decree for Distribution of Resources for Water Pipes Construction in the Republic of Macedonia in 1994, 1995, 1996, etc.
- Law on Construction Land, *Macedonian Official Gazette*, Skopje, 10/1979, amended 21/1991
- Law on the Public Attorney, *Macedonian Official Gazette*, Skopje, 7/1997

## Annex 6.4

### Responsibilities of Administrative Tiers

*Table 6A.3*  
**Specific Functions of Local Government Tiers in Macedonia**

Functions	All Municipalities	Regional or Urban Governments	Central or State Territorial Administration	Other Government Format	Remarks
<b>I. EDUCATION</b>					
1. Preschool		X			
2. Primary		X			
3. Secondary (common-gymnasium)			X		
4. Secondary Technical	X		X		
5. Other (especially secondary medical and artistic)	X		X		
<b>II. SOCIAL WELFARE</b>					
1. Nurseries		X			
2. Kindergartens			X		
3. Welfare Homes			X		
4. Personal Services for the Elderly and Handicapped			X		
5. Special Services (for the homeless, families in crisis, etc.)			X		
6. Social Housing			X		
7. Other (especially for the homeless and orphans)			X		

*Table 6A.3 (continued)*  
**Specific Functions of Local Government Tiers in Macedonia**

Functions	All Municipalities	Regional or Urban Governments	Central or State Territorial Administration	Other Government Format	Remarks
<b>III. HEALTH SERVICES</b>					
1. Primary Health Care			X		
2. Health Protection			X		
3. Hospital		X			
4. Public Health			X		
5. Other (especially for drug addicts, alcoholics)			X		
<b>IV. CULTURE, LEISURE, SPORTS</b>					
1. Theaters		X			
2. Museums		X			
3. Libraries		X			
4. Parks	X				
5. Sports, Leisure			X		
6. Maintaining Buildings for Cultural Events			X		
<b>V. ECONOMIC SERVICES</b>					
1. Water Supply	X				
2. Sewerage	X				
3. Electricity		X			
4. Gas		X			
5. District Heating	X				
<b>VI. ENVIRONMENT, PUBLIC SANITATION</b>					
1. Refuse Collection	X				
2. Refuse Disposal	X				
3. Street Cleaning	X				
4. Cemeteries	X				
5. Environmental Protection	X		X		

*Table 6A.3 (continued)*  
**Specific Functions of Local Government Tiers in Macedonia**

Functions	All Municipalities	Regional or Urban Governments	Central or State Territorial Administration	Other Government Format	Remarks
<b>VII. TRAFFIC, TRANSPORT</b>					
1. Roads (local)	X				
2. Public Lighting	X				
3. Public Transport (local and in wider area)	X				
<b>VIII. URBAN DEVELOPMENT</b>					
1. Town Planning	X				after consent of respective ministry
2. Regional/Spatial Planning	X				
3. Local Economic Development			X		
4. Tourism	X		X		role of local authorities is not clearly defined
<b>IX. GENERAL ADMINISTRATION</b>					
1. Authoritative Function (licenses, etc.)	X		X		
2. Other State Administrative Matters (electoral register, etc.)			X		
3. Local Police			X		
4. Fire Brigades			X		
5. Civil Defense	X				
6. Consumer Protection			X		

