

March 2008

PEOPLE CENTRED ANALYSES

REPORT

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CIP – Каталогизација во публикација
Национална и универзитетска библиотека "Св. Климент Охридски", Скопје

316. 614: 316. 344. 7 (497.7) (047)

316. 344. 7:316. 614 (497.7) (047)

PEOPLE Centred Analyses : report. – Skopje : United Nations
Development Programme, 2008. – 112 стр. : граф. прикази : 25 ск

Библиографија: стр. 111- 112

ISBN 978 – 9989 – 188 – 29 – 9

а) Загрозени слоеви – Социјална инклузија – Македонија – Извештаи
COBISS.MK – ID 72008714

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Foreword

Sustainable economic growth, social services and social policies aim to improve people's lives. At the same time, human beings are the agents of change and innovation. People should be at the centre of all development concerns.

Societies today are often preoccupied with accelerating economic growth and restructuring their economies. The ultimate objective of growth – improving people's lives – is sometimes overshadowed by the means of achieving it. The focus on the Millennium Development Goals (MDGs), human development and social inclusion offers the means and principles for achieving sustainable development, as well as an inclusive society in which growth is not just an aim in itself.

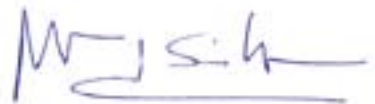
Refocusing policy attention on people, social inclusion and progress in quality of life is the objective of the new People-centred Analyses report series. There are several reasons why the United Nations Development Programme (UNDP) decided to launch this new series.

Firstly, the new series recognises the need to raise the importance of social exclusion/inclusion issues to the top of the national policy agenda, the urgency of which is reaffirmed by people's concerns with the high degree of vulnerability that they are experiencing. Secondly, the series is intended to generate a thorough debate on issues of social exclusion/inclusion in the country producing a critical mass of knowledge and discussion necessary for shaping social policy responses suited to the particular circumstances of the country situation.

Just as importantly, the new series and the indicators used are expected to provide additional data on social exclusion/inclusion to complement existing gaps in data and knowledge. New methodologies for data collection on the social status and living standards of the population and, particularly, new approaches to devising and monitoring indicators are necessary. Helping national partners elaborate and implement these approaches is our modest contribution to social policy development in the country.

The new series and the indicators behind it are intended to provide a tool for policy makers in effectively pursuing evidence-based social policy in the country. As knowledge continues to be critical to the social and economic activities that comprise the development process, UNDP calls upon all interested individuals, researchers, and knowledge networks for further research and discussions to contribute to national policy development.

We at UNDP look forward to welcoming your readership and leadership in this process.



Maria Luisa Silva Mejias
UN Resident Coordinator and
UNDP Resident Representative

Executive Summary

Countries in transition are facing a wide range of challenges. Globalization, increased demographic pressure and the decline of inherited “socialist” economies contribute to the unique status that social inclusion and human development issues occupy (or are expected to occupy) a prominent place on policy-makers’ agendas. The old institutional model of welfare and social protection is gone and the new model is yet to be defined with the result that it brings locally adequate solutions to concerns of a global nature – growing poverty, marginalization, deprivation and exclusion.

Social inclusion is one of the recognizable approaches that, similar to human development, puts emphasis on individuals and people’s well-being. Both promote the principles and policy frameworks that are expected to address the root causes of social problems. In the process of transition, the inclusion emphasis has emerged as an important focus in many national strategies and the adapted goals and indicators of the Millennium Development Goals. The EU integration process offers additional opportunities and momentum for the country to define its own approaches and methods towards operationalisation of this concept.

The current report, first in a new series of People-Centred Analyses reports, is an attempt to initiate a broader discussion on the social inclusion concept in the country’s context and further examine the socio-economic dimensions of exclusion. It analyses both the status of Macedonian society in that regard as well as citizens’ perceptions of the quality of life, quality of governance, and their social cohesion concerns. The new series will publish biannual reports based on biannual data collection cycle.

The report and the new series in general don’t emerge from a vacuum. They are bringing to a new level the former Early Warning Report (EWR) system. “Continuation” and “change” are two key-words in that regard. The new series take over the tradition of monitoring trends and maintain important perception aspects from the EWRs. It however will complement them with quantitative data indicators that enable the monitoring of trends in the area of social cohesion. Alike the old EWRs, each issue of the People-Centred Analyses reports will have a different central topic.

This first edition of People-Centred Analyses reports – as any first issue – is an “ice-breaker”. It introduces a system of indicators that can be used for measuring and monitoring the magnitude of social exclusion. This is perhaps the true novelty of the report. It calls for a systematic approach to social inclusion on the basis of data and indicators enabling the relevant diagnosis of social inclusion profiles, examination of the ethnic dimensions of inclusion.

The report itself is structured along several priorities. In its introductory chapter presents some basic conceptual issues pertaining to social exclusion and cohesion in the context of existing interrelated development paradigms. It roots these concepts in the Macedonian reality preparing the conceptual grounds for the report’s substantive chapters.

The chapter Social Inclusion Profiles presents the status and magnitude of multi-dimensional vulnerability to exclusion. It provides a comprehensive framework of indicators that enable a close monitoring of the realisation process towards human development and social cohesion. Poverty, employment, education, health and access to social services are major dimensions of vulnerability. It also introduces the concept of “combined vulnerability

measurement and monitoring”, both at the level of household and of individuals. “Household vulnerability” is defined here as share of households facing set of risks related to the well-being opportunities of all family members. “Individual vulnerability” is defined on the basis of individual characteristics that may reduce their opportunities for fruitful employment, decent incomes and social inclusion. Based on the number of vulnerability criteria that each individual faces, the magnitude of vulnerability among Macedonian citizens was assessed.

Evidences have shown that the nature and profile of vulnerability is not homogenous. While the income-based poverty headcount is measured at 26%, using the “60% of the median” approach, the disparities in poverty rates are found among groups defined by ethnicity, gender, age and educational attainment. The ethnic Roma population falls far below the poverty threshold compared to other ethnicities. Neither are poverty and vulnerability distributed equally across groups. Ethnic Albanians appear to face highest magnitude of inequality, with the richest 20% receives 17.1 times higher income in total of the poorest 20%, as oppose to the respective 9.9 and 14.7 times of ethnic Macedonian and others.

Unemployment continued to be the biggest problems perceived by the citizens. The educational profile of the unemployed reveals both the roots of their employment vulnerability but also the possible policy focus in addressing it. Disparities in education also reveal a vicious circle between poverty and education. This suggests to the need of further investment in education and training for the poor and vulnerable groups.

The chapter Ethnic Dimensions of Inclusion uncovers the issues and challenges in achieving a sustainable cohesive multiethnic society. The chapter analyzes to what extent the country meets the four preconditions: common vision and shared sense of belonging to a multicultural society, equitable representation of ethnic communities, interactions between members of the ethnic communities, and managing interethnic tensions. Despite the positive trend observed in regard to proportional representation of all ethnic communities in public administration, evidences point out the continued phenomenon of ethnocentrism in politics and education and to some extent segregation along the line of ethnicity. The chapter suggests that strengthening the power of ethnically mixed organizations, united around common civil, professional and business interests, should be seen as crucial element in the efforts to combat ethnocentrism. In particular it opts for mechanisms that prevent the trend of creation of parallel organizations of different ethnic groups.

The chapter Social Inclusion and Governance analyzes the linkages between the quality of governance and social cohesion. Quality of governance is examined through several proxies such as the confidence and perception of citizens towards institutions and the observed evidence of social services provision and its effectiveness. Overall deterioration of the confidence in the state institution framework is found based on data from the current survey of People-centred Analyses and previous surveys of Early Warning Reports. The disappointment was strongest among the most active segments of the workforce and the socially most vulnerable categories – unemployed and poorest people. Low belief of respondents in the possibility to influence the political agenda suggests that the participatory principle in the policy-making processes has not been sufficiently applied, which in turns decreases the accountability of the policy-makers.

To achieve greater social inclusion, the policy framework requires a more permanent inter-sectoral and multi-sectoral approach in order to provide for different needs and requirements of the socially excluded. Additionally, well managed and coordinated institutions and responsibilities are also seen as important factors. The diagnosed problems lie at the lack of

systematic policy framework, lack of customized services for the needed groups as well as gap between allocated resources and the current needs. The lessons learnt from current status of service delivery suggest that higher level of participation and involvement of civil society and private sector would be beneficial. These are important actors of social inclusion that are often neglected. With the ongoing decentralization process, the chapter recommends that the government should function more on the principle of subsidiarity, and central levels of government should be delivering services and support, only when municipalities, non-governmental organizations or private actors are not providing these for justifiable reasons.

Beside the findings and conclusions on the above there areas, the report proposes some recommendations for future policy consideration. The report calls on the introduction of a suitable definition and monitoring framework for social inclusion. Given the complexity of exclusion and vulnerability, policy responses should go beyond providing more income generation opportunities. Interventions should be focused and targeted. One possible approach in targeting is focusing on the most vulnerable families, with the next level of coverage include those at risks. It is essential that the adoption of a suitable approach involves a broad endorsement of wide as possible range of stakeholders.

Finally, the report's Annexes are not less important than the analytical chapters. The indicators annex provides the framework that will be used for monitoring the process of social inclusion in the future. Apart from the standard socio-economic indicators of poverty, employment and education, it contains most of the Laeken indicators that will be monitored on biannual basis.

Chapter 1



Introduction to the Social Inclusion Concept

Chapter 1: Introduction to the Social Inclusion Concept.

SOCIAL INCLUSION AND OTHER DEVELOPMENT PARADIGMS

Throughout the last two decades, the international social agenda has witnessed a growing concern and preoccupation with the problems of poverty, marginalization, deprivation, discrimination and social exclusion. A series of systematic, concerted and consistent actions have been undertaken to tackle these issues, which were prompted by the intensification of social problems on global scale, increased demographic and economic pressure on the welfare state as well as from the rising inequalities between regions and across countries.

Among the wealth of approaches and conceptual frameworks directly and indirectly dealing with various aspects of poverty and deprivation, several occupy prominent space and are mutually complementary:

- human development
- poverty reduction
- rights-based approach
- social inclusion

It is worth noting that all four are not substitutive but complementary addressing in-depth specific aspects of the complex issues of inclusion and fighting deprivation. What is similar among the approaches is their focus on broader development processes putting the individual at its core, a process that attempts to synergize economic, employment, demographic and social policies to achieve the ultimate goal of improving people's opportunities for participation and materialization of their capacities. The difference between individual concepts and policy frameworks are the specific aspects of the approach, in the implementation of specifics and monitoring mechanisms.

Social inclusion

Social inclusion policies or social inclusion emphasis in public policies have been the most recent tendency both at the nation state level as well as among international organizations. The European Union (EU) became particularly engaged in promoting social inclusion policies and principles, especially since the cohesion of the EU appeared to be threatened by high unemployment and new forms of social exclusion, and when the Lisbon agenda saw exclusion as an impediment to a successful, dynamic, knowledge-based economy¹. The EU defines social inclusion as "process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live".²

1 Stubbs, P. and Gerovska, M. (2004) "Social indicators For the Western Balkans - Tools for Assessing and Promoting Poverty Reduction and Social Inclusion", Unpublished Report for Save the Children, UK.

2 European Commission (2004) "Joint Report on Social Inclusion, Luxembourg: Office for Official Publications of the European Communities".

Social inclusion originates from the European tradition of thought. It emphasises the importance of social solidarity, community and equity. It is a relativistic and normative concept which places emphasis on the individual's right to "having life associated with being a member of a community". In a broader sociological sense, inclusion is about the efficiency of societal systems and the quality of social relations. It is a state of organization, connection and harmonization of different elements which constitute social community, referring to the sphere of norms and values, activities and connection between people and social groups. Social inclusion is a key condition of existence, activities and collective actions undertaken by any group or social community. The opposite of inclusion is social disintegration, which is a violation of norms and an erosion of social norms and social networks, as well as worsening of social communication.

Social inclusion therefore defines the values of a society by recognizing the "duty to care" of the government to provide all necessary means for every person to be a part of mainstream society with equal social, economic and/or political opportunities and to address all forms of within-country inequalities. Social inclusion is a response to institutional inefficiencies, which is a long-term process that requires changes in social attitudes and power relations. It also has an operational bias, devising workable policy responses, effectively recognizing that the State has a 'duty to care' to include and involve all members of society in political, economic and social processes. Furthermore, social inclusion has to respond to various discriminations such as gender, age, ethnicity or disability, etc.

Human Rights-based Approach

Being explicitly focused on the individual, social inclusion has strong correlations with the human rights-based approach to development. The realization of human rights and empowerment of individuals to exercise these rights as conditions for alleviating social exclusion and fostering social integration form the core message of the rights-based approach to development.

Both approaches are value-based analytical frameworks for analyzing imbalanced power relationships. They are both multidimensional frameworks with a relativistic understanding of poverty and social exclusion. Both approaches are preoccupied with the individual (and distinct groups) and their patterns of exclusion related to lacking access to labour, employment, education, health. They also share a common concern for equality, non-discrimination and inclusive participation (including the role of citizenship rights and the institutional dimension of exclusion/inclusion). Rights-based approach to development though has a stronger focus on ensuring that basic people's rights are not just nominal but individuals have the real opportunity to exercise them. Social inclusion on the other hand reaches beyond the enforcement of rights by tackling various forms of deprivation, stigmatization and social separation and hence seeks to understand this complex social phenomenon in terms of causes as well as outcomes.

The rights-based approach to development is advocated particularly by the United Nations and the Council of Europe, which focuses its related activities to the social exclusion on rights, their realization, and barriers to setting up legislative framework introducing human rights. Documents endorsed by the Council of Europe refer to the term social cohesion, which

is similar to the terms social inclusion and social integration. The revised Council of Europe's Strategy for Social Cohesion defines social cohesion as the capacity of a society to ensure the welfare of all its members, minimising disparities and avoiding polarisation.³ According to the Strategy, welfare implies not only equity and non-discrimination in access to human rights but also "the dignity of each person and the recognition of their abilities and their contribution to society, fully respecting the diversity of cultures, opinions and religious beliefs; the freedom of each individual to pursue their personal development throughout their life; the possibility for each person to participate actively as a full member of society".⁴ The Strategy also recognises links between social cohesion and economic growth, noting that the economic growth supports the achievement of cohesion objectives, if not as a goal for itself, but rather as means for achieving the overarching objectives of human development.

Human Development

Both social inclusion and rights-based approach to development have explicit human focus. This is what makes them conceptually and philosophically close to the human development paradigm.

The Human Development concept emerged as a response to the economically determined development paradigm which prevailed in the 1980s. Human Development approach offered alternative and people-centred model going beyond income to assess people's standard of living. The United Nations have embraced this paradigm and have contributed towards its operationalization through launching the Human Development Reports in the 1990.

Enlarging choices is the central focus of the human development approach, which places human beings' freedom and 'capability' to make positive choices at its core. Human development is both complex and simple. In a nutshell, it is about multidimensionality of the development process suggesting that apart from economic aspects, others are not less important. In that regard, human development goes beyond material well-being stressing the significance of education, access to adequate health services, guarantees for basic political freedom, respect of citizens' rights. Restriction in any of these is perceived as detrimental to human beings' freedom of choices.

Social exclusion and human development have much in common. Both social inclusion and human development concepts are people-focused and go beyond material well-being. Human development stresses the significance of education, access to adequate social services (health and education in particular), environmental sustainability, guarantees for basic political freedom, gender equality and respect of citizens' rights. Restriction in any of these is perceived as detrimental to human beings' freedom of choices. Social exclusion can similarly be understood as 'capability' deprivation that goes beyond income deprivation. In fact it is difficult for a country to claim high levels of human development if social exclusion persists.

Complementarities between the two concepts are equally important. Social inclusion adds the institutional dimension of exclusion (the organizations, institutions and processes that exclude) to the human development concept. A social inclusion perspective can also help

³ *European Committee for Social Cohesion (CDCS) – revised version of the Council of Europe's Strategy for Social Cohesion (approved at 878 session, on 31 March 2004 by the Committee of Ministers), Council of Europe, Strasbourg, 27 April 2004, p. 3.*

⁴ *Ibidem, p.5*

sharpen the strategies for achieving human development by addressing the discrimination, exclusion, powerlessness and accountability failures that lie at the root of poverty and other development problems. Both concepts are again complementary in policy respect with human development bearing stronger focus on “what” needs to be achieved and social inclusion – on “how”.

Poverty Reduction

Parallel to these initiatives, the problems of low living standards and deprivation have also been tackled through poverty reduction strategies. These have been mainly instituted by the international financial institutions, such as the World Bank (WB) and the International Monetary Fund (IMF). They represented medium-term national plans for poverty reduction and economic growth. In most of the post-socialist countries these strategies formed the first ever systematic analysis of poverty. Initially the poverty reduction strategies and strategy papers were disproportionately focused on monetary aspects of poverty and gradually a more balanced approach with emphasis on multi-dimensionality of the problem started gaining popularity. In this regard the evolution of ‘poverty reduction’ is clearly towards human development and social inclusion.

Poverty reduction strategies however did not always include clear targets and benchmarks, nor did they provide indicators against which their achievement can be measured. Commentators have argued that they have served more as ‘new conditionality on countries to secure loans and credits’⁵, as well as tools that gave little focus on ‘policies for pro-poor growth; or on the impacts on vulnerable groups’⁶

IMPLEMENTATION AND MONITORING FRAMEWORKS

All development paradigms outlined above have their monitoring frameworks. Quite logically, complementarities of the concepts results in complementarities of monitoring approaches and indicators.

Open Method of Coordination and Social Inclusion Measurements

Open Method of Coordination⁷ among EU member and candidate countries is a framework of political coordination, based on soft law. The Open Method of Coordination (OMC) is based on a mutual feedback process, in which the European Commission is the driving force (it plays the role of the chief of orchestra). The OMC was formalised in the context of the Lisbon Strategy, which was launched in March 2000 and is based on three main pillars: economic, employment and social pillar. It comprises of common objectives, common indicators as

⁵ Redmond, G. (2004) "Poverty Reduction Strategies and Well-being in Albania and former Yugoslavia", in Petmesidou, M. and Papatheodorou, C. (2006)(eds), *Poverty and Social Deprivation in the Mediterranean: Trends, Policies and Welfare Prospects in the New Millennium*, London: Zed Books & CROP International Studies in Poverty Research.

⁶ Marcus, R. et al (2002) PRSPs – fulfilling their potential for children in poverty? in "Journal of International Development" 14; 1117-28; and Bretton Woods Project (2003) PRSPs: a rough guide. <http://www.brettonwoodsproject.org>

⁷ For more information on the social OMC, see European Commission (DG EMPL) web-site: http://ec.europa.eu/employment_social/index_en.html. See also: Marlier, Atkinson, Cantillon and Nolan (2007). "The EU and social inclusion: Facing the challenges, Bristol: The Policy Press".

well as strategic reports (i.e. National Action Plans on Social Inclusion) and its subsequent evaluation.

In March 2005, EU leaders decided to give priority to the employment and economic pillars while emphasising at the same time the need to go on with the social OMC. The purpose of the EU Social Protection and Social Inclusion Process or “social OMC” is to help countries improve their own social policies through policy learning and exchange of good practices. Even though the Lisbon deadline is 2010, it is clear that EU cooperation in the employment, economic and social areas will be maintained and deepened beyond 2010.

The OMC requires specific indicators, which aim at facilitating mutual learning. EU level indicators are primarily focused on social outcomes. Indicators need to be complemented by system-wide information, which is indispensable for possible policy transfers. Methodological principles for selecting commonly agreed indicators to be used in the OMC cover: (1) Each portfolio taken separately: (i) comprehensive; (ii) balanced across different dimensions; (iii) enable synthetic and transparent assessment of individual country situation in relation to common objectives; (2) Individual indicators: (i) relevant, clear and accepted normative interpretation; (ii) robust; (iii) responsive to policy interventions but not subject to manipulation; (iv) comparable across countries; (v) based on regularly available and timely data.

The list of such indicators – known widely as the Laeken indicators – was adopted at the European Council Summit in Laeken in December 2001 and amended in 2006. They are the obligatory set that is to be used for monitoring the phenomena of social exclusion and inclusion in EU. The indicators have been divided in three levels, of which the first two – in their original version – covered 18 obligatory indicators, to be used by all states in reporting on the progress of the social inclusion process. Level 1 covers the indicators considered as primary indicators, and cover the most crucial factors of social exclusion. Level 2 covers indicators which supplement level 1, providing the information necessary for a better understanding and interpretation of level 1 indicators.

The list, accepted in 2006, covers three types of indicators: primary indicators, secondary and context indicators. Compared with the original list, the version modified in 2006 has level 1 limited only to the key indicators covering the main areas of social exclusion. Some of the indicators, originally included in level 1, have been shifted to level 2. Other Laeken indicators currently also constitute a set of the overarching indicators within social dimension, as it was accepted that they are well suited to support the monitoring of employment and economic growth policies and their interactions within the social inclusion process under the overall strategies. Finally, some indicators considered as less relevant, e.g. poverty rate indicator counted for the level of 50% of median income, or the indicator of long-term unemployment rate – have been removed from the list. The list of indicators in the education area was supplemented by, among other factors, an indicator of functional illiteracy (low reading literacy performance of 15-year old pupils). Work continues on developing indicators regarding relative deprivation, accommodation, the quality of life of children, and degree of meeting needs according to specified categories.

Laeken Indicators and Human Development and MDG Indicators

It can be argued that the modified list of Laeken indicators and in particular the focus on context indicators bring Social Inclusion monitoring closer to human development monitoring (in its broader, beyond Human Development Indicators). But still, important differences remain making the two monitoring frameworks highly complementary.

The first difference is the relative poverty risk approach adopted by the EU, largely for comparability purposes ("median" is a median regardless the differences in absolute values on incomes and expenditures). The "60% of the median income" is accepted as "lead" poverty threshold, complemented by the rate calculated for thresholds set at 40%, 50%, and 70% thresholds. In addition, other poverty risk measures are calculated: the poverty risk rate anchored at a moment in time, the persistent poverty risk rate, and the poverty risk gap. Apart from the aforementioned poverty risk indicators, the set of EU indicators for poverty and social exclusion includes indicators on income inequality, on education, on activity status (e.g. Long term unemployment, working poor, adults/children living in jobless households...) and on health. EU indicators are also currently being developed in the fields of material deprivation, housing, child well-being and unmet need for healthcare.

All these offered a chance for greater coordination among member and candidate countries regarding the exchange and use of best experiences in social inclusion policies. It has also instigated a greater use of harmonized data in relation to measuring social exclusion as well as development of national statistical capacities to monitor progress in this area. However, some critics have pointed out that income measures do not account for social transfers in-kind, which have a major influence on the welfare of children and on present and future risk of social exclusion⁸, and also that indicators are focused on 'outcomes' (rates of social exclusion and poverty) rather than policy 'inputs' (parameters such as benefit levels or formulae) or 'outputs' (such as expenditure levels or numbers receiving benefits, directly 'produced' by the policy), meaning that the indicators are not suitable for coordinating states' policy choices and settings⁹

Laeken Indicators for measuring social inclusion (Reformed as of June 2006)

PRIMARY INDICATORS:	SECONDARY INDICATORS:
At risk of poverty rate	At risk of poverty rate (full age break down)
Persistent at risk of poverty rate	Poverty risk by household type
Relative median poverty risk gap	Poverty risk by the work intensity of household
Long-term unemployment rate	Poverty risk by most frequent activity status
Population living in jobless households	Poverty risk by accommodation tenure status
Early school-leavers not in education or training	Dispersion around the at-risk-of- poverty threshold
Employment gap of immigrants	Persons with low educational attainment
Material deprivation	Low reading literacy performance of pupils
Housing	
Unmet need for care by income quintile	
Child well-being	

Source: European Commission, 2007:
http://ec.europa.eu/employment_social/spsi/common_indicators_en.htm

⁸ Mercader, M. (2005) *EU Indicators for Poverty and Social Inclusion, Presentation at the 'Taking Forward the EU Social Inclusion Process' Session C, Luxembourg, 13-14 June 2005.*

⁹ Mabbett, D. (2005) *'Learning by numbers? The use of indicators in the coordination of social inclusion policies in Europe', paper presented at ESRC Seminar Series Implementing the Lisbon Strategy, Policy Co-ordination through 'Open' Methods, Queen Mary College, 24 January.*

We may conclude that the concept of social inclusion, once defined and operational, might offer a shift from focus on marginalization and targeting to a struggle for solidarity and universality; from income statistics towards non-monetary indicators; from a "risk orientation" towards securing participatory and cohesive approach.

Sustainable Development, Human Development and MDG Indicators

It is not coincidence that the three sets of indicators have "development" at its core. Again, as with other reporting and monitoring frameworks, they are highly complementary, elaborating specific aspects in individual areas.

In 1992 the Conference on Environment and sustainable development in Rio de Janeiro called on UN member states and the international community to develop and apply sustainable development indicators, serving to support decision-makers of every level in shaping national development policies, integrating economic, social and environmental objectives. Agenda 21- the programme document was adopted by the Conference and the set of sustainable development indicators developed by the Commission for Sustainable Development (CSD) initially covered 134 indicators in the D-S-R (driving force – state – response) framework grouped in four orders, fifteen subject areas and 38 sub-areas. The set was next revised to the 58 most critical indicators. The third revision of the set was made in 2006, after the World Summit on Sustainable Development held in Johannesburg in 2002. The Johannesburg Summit participants reviewed the progress made toward implementing Agenda 21, adopted a "negotiated implementation plan" including concrete steps toward meeting its goals and endorsed a new Global Program Capacity 2015 managed by UNDP and aimed at developing capacities for the implementation of the plan and achievement of the Agenda 21.

Currently the set of Sustainable Development Indicators (SDI) consists of 98 indicators, including 50 so-called core indicators, at level I. The changes were to ensure better consistency with the system of monitoring the Millennium Development Goals. The SD indicators are mainly output and partially outcome indicators with no targets. On the other hand, MDG indicators have a clear policy purpose (agreed targets) as they measure progress with a strict 10-years period (2005-2015). The MDGs targets and indicators were established in 2000 while in 2005, the UN called a World Summit in New York to take stock of the progress made and to reconfirm the commitment made by the member states to achieve the MDGs by 2015. Last year few changes were made to the 18 targets and 48 indicators. Still, the international focus on MDG indicators implies a need for selection criteria that are often less relevant for nationally oriented sets, which brings the issue of optimal choice between national adequacy and international comparability.

How do the Human Development indicators correspond to the Sustainable development and MDG indicators? In order to better understand the linkages between the three, it is necessary to distinguish between the concepts and their reflection on measurements. The HD concept encompasses a wide range of phenomena with direct impact on human well-being. Economy – the "traditional" proxy of human progress with its indicators – is seen as just one of the vital areas. Apart from that in HD paradigm the demographic patterns and indicators, household wellbeing (and particularly diversity in incomes and expenditures), health and nutrition, housing (both quality and affordability), education and culture, personal security (security from crime, threat perception), environment sustainability, governance (both quality and efficiency of governance as well as political and human rights) are equally important. As seen from this brief list, the human development paradigm is wide enough and

different monitoring frameworks in fact address one of several of its areas in more depth or with different focus – operational, with clear policy-making purpose or advocacy intended to focus public attention and generate support for this or that development option. The HD index, often confused with HD concept, is thus an example of a composite indicator with clear advocacy purposes.

Indicators and Monitoring Frameworks Disaggregation

In order for the indicators to reflect adequately the national development priorities and have clear policy focus, they need to be nationalized in all cases. This is not just the case of MDG targets and indicators but also the case of Social Inclusion indicators. The Laeken indicators outlined above provides a framework that needs to be elaborated in-depth so that it goes from reporting to policies.

The major problem here is with data that is necessary to be fed in the indicators sets. Sub-national data and analysis are needed to reveal development challenges that are never evenly spread across a country's population thus disproportionately affecting different groups and regions. This is for example the case for residents of rural or depressed areas, or for ethnic minorities (e.g., Roma). Addressing these disparities ideally requires disaggregation to focus better on disadvantaged regions or groups, as well as the development of appropriately disaggregated targets and indicators. To address these issues, MDG-driven local development plans are being elaborated in many CEE/CIS countries. In the case of Social Inclusion indicators such disaggregation is possible within the "third level" indicators. Consistency of data sources however is a challenge and cross-country comparisons at this level of indicators may be limited.

SOCIAL INCLUSION IN POLICY CONTEXT

Social inclusion policies in the country have not been part of its pre-socialist social policy agenda. Since recently and mostly owing to the pressure from international organizations, the social inclusion emphasis has emerged as an important focus in many national strategies and actions plans (i.e. National Programme for Development of Education¹⁰, National Action Plan on Employment¹¹ etc.). The Millennium Development Report (2005), which offered empirical evidence on the status of the Millennium Development Goals in the country, was also among the first to emphasize the goal of reducing social exclusion as relevant as reducing poverty. However, in pursuit of its own social inclusion policy, the country finds itself 'trapped' between its own-nationally defined standards and norms and the need to follow and cohere with the international and EU indicators for measuring social exclusion.

Currently in the country there are neither officially accepted definitions nor operationalisations for poverty and social inclusion. The State Statistical Office emphasizes that when measuring poverty it uses the EUROSTAT definition for poverty as a 'starting definition'. However, the EU has operationalized its definition through the adoption of a relative poverty method defined as below 60% of the national median equalized disposable income. But, in the country context, poverty measurement since 1997 has been determined as 70% of median equiva-

¹⁰ Ministry of Education and Science (2006) "National Program for Development of Education in Republic of Macedonia 2005-2015", with associated program documents (in Macedonian), Skopje

¹¹ Ministry of Labour and Social Policy (2006) "National Action Plan for Employment 2006-2008", Skopje

lent expenditure. Reasons for this difference between EU and national poverty measurement standards mainly result from Macedonian specifics, such as: high level of undeclared work due to which income does not prove as a reliable source to monitor poverty, hence the focus is placed on expenditure; the 70% instead of 60% median was chosen mainly because of political reasons and need to correlate the poverty threshold with the increased demand for social assistance.

In regard to socially excluded population, the Ministry of Labor and Social Policy in 2004 defined four target groups as lacking more effective access to social protection services: drug users and members of their families; street children and their parents; victims of family violence and homeless people. Since then, according to the 2007 Strategic Plan (2007-2009), it seems that this category has been broadened to include also: disabled children and the elderly, immigrants and asylum seekers as well as elderly people. Administering a rather arbitrary approach the country finds itself in a trap to potentially exclude certain categories of people from improved access to social protection system (such as ethnic groups, redundant workers, employees with low incomes, etc.). It may be more appropriate if the social inclusion policy is advocated through a more universal approach to social services and benefits, rather than just focusing on targeted vulnerable groups.

Finally, the preparation of EU Laeken Indicators for the country is still in the very early stage. From those available (and calculated for the purposes of the Millennium Development Report, 2005), a very alarming picture emerges: (1) The share of persons living in jobless households in 2004 was 27.7%; (2) The rate of long-term unemployed in 2005 was 32.3%; (3) The long-term unemployment rate in 2005 was 86.7%; (4) The very long-term unemployment rate in 2005 was 28.4%; (5) Gini coefficient/index for 2003 was 0.29; (6) Life expectancy at birth for the period 2003/2005 was 73.62 for all and 71.4 years for men and 75.8 for women; and (7) The figure for persons with low educational attainment (ISCED level two or less), for 2005 was 41%. However, one should use and interpret these calculated indicators very cautiously, due to national specifics, such as size of the grey economy in the country as well as certain issues related with the quality of the Labour Force Survey, especially in connection with the activity/inactivity status of the categories, such as: unpaid family workers, self-employed and pensioners¹².

It is important for the country to use the intensified international attention to social inclusion and introduce and correlate its own social inclusion measurement and policies closer to international and EU standards. Particularly, it should try to enforce introduction of ESSPROS¹³ and EU-SILC¹⁴ methodologies for gathering information about social protection and living standards as well as to try to advance the introduction and use of EU Laeken Social Indicators. These can be of great contribution especially for the ongoing preparation of the Joint Inclusion Memoranda (JIM), but also for the following National Action Plans on Social Inclusion (NAPs/incl). Notwithstanding the importance of using these international harmonized sources, it remains even a greater imperative to govern and implement social inclusion policies that will be in consonance with social, economic and ethnic particularities of the Macedonian society.

¹² *Euro Balkan (2007) "Study on Social Protection and Social Inclusion in former Yugoslav Republic of Macedonia: European Commission".*

¹³ *European System of Integrated Social Protection Statistics*

¹⁴ *The EU Survey on Income and Living Conditions*

The Socio-economic Situation in the Country Today

The transition towards a modern market economy among other things has created huge social differences among different social groups of Macedonian society. Since most of the companies which were active during the socialist regime were burdened with over-employment, an important impetus for the social disintegration of the country was the process of privatization and restructuring of the companies which sought lay-offs of workers. This has created a pool of unemployed people, many of which were either not able to find other employment in terms of market-driven labour relations, or ended up working in the “grey economy” sector. The informal economic sector is relatively huge – some estimates point that it is in the vicinity of 40 percent of GDP – whilst its basic features are low(er) incomes and exclusion of people active in this sector from the social and health insurance schemes. The number of unemployed people was additionally increased by the emerged pool of younger people unable to secure employment, due to both the relatively low demand for new employment, itself the result of the slow economic growth, and/or due to their inadequate educational and skills background to meet the labour market demand.

Having in mind these as well as other facts, the socio-economic analysis of the last edition of UNDP’s Early Warning Report concludes that: “The reforms and the transition create - as is normal in any reform process - winners and losers. It was expected that the transition in the country would have been ended by now, and that it would end with more winners than losers. But, a completely different effect happened. In general, one could talk about three social categories of Macedonian citizens today: (i) “transition losers” (the unemployed, the ones without income and the ones with irregular income, and/or the ones with lower education and lower qualifications), whose position has significantly worsened in comparison to the one before the transition; (ii) “neutral” (the ones employed in public enterprises, the state bureaucracy and the pensioners), who have relatively small incomes and are under constant pressure that they might lose their jobs, and hence their pessimistic attitude, insecurity and dissatisfaction; and (iii) “transition winners” (the ones who have good jobs in the private sector, or have their own business that manages to be sustainable and to develop, as well as the employed in the foreign representative offices and embassies), whose position is, mainly, better-off than it would be without the transition. The ratio in the numbers between the aforementioned categories indicates that the “losers” are prevailing. Close to them, because of their perceptions, are also the “neutral” ones, while the number of “transition winners” is the smallest, and is in general relatively very small. That establishes the basis for the general socio-economic picture of the country today, and it is also from there that the general, predominantly pessimistic disposition of the public is derived.”¹⁵

Unemployment, coupled with the lack of alternative sources of income, has created a relatively huge pool of socially vulnerable and/or socially excluded people within Macedonian society. The status of social vulnerability and exclusion, among other things, also results in deteriorated position in respect to the health situation of poor people, especially of new-born and young children (reflected in higher child mortality rate within that group). These problems might be augmented by the regional disparities in the country, that lead to concentration of the economic growth (and its benefits) in the capital Skopje and in few other urban centres leaving the rest of the country behind. This problem has been tackled through policy measures but still remains persistent.

¹⁵ UNDP: *Early Warning Report, June 2007.*

Social Policy and the Forthcoming Policy Agenda

Observed from a European perspective and measured in terms of GDP, the country belongs to a group of countries with lowest GDP per capita at PPP terms, since Macedonian GDP in 2005 was equivalent to (only) 26 percent of the EU-25 average. At the same time, the GDP per capita is in a similar range to the GDP levels of the neighbouring countries – very similar to the GDP per capita of Serbia and slightly higher than Albania, Bosnia and Herzegovina and Montenegro. However, in contrast to its neighbours, the country was granted status of a candidate country for EU accession at the end of 2005. But, this position creates specific issues for the country in the near future.

Candidate country status is and definitely will be the main driving force for its policy agenda in the future. Although the country was granted the candidate country status and although the EU accession process is given highest priority by all political actors (by the new government as well), it is not to be expected that the EU accession process will be pursued over a short period of time, but rather that it will be somewhat slow. First, as a small country fulfilling the EU accession conditions will be, principally, more challenging for the country than it is for the bigger countries. In addition, a date for starting accession negotiations has not been announced until now, and it is not to be expected until at least the end of 2008. Hence, since the country is relatively far from full compliance with the EU accession criteria, it is necessary to embark upon extremely rigorous and overwhelming reforms, in order to devote most (if not all) resources available to achieving that goal. But, given the country's rather limited resources, particularly with regard to human capital of high quality, the emergence of EU accession agenda as top priority might come at the expense of other needs, the social needs aspects of development in particular.

The country is eligible for pre-accession assistance from the EU. These funds are widely considered as an important tool for fulfilling the EU accession criteria, as well as for improving the economic situation of the country in general. They have been formally available since the beginning of 2007, but given the low absorption capacity, it is unrealistic to expect that these funds will become fully effective before (early) 2009. Hence improving the capacity to design and implement projects is a particular challenge already.

Social Policy and the Quality of Governance

Another specific challenge in the country context related to the social policy issue is the low capacity of Macedonian public administration at national and local level, which is overwhelming and enduring. Although few small islands of excellence within the administration can be found, these are exceptions rather than a norm. The reasons for this can be traced to the relatively poor education and skills background of civil servants, constant lack of a merit-based system of recruitment, promotion and remuneration of public administration personnel, the way in which the policy of equitable representation of different ethnic groups and of minorities in the public administration has been implemented, lack (or rather insufficient) training schemes, low working enthusiasm of public servants, etc. The low capacity of public administration is reflected in its lack of strategic and implementation capacity, incentives towards corruptive (rent-seeking) behaviour, limited accountability, low credibility and high distrust of citizens in the work of authorities, overlapping of duties and responsibilities, duplication of work and lack of coordination. An additional feature within the weak governance context in the country is the vastly neglected role of public-private

partnerships, the outcome being that the role of civil society in general and in the policy process in particular has been underdeveloped.

Speaking more strictly in terms of the social policy issue, the inadequate governance is reflected in several points: (i) lack of consistent policy plans and strategies for tackling the social issues; (ii) weak implementation capacity for pursuing social policy measures; (iii) unsatisfactory public services (health, education, etc.) for the socially excluded (vulnerable) groups (in fact the same is true for the entire population); (iv) lack of a comprehensive systematic data (track record) of all individuals or families which fall in the categories of socially excluded (vulnerable) groups, etc. Notwithstanding the fact that weak governance is also a factor which actually creates socially excluded groups in the country (at least through the negative impact of weak governance on the economic growth), it is also true that insufficient efforts have been undertaken to improve the situation in this respect.

As stated above, the report series intends to address a wide area of issues falling within the scope of human development in the broad sense of this term. Given the policy focus of the report, it will have explicit social inclusion dimensions. Individual issues will attempt to provide answers to human development challenges in social inclusion agenda.

For that purpose a wide range of data sources will be used – quantitative and perception data from custom-designed regular surveys, hard complementing the main analysis, other data and information outlining important details of the socio-economic context of the phenomena observed. Based on the quantitative data from the custom surveys, a set of indicators will be calculated and monitored on bi-annual basis. The range of indicators has explicit social inclusion focus and follows to the utmost extent the logic and list of Laeken indicators. It will enable observation of trends in social inclusion and vulnerability levels, both at household and individual levels.

Chapter 2



Social Inclusion Profiles



Chapter 2: Social Inclusion Profiles

Over the past two decades, the issue of social cohesion - as a value of the modern societies - has become increasingly relevant. Nowadays, almost all states aspire to more social welfare and consequently, a higher level of social cohesion. The ultimate goal of economic growth and development of any government is increasing gains in human development, which entails the increase of living standard of the population, equitable and pro-poor growth and sustainable reduction of the social exclusion of individuals, groups and communities in the society.

Macedonian situation is no exclusion to this trend. Its Constitution asserts the obligation of the state to ensure care for individuals and groups at risk, which makes it - at least from a systemic and normative perspective - a declared social state. In all other systemic legal solutions and secondary legislation related to social care, as well as in the development documents and plans, the state intends to meet its declared Constitutional social obligation; the economic situation and the power of the state, however still present a limiting factor in the attainment of this goal.

This chapter will analyze to what extent the objective of improving human development social cohesion is met, which groups of the population are at risk of social exclusion, and what are the major determinants of social exclusion. The chapter also provides a comprehensive framework of indicators that enables observation of the process over time.

POVERTY

Poverty is a major aspect of vulnerability and social exclusion. This section attempts various dimensions of poverty – its incidence and depth, the extent of inequality as well as its major determinants. The analysis looks both at incomes and expenditures because for various reasons neither individually reflects adequately the dynamics of poverty. Where possible, the analysis is disaggregated by major groups, the affiliation to which may increase vulnerability risks.

Levels and Depth of Poverty

Given the aptitude of people to underreport their incomes, poverty assessment is done here on the basis both of incomes and expenditures. Expenditures are used both for analyzing the consumption patterns of household but are also used as additional proxy of incomes. Comparing the incomes and expenditures poverty profiles they reflect different aspects of the phenomenon. More importantly, expenditures are treated as “household parameter” whilst incomes – as “individual parameter”. Hence in the analysis the two layers are strictly differentiated.

Using the data on household expenditures and applying “60% of the median” approach (used most frequently as a threshold in EU social inclusion indicators), the expenditure-based poverty threshold was established 4827.34 Denars. 18% of the households in the sample have equivalent expenditure below the poverty threshold. Household size however matters and the general rule is that poorer households are bigger. That is why poverty headcount (poverty rate defined as the share of people living with equivalent expenditure below the poverty threshold) is slightly higher and stands at 20.6%. Roma households are (unsurprisingly) the poorest with almost 45% that have equivalent expenditures below the poverty threshold.

Income-based poverty rates are different from expenditures-based poverty rates. The reason is typical for economies in transition where substantive share of incomes come from the informal sector and people tend to underreport it. Still, the poverty estimates based on income

are also relevant because, with the exception of the most affluent group, people generally tend to have similar incentives to underreport it. If measured by incomes, the share of households with equivalent incomes below the poverty threshold (60% of the median income) is 23% and income-based poverty headcount is 26%. Both poverty estimates are summarized in Table 2.1 .

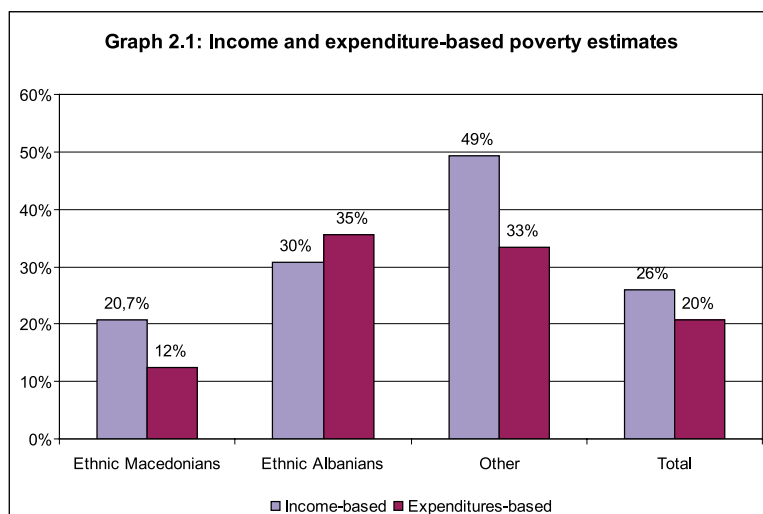
Poverty is not distributed equally across groups. People living in rural areas tend to have higher poverty rates than those living in urban areas (26 versus 15.3%). Disparities in poverty rates among ethnically-defined groups are also important and shown in Table 2.1 and Graph 2.1. What is interesting here is the atypical poverty profile of the ethnic Albanian population, which shows lower income-based poverty than expenditure-based poverty. The possible explanation probably has to do with higher rates of savings among this group and higher expenditures on fixed assets investment (like housing construction, which was not reported during the interview). This is one of the reasons why it is important to monitor both estimates.

Table 2.1: Poverty estimates

	Share of poor households*		Poverty headcount**	
	Expenditure-based	Income-based	Expenditure-based	Income-based
Total	18%	23%	20.6%	26%
Ethnic Macedonians	12.6%	21%	12.3%	21%
Ethnic Albanians	32.3%	26%	35.6%	31%
Other	27.3%	40%	33.4%	49%

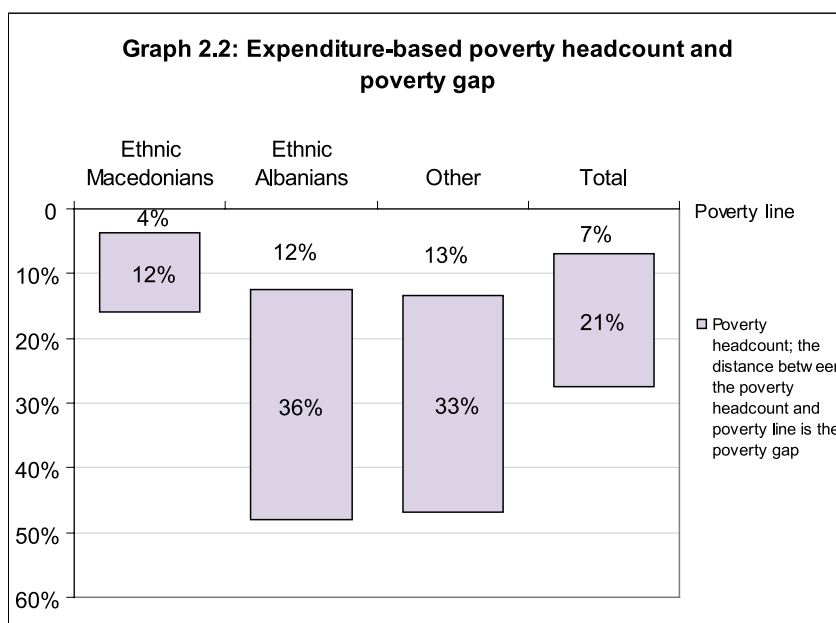
* - Share of households with equivalent expenditures or incomes below 60% of the poverty threshold (total number of households 1039)

** - Share of individuals living in households with equivalent expenditures or incomes below 60% of the poverty threshold (total number of household members 4036)



* The tables and the graphs in this report are built on the basis of data derived from the representative survey conducted for the purposes of the report in December 2007 and on previous surveys from Early Warning Report by Brima Gallup International. For more details on the survey see the Methodological Annex.

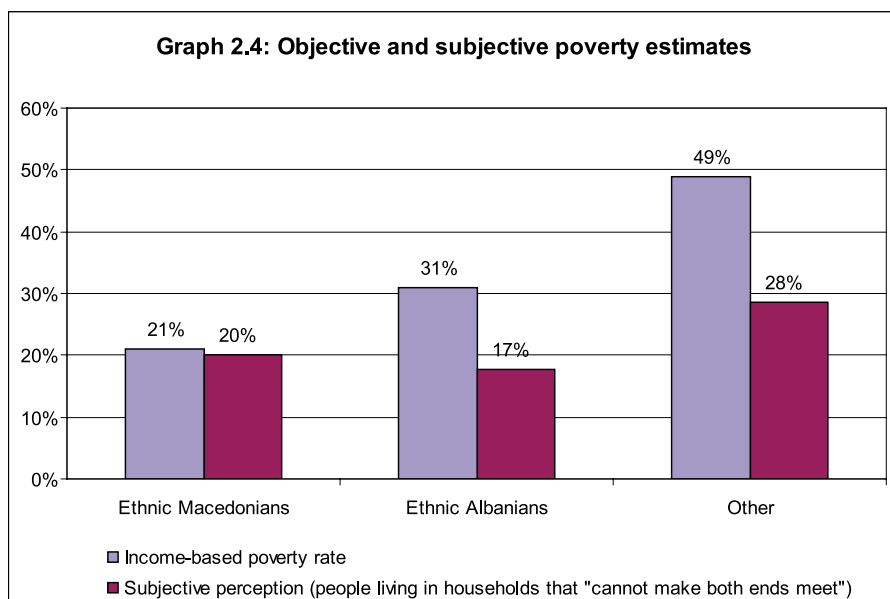
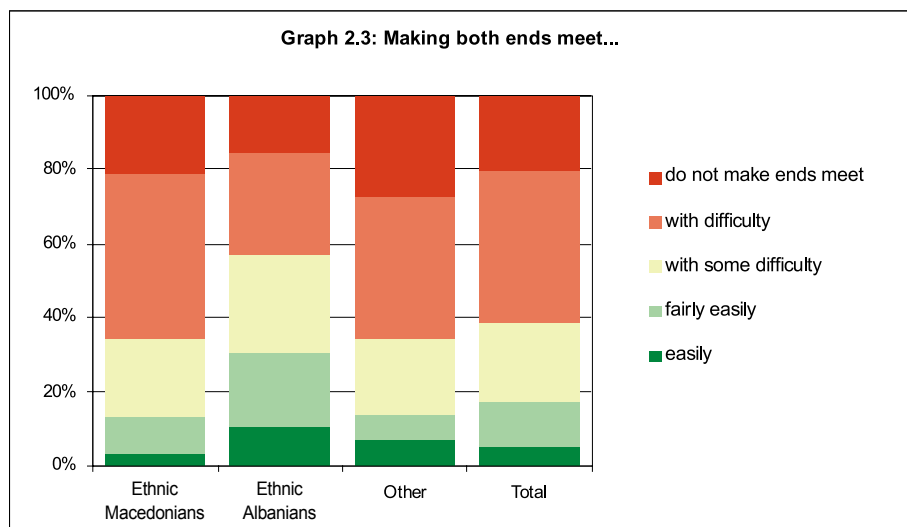
Different groups are also differently “sunk” in poverty. It matters whether the poor are just below the poverty threshold (and thus it is relatively easy for this group to escape) or is deeply below it (and thus it needs different approaches to reduce poverty). That is why it is important to monitor the poverty gap – the average distance of the poor from the poverty line. Expenditure-based poverty gap for the entire sample is 7% but it is just 4% for ethnic Macedonian population compared to 12% for ethnic Albanians and 13% for other minorities. Income-based poverty gap (as income based poverty estimates in general) is even higher – 12% for the entire sample, 7% for ethnic Macedonians, 18% for ethnic Albanians and 25% for other minorities. This is primarily because the ethnic Roma population (the most vulnerable) fall in this group. Graph 2.2 illustrates the issue of poverty headcount (the area of the respective bar) and poverty gap (the percentage between the area of the poverty headcount and the poverty threshold).



The data show that children are disproportionately affected by poverty. The total number of household members in the interviewed sample of 1039 households is 4036, of which the number of children below 15 years of age is 714; 38.5% of those children live in families with equivalent income below the poverty line. One third of the children living in poor families live with family income lower than 3,000 Denars.

The poverty profile registered by the quantitative data is confirmed also by subjective perception of poverty. Only 18% of interviewed families declare that they are able to satisfy their needs with the income generated, of which only 5.0% are able to do so “very easily”. 22.3% have some difficulty in satisfying their needs whilst 39.5% of the respondents do so with difficulty. 19.9% are not able to satisfy their basic needs. Graph 2.3, reflects the responses on the question “do you have difficulties in making both ends meet”, and Graph 2.4 illustrates the difference between subjective and objective poverty estimates. In the case of ethnic Macedonians, objective and subjective estimates almost overlap. In the case of other groups there is an interesting difference – subjective perception of poverty is lower than the poverty head-

count. The explanation is in the “reference point” phenomenon – the poorer the household, the more modest are its aspirations. Thus the most marginalized and excluded tend to see themselves as less poor than they may actually be (the same is the case of the health status self-assessment). This is why the subjective poverty estimates need to be seen and analyzed in their context, disaggregated by group and vulnerability status.



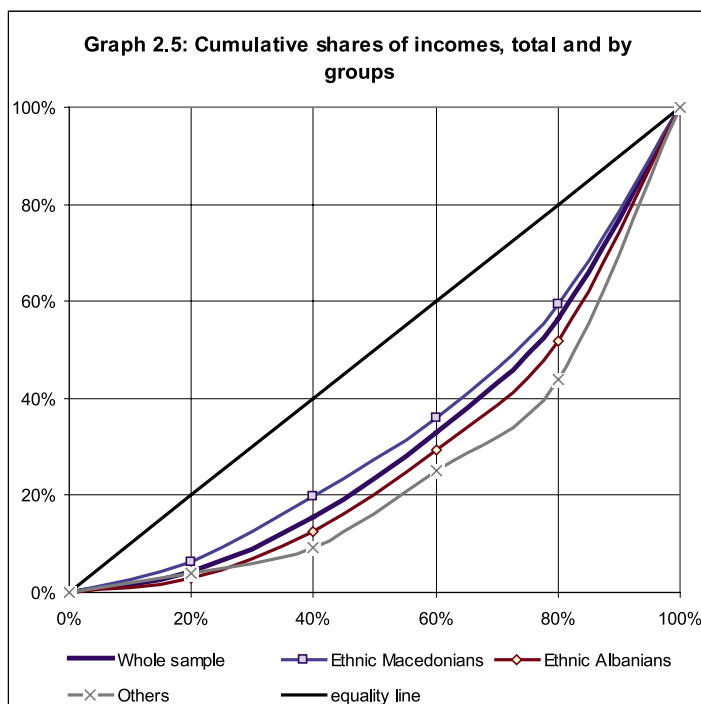
Incomes and Their Distribution

The reported income levels confirm the hypothesis of existing disparities between households. While the mean equivalent household income for the sample is 8,741.8 Denars, the median reaches only 7,226.8 Denars, which means more than a half of the sample has income

lower than the average income for the sample. The value of median equivalent household income varies substantially within each group reflecting internal diversity in income distribution. Table 2.2 shows the shares of total incomes by quintiles. Ethnic Albanians appear to face the highest magnitude of inequality (the first 20% of the population in the surveyed households receives just 3% of the total income). The situation is similar to the fifth quintile – these 20% of the population receive as much as 48% of the incomes. Ethnic Macedonians show slightly lower levels of income. The highest level of inequality however is amongst “other” groups. This finding confirms other research results that show deepest inequalities among the most vulnerable. The ethnic Roma population is one example – although most ethnic Roma are desperately poor, a small share of this group is well-off and by no means can be put under the same category as the majority of the group. Group-related differences in income distribution are illustrated by Gini coefficients, which are 0.352 for ethnic Macedonians, 0.438 for ethnic Albanians and 0.497 for other groups. The different shapes of Lorenz curve for different groups are shown on Graph 2.5.

Table 2.2: Share of total incomes received by quintiles

Quintile	Share of Total Income	Ethnic Macedonians	Ethnic Albanians	Others
1	4%	6%	3%	4%
2	11%	13%	10%	5%
3	17%	16%	17%	16%
4	24%	23%	22%	19%
5	44%	41%	48%	56%



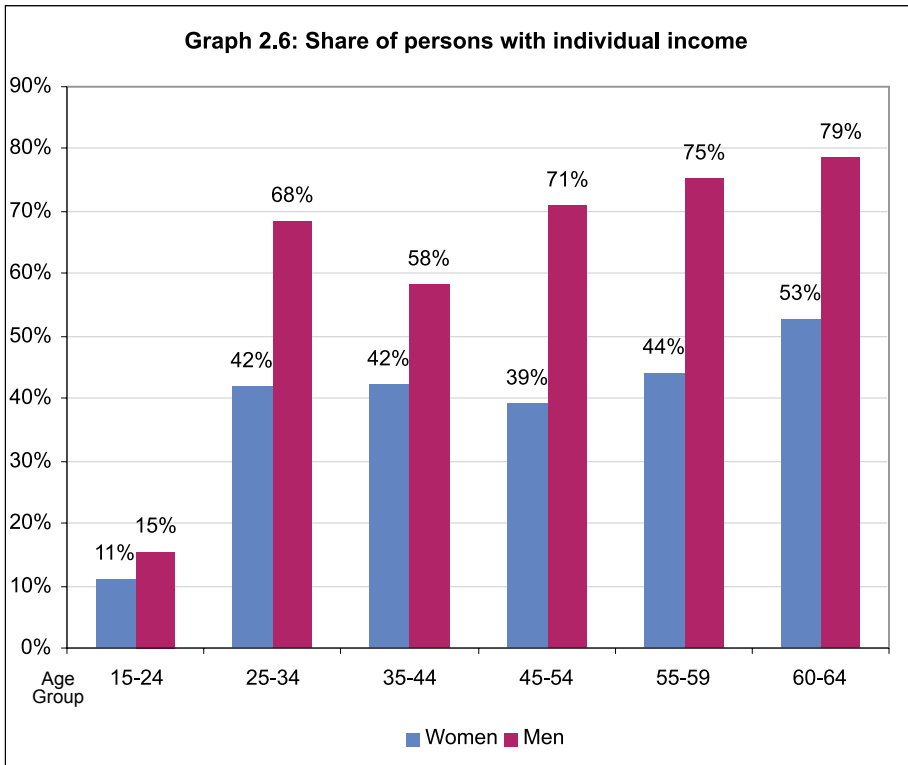
Another indicator of income distribution is S80/S20 ratio – the ratio between the total incomes received by the highest quintile to the total incomes received by the lowest (poorest 20% of the population). In the case of ethnic Macedonians this ratio is 9.9 (the richest 20% receive 9.9 times higher income in total than the poorest 20%). The highest ratio (hence the highest overall inequality) is among ethnic Albanians (17.1) followed by other minorities (14.7).

Significant differences in incomes exist between rural and urban populations with inequality more pronounced among rural. Gini coefficient for the rural population is 0.401 and for the urban population is 0.379. This reflects the uneven impact of transition in terms of development opportunities. Rural areas still lag behind in this regard with income generation opportunities spread more unevenly than in urban centres. The choices in rural areas seem to be more in favour of “survival through subsistence of agriculture”, which is reflected in higher levels of income inequality. Table 2.3 summarises the data in this regard by quintiles. It shows that 24% of rural population falls into the first income quintile – compared to only 17% of urban population. Respectively, only 15% of rural falls into the last quintile compared to 24% of urban.

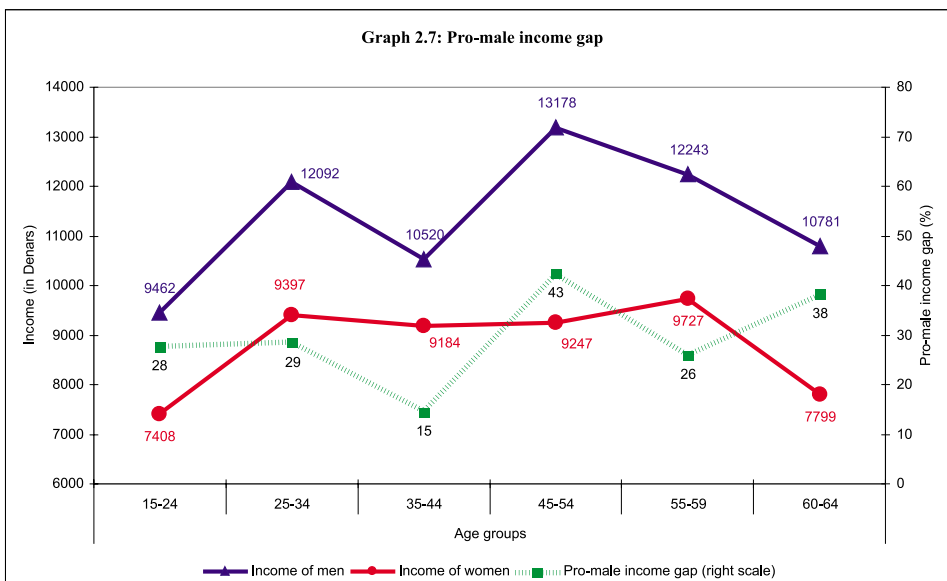
Table 2.3: Population distribution by income quintiles

Quintile	Rural	Urban	Total
1	24%	17%	20%
2	21%	20%	20%
3	20%	20%	20%
4	21%	19%	20%
5	15%	24%	20%
Total	100%	100%	100%

Data also reveals significant disparities in incomes between men and women. On average, 61% of men in working age (above 15 years old) have independent source of income (income of their own) compared to 39% of women. Important difference between age groups exists however. For the young people entering the labour market (15-24 years of age) the difference between men and women with independent income is still insignificant, but it shows high difference starting with the age group of 25-34 and continues to stay high for all the remaining age groups (with slight improvement for people between 35 and 44 years of age). Apart from the exclusion from the labour market, this suggests that vulnerability of women is much higher in case of loss of breadwinner in the family.



Significant differences emerge when it comes to levels of income between men and women. Graph 2.7 illustrates the fact that women are twice as vulnerable in the labour market – not only facing the lower employment opportunities but also receiving lower incomes when employed.



Sources of Income

Labour remuneration appears as a major source of income. Moreover, the majority of the respondents (82.2%) answered that they do not generate any income from additional work, whereas 89.4% declared they had not received financial support from abroad in the last six months. Those who did receive financial support from abroad are primarily from the north-western parts of the country, that have some of the family members working abroad temporary (dominated by the Polog region with 34.5%, followed by the Skopje region 19.4% and the Ohrid region) 15.7% of those who have declared receiving financial support from abroad, 54% are ethnic Albanians, 29.3% are ethnic Macedonians.

Data from the survey largely support the official statistics related to this. According to the data of the National Bank in 2006, about 20% of the GDP value was constituted by private transfers from foreign countries (the majority coming as remittances — which is in any case a much larger amount, taking into account the informal transfers).

Part of the household income comes from state support (various types of social assistance). Such transfers are usually a “double blessing”. On average, state transfers of any kind (excluding pensions) constituted 7.3% of the household incomes of families benefiting from such transfers, which definitely help families make both ends meet. But on the other hand, such transfers may increase their dependency in the long run. This is why cautious balance between social protection and active life strategies is necessary.

Some survey data* suggests that this balance is still to be reached – out of the 543 respondents that benefit from financial social aid (FSA), as much as 97.61% have never been engaged in public work, either as a short-term engagement of 5 days or for longer-term engagement as seasonal workers at jobs lasting more than 5 days. Where there is an engagement in public works, experience shows that it is most frequent among the users of FSA who have been receiving aid for young people aged six to ten years (and as much as seven of eleven users who stated that they had been engaged in public work belong to the group of users of aid for a period of six to ten years).

Except for this type of aid – and exactly due to the use of financial social aid just like any other types of programs from the set of social protection measures – a large portion of the users work on the black market and are not motivated to apply for formalization of their jobs, fearing the loss of social aid. Hence the conclusion is that the Welfare-to-Work Programs are still in their embryonic stage. The partnership between the social work centres, employment services agencies, private sector, as well as the NGO sector is facing a new challenge regarding the development of this Program. The governments' coherent policies should be focused in this direction, depending on their competencies (central and local).

Expenditure Patterns

Data on household expenditures largely confirms the picture revealed by incomes. The average household expenditure for the sample is 19582 Denars and, as in the case of incomes, the value varies substantively between groups with non-poor households having almost twice the average expenditure as the poor ones. Even taking into consideration household size (poor households tend to be bigger), the differences are significant.

The households reported not just the total expenditures but also its type. Table 2.4 presents expenditure structures for two types of household – poor (with equivalent expenditure

* For more information, see: FOSIM Project (Project Capital) – Estimate of the Potential for Good Governance – subproject Social Protection, December 2007, Skopje.

below 60% of the median) and non-poor (with equivalent expenditure above 60% of the median). This sheds additional light on the reason why high share of people report that they have difficulties to make ends meet. Differences in household expenditure structures are a logical consequence of existing inequality.

In-depth analysis of the data sheds more light on who are the poor? The “generic” poor household is of predominantly Albanian ethnicity (using expenditure-based estimates, 32% are ethnic Albanian, 13% ethnic Macedonian) and live predominantly in rural areas. They largely derive their incomes from the informal sector and have average share of expenditures on food at 4659 Denars of the household expenditures (compared to 7448 Denars for the non-poor households). This gives the share of expenditures on food of respectively 40 and 34% respectively of the total average households expenditure, suggesting that even the household considered as non-poor are not that dramatically different from the poor household’s expenditure profile.

It seems that rural areas show higher mean expenditure for the fifth quintile than even urban households, which may suggest the existence of extremely rich households amongst relatively equally poor “remaining households”. Urban households on the other hand show lower level of inequality skewed ‘downwards’ towards the first quintile, which appears poorer than the poor in the rural areas.

Table 2.4: Households expenditure structure

Monthly	Average per household in Denars			Share of total		
	Non-poor	Poor	Total	Non-poor	Poor	Total
Food	7448	4659	6796	34%	40%	35%
Alcohol	259	114	225	1%	1%	1%
Cigarettes	958	514	854	4%	4%	4%
Clothes (including shoes)	1722	580	1455	8%	5%	7%
Housing (public utilities - phone, water, electricity)	3741	2066	3349	17%	18%	17%
Medicines and medical services	923	808	896	4%	7%	5%
Everyday household goods, e.g. hygienic products, detergents etc	955	674	889	4%	6%	5%
Transportation	1429	630	1242	6%	5%	6%
Entertainment (visits to the cinema, cafeterias, travel)	558	144	462	3%	1%	2%
Loans	1100	154	879	5%	1%	4%
Education (monthly, calculated from yearly reported average)	1714	722	1482	8%	6%	8%
Durables	1232	467	1053	6%	4%	5%
Total	22039	11531	19582	100%	100%	100%

The data on the loans reveals an interesting pattern. Debt seems to be a problem for a significant number of households – but to a lesser extent for poor households (at least the share of their expenditures devoted to paying loans is small). On the one hand, this may suggest that the “better off” group is better off partially because of borrowing. On the other hand, poor households simply may not afford paying debts and they don’t appear in the expenditure structure adequately. The data suggests that the second option may be true. According to the distribution of debt and its amount as well as the question regarding the amount that the family has spent on reimbursing the debt in the last month, 117 families (out of 180) have managed to pay from 2000 to 6000 Denars in the last month to cover their debt. Out of the total of 180 families that took some form of loan and are in debt, 109 belong to the vulnerable group with monthly income of 9000 Denars.

UNEMPLOYMENT AND EMPLOYMENT

Thus far, unemployment and poverty as a consequence of the economic crisis in the country are still on the top of the list of the largest problems the country is facing today. The low level of employment today is a result of the long and inefficient transition of ownership, technical-technological, organizational and financial transition, which – since the commencement of the process to the present day – is going through a permanent trend of deterioration.

Unemployment in Respondents’ Perception

One of the biggest problems perceived by the respondents has been unemployment, monitored in consecutive surveys through a long period (under this report and EWR). The situation is similar today (after more than five years) even in this Report: unemployment is considered by as much as 80.2% of the citizens to be the largest problem, followed by poverty and low living standard of citizens (47.3%), economic crisis (28.3%), and corruption (21.2%). Following this trend until today, one can see that the situation regarding these problems of the so-called socio-economic corps has been worsening:

Biggest problem – % of those who stated:	At the end of 2002	At the end of 2007
1. Unemployment	72.2% (“most important” and “important”)	80.2
2. Poverty and living standard	39.7% (“most important” and “important”)	47.3
3. Economic crisis	No such option exists	28.3
4. Corruption	28.7%	21.1

** The above table is built on the basis of data derived from the representative survey conducted for the purposes of the report in December 2007 and on previous surveys from Early Warning Report by Brima Gallup International. For more details on the survey see the Methodological Annex.*

The respondents anticipate the following challenges in the future: unemployment – 53.5%, poverty – 33.3%, economic crisis – 23.9% and corruption – 13.2%. The significantly reduced percentages in the same order regarding the problems are a result of the increased expectations of the citizens on the economic plan, mainly as a consequence of the perception coming from the Government’s aspirations to turn 2008 into a year of economic renaissance and boom.

Unemployment Levels and Determinants

According to the quantitative data from the December 2007 survey, the unemployment rate for the overall sample is 23%. Differences by groups are significant: unemployment was higher among ethnic Macedonians (24.6%) than ethnic Albanians (15.8%). Most probably this is due to higher employment opportunities in subsistence agriculture and the informal sector that ethnic Albanian population may have. Part of the explanation may be in the former structure of employment, where ethnic Macedonians had a higher relative share in the state sector employment – the sector that is now the most vulnerable. It is interesting to note that the differences in unemployment disaggregated by sex is not that pronounced. Contrary to the “standard” pattern, the unemployment rate among women is even slightly lower than among men (23.1 versus 24.3% respectively). This doesn’t mean however that gender equality in terms of employment is a fact. The close levels of unemployment rates for men and women are due rather to the higher involvement of women in house work and informal income-generation activities.

The education profile of those that are unemployed largely explains the reasons of their vulnerability. Incidence of unemployment is lowest among the group with higher vocational education (they constitute 2.5% of the unemployed) followed by people with higher education (9% of the unemployed). The majority of the unemployed is constituted of people with secondary or lower levels of education. This means that not only education matters – but what matters even more is marketable specialized education and qualification.

Education-related employment vulnerability is different in regards to unemployment duration. As shown in Table 2.6, the people with lowest educational level face the highest risk of falling into the long-term unemployment trap (although their share among the unemployed is just 5.9%, they constitute over 21% of the long-term unemployed). It is rather obvious that the largest number of the unemployed comes from those structures that are uneducated and with only elementary education (36%), whereas the dominant number of unemployed are with secondary education only (as much as 53%), with only 8% of the unemployed that are among the undergraduates or those with a university degree.

It is worth to note that the lowest share of people with vocational education among the unemployed (only 2.5%). This supports the hypothesis that relevant marketable qualification is the best solution for employment challenges – even better than high education.

Table 2.6: Educational profile of the unemployed

Education	Share among the unemployed (N=880)
Incomplete primary education	5.9
Primary education	30.1
Secondary education	53.1
Higher vocational education	2.5
Higher education	8.3
Total	100%

Apart from its high average levels, the age structure of unemployment was even more disturbing – unemployment is highest among the most active age group of 25-34 years (38.2%), followed by the age group of 35 to 44 (33%), while – from the perspective of the national structure of the unemployed – the same survey shows that they are at 22.4% of the unemployed are ethnic Macedonians, and 17.5% of the unemployed are ethnic Albanians. On the other hand, the rate of those who have been unemployed for a period longer than one year was 23.3%.

Employment and Coping Strategies

How do people cope with employment challenges? Interestingly, the instruments that – usually – are among the most efficient ones in the developed countries are used the least! Only 12.6% of the respondents scroll through ads on the Internet, in the newspapers or in the other media, whereas 45.7% of them hope they will get employment through their friends and other contacts – mainly through party and political connections. The profile of employment intermediaries that is used is also indicative: 58.1% look for a “cure” in the public employment agency whilst only 11% seek the support of a private employment agency. This indicator once again confirms the belief that the unemployed do not trust the market mechanisms which should be even more efficient than the public ones.

The data also suggests that the people who perceive themselves as “unemployed” do not necessarily need to be jobless. 23.3% of those who reported the status of unemployed actually were involved in some kind of income generation. Moreover, only 35.2% would accept a less paid job and only 24.1 would accept a job requiring lower qualifications. This suggests that significant number of the unemployed is in fact employed in some kind of informal sector employment and the status of unemployed is perceived as additional source of “social assistance”.

This hypothesis is confirmed by the relatively high value of salary that would be acceptable for a person to start a job. Almost 40% of the respondents are willing to take up a job for an amount between 10,000 and 12,000 Denars. This reaffirms the rational expectation of the unemployed that they would work even for a salary which is about 20% lower than the average. This is a consequence of the large unemployment level in the country. But this 20% difference also confirms the hypothesis that even the unemployed have still generated some incomes that are not dramatically lower than the officially reported incomes from employment – or that the latter in reality is higher.

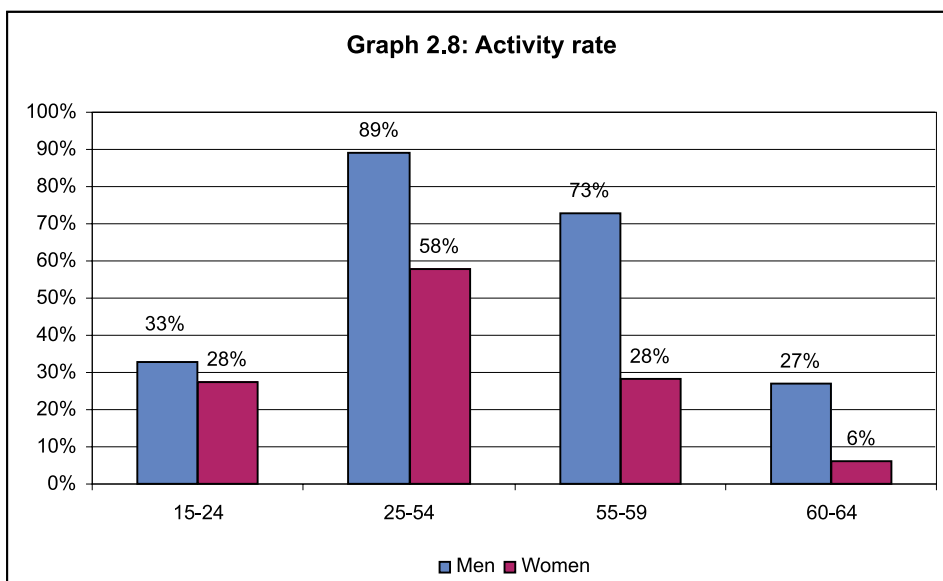
If the picture revealed by the survey data is compared to the quantitative statistics from the State Statistical Office, (Statistical Review 2.4.87.10/563, Skopje, July 2007 – Labour Force Survey, table 11), as much as 278,071 individuals (or 49% of the total population) work for a salary of between 5,001 and 12,000 Denars, and only 108,254 individuals do so for a salary higher than 12,000 Denars (about 200 Euro). In spite of the relatively low wages that the employed receive, only 39,339 (less than 7%) are looking for another job, with 23,704 doing so for a better salary and transportation costs. This high level of dependency of the employees on their jobs is a result of the high number of unemployed in the country and their readiness to work for an even lower salary than the existing one.

Activity Rates

Data reveals substantive differences in activity rates – both by age and groups. Again, as in the case of incomes, women are falling largely behind. Data summarized in Graph 2.8

outlines the particular risk women in pre-retirement age are facing in terms of employment. Activity rate for women is more than twice lower than the activity rate for men of the same age group.

These results may also reflect the Government's policies regarding the employment stimulation measures. Namely, the Government recently announced economic measures to encourage self-employment and entrepreneurship through financial support for start-ups. Significant determination to obtain additional education, even for a new profession (re-qualification) is an indicator that the Government's commitment to such policies is strengthening. Men however may be more willing to make use of these opportunities, which suggests that deliberate efforts for encouraging women to get employment or self-employment are necessary. These include flexible working hours, tele-working and family support (like pre-school institutions taking part of the burden from mothers).



Having in mind the unflexible labour market system regarding the employment and – as a result of that – the unflexible system when leaving/losing jobs, those who have once found employment are regarded as protected/secured and the belief is that the chances that they would lose their job in the next 6 months are small (over 85% believe that the chances that they would lose their job in the next 6 months are small). This lack of flexibility on the labour market is regarded as a deficiency of the system which should be addressed by policy-makers in order to improve the system. At the same time, about 55% of the respondents believe that they are not well remunerated (underpaid) for the job they do, and this particularly applies to the families with total income of 9,000 Denars and more than 77% of the respondents interviewed think that they are not well remunerated (i.e. are underpaid).

As for the country's possibilities in the area of ensuring higher level of employment, the national objective – as defined in the National Employment Strategy – is to achieve a level of 48% general employment by 2010. This percentage is significantly lower than the one foreseen in the Lisbon criteria for 2010 (general employment level of 70%), but it is realistic and even maybe somewhat ambitious, having in mind the existing unfavourable situation

regarding the employment in the country. Achieving this objective would require significant improvement of the institutional capacities of the labour market, beginning with the Ministry of Labour and Social Policy, Employment Services Agency, economic and trading chambers, workers' organizations (labour unions), Association of units of local self-government, private employment mediation agencies, etc. Most of them still fail to function in accordance with the rules on the market. The government should – as soon as possible - reform the employment services agency in terms of its functionality, i.e. the latter should shift from a “social institution” to a purely economic one and should not only mediate between the employers and the supply of labour and an economic factor, but it should also permanently educate, train, and retrain (re-qualify) the unemployed.

EDUCATION AND HEALTH

Education and health belong to the area of social services that is strongly correlated with social inclusion. The relationship goes in both directions. On the one hand, poor education and health are the outcome of individuals' vulnerable position and poverty. On the other hand, having once fallen behind, insufficient educational level and poor health status turn into determinant of exclusion. This is why both areas should be among the leading priorities of the government.

Enrolment and Attainment Levels

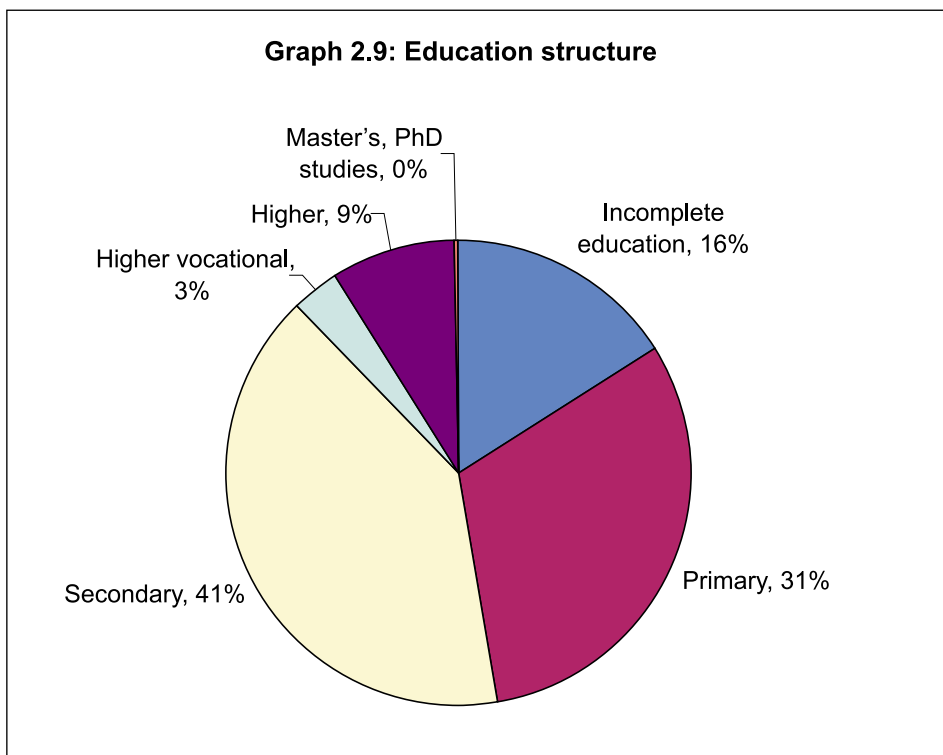
It is already generally accepted that the educational limit (i.e., level) of the citizens and the appropriate qualification structure of the employees determine the socio-political and economic development of the country. Investments in human resources (education, science, culture, etc.) and in the so-called “human capital” is at present rightfully ranked and considered the most profitable investment of the community – state.

Without permanent and life-long learning, people will not be able to follow the exponential changes in the techniques and technology in all the spheres of life.

The educational system in the country is almost entirely in the hands of the public sector. The gross rates of enrolment are estimated at approximately 60% at pre-school level, about 95% in elementary education, and about 85% at the level of secondary education. Data from the survey show similar picture (gross enrolment rate in primary level of 91%, in secondary level – 83% and for tertiary – 47%). The repetition rates are low, and the enrolment coefficient is among the highest one, not only in the region. The problem remains in the quality of the educational structure and the compatibility of the system with the demands of the labour market. The transition of the economic system into a market economy (at least, this is what we are headed towards) was not appropriately accompanied by the transition/transformation of the educational system with the required dynamics and rhythm. The contents of the curricula (teaching programs at almost all levels of education), the pedagogical methods, structure, organization and management in the educational system (with certain exceptions in some private educational institutions) are still more oriented towards an economic system and social environment that no longer exist.

According to the December's survey, 47.4% of the household members have attained primary or lower education (Graph 2.9). Another 40.7% have completed secondary level. Given the fact that they are no longer involved in education, the employment opportunities for this

groups may be slim. Of those who do not attend school any longer, the percentage of those who have acquired a certain level of education is as follows:



In light of the latest solution in the law concerning secondary education and the existing difference in the rate of enrolment between primary (mandatory) and secondary education (mandatory as of next year) the expectation is that the number of secondary school students will increase by more than 10% (95-85), which in turn means that the needs for financial, personnel, premises, technical and other capacities, will be increased, a condition that will pose an additional challenge in the public sector which already under the existing conditions, is not in a position to provide an adequate response to optimal needs, let alone to increased needs in secondary education. Policy makers in this sphere should once again “look into the calculations” before the implementation of this decision.

Disparities in Education

In-depth analysis of educational data however reveals worrying disparities. Enrolment rates are slightly higher for girls than for boys for primary educational level but after that girls start to fall behind (Table 2.7). The disparities become even more dramatic when poverty is taken into consideration. Children from poor households have lower enrolment rates for all educational levels, which can be explained both by the need to be involved in household income generation and in decreasing the costs for education that poor families cannot afford.

Despite the Government's efforts to develop this sector in terms of both coverage and structure of education (as soon as from the 2008/2009 school year begins, the secondary education will also be mandatory), there are still some social groups – such as the ethnic Roma – who, due to the “status” they have in society and to the “culture of their lifestyle”, are still excluded from this opportunity.

Table 2.7: Gross enrolment rates by sex and poverty status			
Primary education (7-14 years old)			
	Boys	Girls	Total
Non-poor	90%	95%	92%
Poor	85%	92%	89%
Total	88%	94%	91%
Secondary education (15-18 years old)			
	Boys	Girls	Total
Non-poor	90%	82%	86%
Poor	84%	69%	76%
Total	88%	78%	83%
Higher education (19-23 years old)			
	Boys	Girls	Total
Non-poor	56%	50%	53%
Poor	30%	17%	24%
Total	51%	44%	47%

Closely related to disparities in enrolment is the phenomenon of early school leavers (children dropping out of school before completing secondary or in some cases even primary education). The phenomenon is also closely correlated with the poverty. On average 13% of the people samples aged 18-24 have less than secondary educational level and don't continue with schooling or training. However this share for people living in poor households rises to 34% (for non-poor it is just 7%). Seen from gender perspective, the picture is even more interesting. In total, more boys leave school early when compared to girls (15 versus 10%). In the case of poor families however, these shares reach 47 and 24% respectively!

Among other things, the data also shows that there is a large difference between the number of students in the elementary and in the secondary education; this should be equalized to a large extent in one year from now (having in mind the high rate of permeability) and this also means significant financial, personnel, spatial, technical, etc. challenge for the public sector, which – as it is – under the current conditions is not able to respond to the basic needs, let alone to the doubled ones in the secondary education. The policy makers in this sphere should once again “check the calculations” before the application of this decision.

Health

Health aspects are extremely important aspect of social cohesion – but are also among the most difficult ones to be analyzed. Sample surveys that are widely used for monitoring socio-economic aspects of exclusion and inclusion don't provide much information on health – except for self-assessment of health status. This is the reason why this section doesn't have

the intention to present the degree to which health status is affected by other determinants of social exclusion and how does it impede access to income, employment, education and other opportunities. All these aspects however are of critical importance and will be the topic of one of the future issues of the People Centred Analyses reports series. At this point it can provide general introduction into the issue against which the other aspects of social cohesion can be analyzed.

The country has a generous public health care system in place. The basic package of health care services is very wide from the aspect of the scope of the services, but of insufficient quality in comparison with the public price paid for those services. The health care system is, in addition, characterized by indicators of wide access and above-average capacities in terms of the number of hospital beds, personnel and rooms, if compared to the overall population, as well as very low quality health care services, mostly in the secondary and tertiary health care, accompanied by a high level of corruption (in addition to that in the judiciary) for more sophisticated health services.

The basic features of a modern and efficient health care system: Effectiveness, efficiency, equality and solidarity are still not achievable for the Macedonian health care system, despite the efforts and declarative determination to reform the system.

The Law on Health Insurance regulates the health insurance of the citizens, the rights and obligations regarding the health insurance, as well as the manner of implementing the health insurance. According to the 2005 statistical data, there are a total of 1,027,178 persons insured on various grounds. The most frequent ones are the following:

- The Employed: 403,949
- Users of pensions and financial aids under the PDI rules: 297,324
- Temporary unemployed individuals and those registered with the Employment Agency: 268,213
- Individuals working in agriculture, cattle breeding and poultry: 18,623
- Self-employed individuals: 11,868
- Users of constant financial aid, individuals accommodated in social institutions: 6,173
- Individual receiving services under the Convention: 7,393
- Other grounds: 13,635.

On the other hand, the financial indicators of the health care system only reflect the wide accessibility of the health care services. The financing of the health care is done through the Health Care Fund. The very results show that the Fund is characterized by permanent approval of the percentage of collection of own income. The goal and proportion to which this income will be used is seen from the structure of expenditures given below. Generally, the total income of the Fund may be divided into two groups: Expenditures for the health care and insurance activities and Administration.

As mentioned above, the health status of the population is an area that requires much more comprehensive data that are beyond the scope and possibilities of a representative survey. This is why the research focused primarily on accessibility and affordability of health services. The data on these issues is analyzed in detail in Chapter 4 of this report.

VULNERABILITY PROFILES

Using the data on household status and individual household members' profiles, it is possible to assess and monitor the magnitude of vulnerability, both at household and individual levels. "Household vulnerability" is defined here as the share of households facing a set of risks related to the well-being opportunities of all family members. "Individual vulnerability" is defined on the basis of individual characteristics of household members that may reduce their opportunities for fruitful employment, decent incomes and social inclusion.

Dimensions of Vulnerability

Vulnerability of households was measured according to five dimensions, namely (1) total income, (2) unsustainable level of household debt (over 40% of total expenditures), (3) material deprivation reflected in the lack of basic household durable goods (those who stated that they haven't purchased any durable goods in the last 12 months); (4) insufficient access to health services and (5) living under a risk of conflict. Table 2.7 outlines the magnitude of vulnerability in each dimension. Households that meet up two of the vulnerability criteria are perceived as "at low vulnerability risk"; households that meet between 3 and 4 of the criteria are treated "at medium vulnerability risk" and those that meet all five are treated as highly vulnerable.

Table 2.7: Vulnerability of household

	Number of households 1039 hh	Share of total	People living in vulnerable households	Share of the total number of household members (N-4036)
Income vulnerability	286	27.5%	981	24%
Debt	256	24.7%	1085	27%
Material deprivation	381	36.6%	1518	38%
Insufficient access to health services	102	9.8%	432	11%
Risk of conflict	115	14.9%	621	15%

As with other variables, the picture is very diverse if disaggregated by group, both regarding magnitude of vulnerability and its type. The one facing highest levels of material deprivation, indebtedness and low income is the ethnic Roma group. Insufficient access to health is most pronounced for ethnic Albanians. Interestingly, risk of ethnic conflict is least pronounced for ethnic Albanians and is threatening most the ethnic Roma population.

Table 2.8: Incidence of household-related vulnerability risks by ethnic groups (share of people living in households facing different vulnerability risks)

	Low incomes	Indebtness	Material deprivation	Insufficient access to health services	Risk of conflict*
Ethnic Macedonians	21%	28%	37%	8%	18%
Ethnic Albanians	31%	20%	35%	20%	7%
Ethnic Roma	80%	51%	59%	3%	40%
Ethnic Serbs	25%	17%	24%	3%	21%
Total	26%	26%	40%	11%	15%

*Refer to Methodology Annex

In addition to vulnerability related to the status of the household, people may be additionally considered as vulnerable due to their individual status. Individual dimensions of vulnerability were assessed according to three dimensions, namely employment status, education attainment, and employment security (working on a contract with social security paid). The first two are applicable to the whole adult population; the third one is relevant only for those that are employed. Table 2.9 shows the average magnitude of individual vulnerability and its distribution among the ethnic groups. As in the case of household vulnerability, the “totals” blur the picture. On average, the equal shares of the population sampled, face unemployment and low education vulnerability. The picture is however dramatically different when presented in groups – and these differences are worth addressing with targeted policy responses. The internal group differences are also worth noting. Ethnic Albanians for example are relatively more vulnerable on educational ground (the share of people from this group facing educational vulnerability is 2.67 times higher when compared to those facing unemployment vulnerability). In the case of ethnic Macedonians it is the opposite - here among the individual risks employment vulnerability prevails.

The coefficient “average number of vulnerabilities” shows the intensity of individual vulnerability divided in groups. On average every second individual is vulnerable – either from low education or unemployment. In the case of ethnic Roma this coefficient is twice as high putting virtually every individual in vulnerable position.

The data on “insecure employment” magnitude is also interesting. Ethnic Albanians seem most vulnerable in this regard, which reflects the higher informal sector employment among them – more than twice higher than it is among ethnic Macedonians. The apparent “security” of ethnic Roma can be here explained by the low employment levels among them.

Table 2.9: Incidence of individual vulnerability risks by ethnic groups (share of people facing respective individual vulnerability risks)

Group	Vulnerabilities related to the whole population			Insecure employment (related to those employed)
	Unemployment	Low education	Average number of vulnerabilities	
Ethnic Macedonians	27%	18%	0.451	20.0%
Ethnic Albanians	15%	40%	0.549	41.8%
Roma	62%	43%	1.054	12.5%
Serbs	29%	11%	0.397	19%
Total	25%	25%	0.501	24.2%

Magnitude of Overall Vulnerability

To certain extent, the “unemployment” and “low education” individual vulnerability risks repeat the unemployment and educational profiles. However, the further analyzing of those as risk factors makes sense, because this is how an aggregated picture of vulnerability risk can be constructed. Vulnerability is individual characteristic. Regardless of its cause (the status of the household or individual characteristics), the individuals are the ones who “suffer” its consequences. The higher the vulnerability factor that an individual faces, the higher his or hers vulnerability risk becomes.

This is how the overall level of vulnerability risk was assessed. Each individual’s status was assigned his or hers vulnerability criteria (individual and household-related). For the combined vulnerability assessment only two individual aspects of vulnerability were taken into consideration because “employment security” is related only to those employed and not to the whole sample. Then the sample was ranked according the number of the vulnerability criteria a person faces. Each individual has different combination of vulnerability criteria, so each of them was treated equally (no weights applied). Based on this vulnerability ranking, three groups were defined:

- People facing low vulnerability risk (meeting between 1-2 criteria);
- People facing medium vulnerability risk (meeting between 3-4 criteria);
- People facing high vulnerability risk (meeting 5-7 vulnerability criteria).

Graph 2.10 shows combined vulnerability profiles. On one hand, it shows low magnitude of highly vulnerable individuals (2%). However, on the other hand it shows that as much as 20% fall in the category of medium vulnerability and as much as 58% face some risk of vulnerability.

Graph 2.10: Magnitude of vulnerability

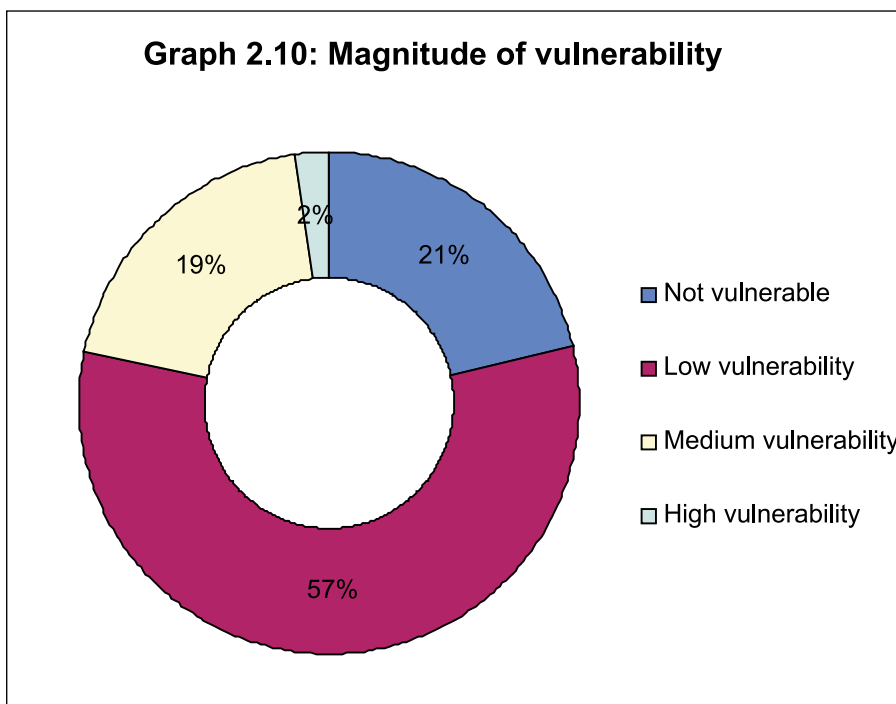


Table 2.10 summarizes combined vulnerability data divided by ethnic groups. Ethnic Roma again stands out as the most vulnerable group (where as much as 14% are “highly vulnerable” and 48% fall into “medium vulnerability” group). Only 2% of the ethnic Roma appear not to face any vulnerability at all (compared to 21% of the total sample).

Table 2.10: Incidence of combined vulnerability risks by ethnic groups

	Not Vulnerable	Low Vulnerability (1-2)	Medium Vulnerability (3-4)	High Vulnerability (5-7)
Ethnic Macedonians	23%	56%	18%	2%
Ethnic Albanians	19%	61%	19%	2%
Ethnic Turks	23%	60%	16%	0%
Ethnic Roma	2%	30%	54%	14%
Ethnic Serbs	30%	61%	8%	1%
Total	21%	57%	19%	2%

Observed from the territorial perspective, people living in rural areas appear more vulnerable than those living in urban areas – where 3.2% of the former face high vulnerability compared to 1.6% of the latter; medium vulnerability risk is faced by 22.8 and 16.6% respectively. Kumanovo region appears to have highest concentration of vulnerability (6.1% of the respondents from there face high vulnerability, 29.3% - medium, and only 7.2% of people face no vulnerability threat).

CONCLUSIONS

The data from the survey outlines the complex picture of vulnerability and exclusion. The phenomenon of exclusion has many dimensions that are not evenly spread among households, individuals and groups. The analysis proposed in this chapter enables the monitoring of individual dimensions and identifies groups that are most at risk of exclusion, i.e. those facing most of the vulnerability criteria.

Poverty

Poverty appears as a major determinant of vulnerability. Levels of poverty are high but internal diversity by group is even more disturbing.

It is not just the income poverty that affects a substantive number of households and their members but also human poverty, vulnerability in terms of employment, education, access to other social services. Hence policy responses should go beyond providing more income generation opportunities. Bearing in mind the rising trend of food prices in the last period, both in the region and within the country, the Government should take special care of the vulnerable families that are highly exposed to the tremor when facing the shock of the prices increase.

Such interventions should be focused and targeted. Targeting is always tricky but using a set of vulnerability criteria developed in this chapter it is possible to be carried out. One possible approach in this regard is focusing on the most vulnerable families, giving them a single/short term social help as a short term measure, as well as planning mid term subventions for them. The next level of coverage should include households that are at risk of exclusion (those meeting part of the vulnerability criteria).

As for the specific criteria for vulnerability and the groups that should receive support, broader public debate is necessary to discuss the options and approaches proposed in this report. Whatever the adopted approach, it needs to have a broad endorsement of as wide range of stakeholders as possible.

The data also suggests that the very definition of “poverty” should be reconsidered. The fact that more than 53% of the families possess passenger cars or more than 80% of them have mobile phones doesn't mean that poverty is not an issue in the society. It means that this is a European type of poverty in which issues of inclusion (and not of car ownership, usually second-hand one) become of paramount significance.

This situation is a reflection of the process of social restructuring and fragmentation of the social layers in the society; this is a process which results in “melting” of the middle social class and spill over of a dominant portion of the citizens into the class of poor, while a very small portion of the population makes a jump into the class of the increasingly richer. The Government should use its measures and instruments for redistribution of income to especially take care of this process and make sure it is as balanced as possible.

Employment

The data suggests that there is evidently a need for more education, further education, training and re-qualification of the unemployed. Education and practically marketable qualifications emerge as a major determinant of employment. It is unrealistic to expect from the Government to “create jobs”. What it can do though is improve the employment of the labour force through targeted training and requalification.

Again, as in the case of poverty, a set of indicators can and should be applied for proper targeting.

Employment and social protection should go hand in hand. The data suggests however that this is still not the case. Welfare-to-work Program is almost non-existent. The partnership between the social work centres, employment services agency, private sector, as well as the NGO sector is facing a new challenge regarding the development of this Program. The governments' coherent policies should be focused to this direction, depending on their competencies (central and local). To realize the above – in addition to a clear concept – what is also needed is to ensure the resources required, most of all human, IT, spatial and technical resources.

Education and Health

The state is still the main provider of social services, namely services in the area of education and health. However it should not be the sole provider. Investing in one's education and health, committing household resources for that purpose is also a sign of commitment on the side of the individual. The indicator for expenditures for education of the households is worrying; in spite of the increasing trend, it is still at a very low level. This may be interpreted in two ways: firstly, that the families are almost exclusively inclined towards the public funding in the education (which should be a relevant indicator for the policy makers), and, secondly, that the families are not prepared to self-finance their education. Perhaps spending on education is not seen as a long-term investment yet. It should definitely be a long-term investment and one of the possible areas of government action is the deliberate communication of the simple fact that investing in future generations' education cannot be just the state's obligation. It is most indicative that 20.7 % of the respondents said that they do not spend anything on education, and that 27.2% did not answer. The Government should, therefore, undertake action to promote the need of families to self-invest in the future of their children, instead of – as it is at the moment – to increasingly promote only the public financing of education, as a populist measure aimed at meeting certain short-term political interests.

The reforms in the education should be also directed towards the needs on the labour market, which, being an efficient mechanism, will select the values. Special attention should be paid to the human, financial, technical, spatial and other resources required for the mandatory secondary education, so that this, again "populist" measure aimed at gaining in quantity does not end in the already inappropriate quality in this important sector.

As regards to the health services, priority should be given to health care and prevention. The quality is to be assured and then the cost price of a health care service is to be brought down. The Government should also make decisions on macro-policies and the managers have to do the same in terms of the efficiency of health care entities.

Differentiation seems to be one of the ways to improve the quality and affordability of health services. It can be achieved through disposal and reduction of unused capacities for the purpose of improving the necessary capacities and overall optimization and rationalization of the health care services system. This should be the framework in which further upgrades and harmonization of the existing public health care services with the internationally accepted standards should be sought.

State provision of services should be complemented by an efficient and effective system of ensuring certain services through the market mechanisms (private-public partner-

ship). In general, experimenting with the reforms should be avoided and changes should be introduced with care and careful analysis of the possible short and long-term impact of the changes.

Overall Vulnerability

The analytical framework used in this chapter allows flexible and targeted monitoring vulnerability levels. It goes beyond ethnically or territorially defined criteria of vulnerability following the pattern that although certain groups are most vulnerable, not all individuals belonging to that group are vulnerable. Ethnic Roma for example are such a group. The indicators framework tested enables going beyond “collective vulnerability identification” and provides tools for much nuanced and adequate vulnerability monitoring.

The level of overall vulnerability of the population is not high but significant number of people faces vulnerability risk. Vulnerability is not solely attributed to the income poverty, that is why the share of the highly and medium vulnerable is lower than the share of the poor. Simply some of the households with low incomes do not face other determinants of vulnerability. It means however that policies targeting vulnerable groups should be comprehensive and not limited to income generation only.

Once disaggregated by groups, the profiles of vulnerability get highly diverse. The most pronounced differentiating factor in this regard is ethnicity. Ethnic Roma are the most vulnerable of all groups. Other groups differ in their vulnerability determinants. Thus targeted intervention for decreasing vulnerability should take into consideration these differences too.

Finally, in regards to monitoring of the trends in social inclusion, it is necessary to have a regular and reliable data. Having in mind the existing deficits in that regard, more methodological work is necessary to regarding the remaining great differences between the quantity statistical data of the official institutions and the data obtained from the survey approach (perceptive expression), and the decision makers should design an appropriate methodology through which they would depict the factual situation, before creating standards and cohesion of the statistic records of the social and economic situation in the country.

Chapter 3



Ethnic Dimensions of Inclusion

Chapter 3 : Ethnic Dimensions of Inclusion

Conflicts rooted in ethnic differences are among the most disturbing contemporary challenges to social cohesion. The country that witnessed a violent ethnic conflict in 2001 – is still learning to cope with its ethnic diversity.

There are several preconditions for the sustainable cohesive multiethnic society. First, all ethnic communities should share a common vision and sense of belonging to the country. Second, the members of the different ethnic communities should have similar life opportunities as reflected in equitable representation in education and state institutions. Third, strong, positive relations between members of the various ethnic communities are necessary. Finally, the level of inter-ethnic tensions must be maintained within limits that allow those tensions to be managed in non-violent way, within the established institutions of the political system. Answering the question “To what extent Macedonian society meets these four preconditions?” was the purpose of the “Ethnic Relations” section of the survey.

COMMON VISION AND SHARED SENSE OF BELONGING TO A MULTICULTURAL SOCIETY

Politicians that represent all ethnic groups are united in their affirmation of EU and NATO membership as the country's priorities of the utmost importance for the future development of the country. At the same time, the multicultural and multiethnic nature of the society is not only reflected in the Constitution but also declared as a platform for building a society for all ethnic groups living on the shared territory. However, data shows that ethnic communities in the country differ with regard to their perception of priorities and that ethnocentrism is still a prevailing pattern over proclaimed multiculturalism.

Perception of Priorities

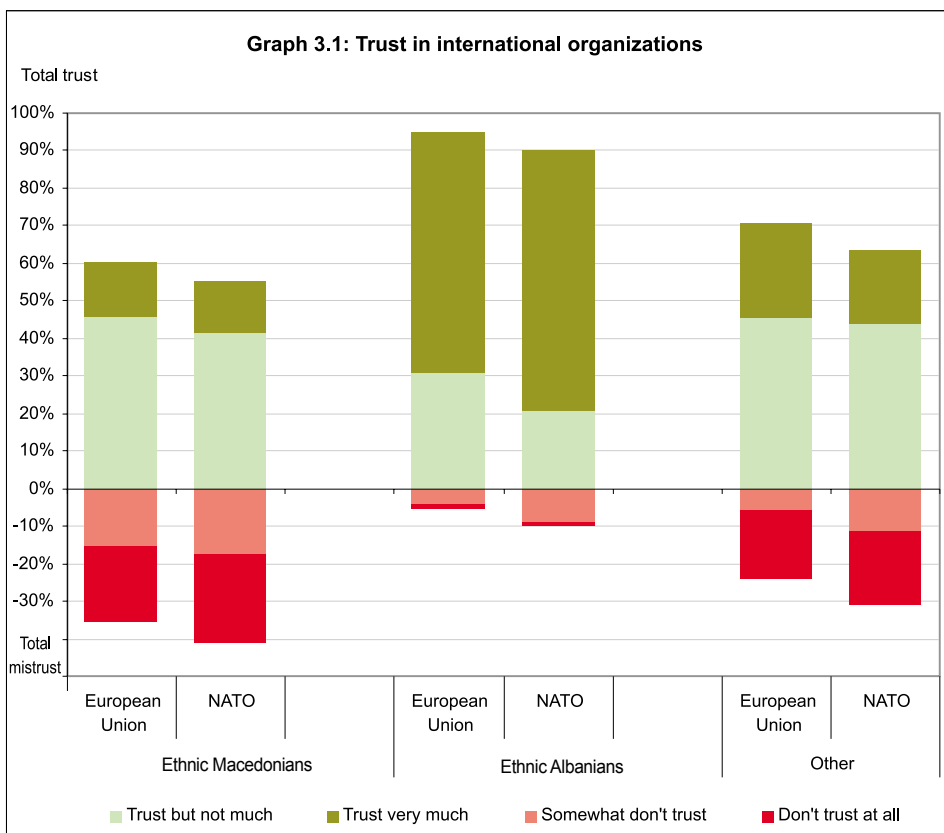
Almost half of ethnic Macedonians (49%) see the international recognition of the Constitutional name of the country as the first priority with EU membership coming at second place with 27%. Ethnic Albanians are more balanced in this regard and both options receive equal support – 35%. Respondents from smaller minorities also manifest equal support for these two priorities with slight prevalence for the name resolution over EU membership (respectively 33 and 30%).

It is interesting to compare the respondents' own attitudes to the anticipated attitudes of their ethnic group (see Table 3.1). Such comparison sheds light on the magnitude of “socially desirable responding”. When expressing personal opinion on sensitive issues, respondents may wish to present themselves in a better light and provide “politically correct” statements. The distance between individual attitudes, on one hand, and the group attitude as seen by the respondent, on the other, says a lot about real attitudes, levels of trust and openness. Data from the survey suggest that the biggest difference in that regard appears among ethnic Albanian respondents on the issue of Kosovo status as a priority and among small minorities on EU membership. As much as 16% of ethnic Albanian respondents report Kosovo status as “their group priority – but not my”. This may suggest that substantive share of ethnic Albanian community feels under pressure to report more ethnically rooted options as priorities, which may be indirect evidence of the prevalence of the ethnic over national identity.

Table 3.1: Which option among the ones listed below do you think is priority for the future development of FYR Macedonia

	Ethnic Macedonians		Ethnic Albanians		Other	
	Myself	My group	Myself	My group	Myself	My group
Recognition of the constitutional name	49%	46%	6%	3%	33%	30%
Membership in NATO	10%	7%	23%	14%	15%	8%
Membership in EU	27%	29%	35%	31%	30%	42%
Resolution of the final status of Kosovo	10%	10%	35%	51%	15%	14%
Refuse to answer	0%	0%	0%	0%	1%	1%
Do not know	4%	8%	1%	1%	7%	5%

The obtained ethnic Macedonian - ethnic Albanian differences in perceptions of the importance of EU and NATO membership for the country's future development is closely connected to the displayed trust in these institutions. The data confirms the hypothesis of certain split between different ethnicities in their international champions. The EU is trusted more than NATO both by ethnic Macedonians and small minorities and NATO is trusted more by ethnic Albanians. On a scale of 1 (greatly mistrusted) to 4 (greatly trusted), the estimate of ethnic Albanians regarding both institutions is 3.6. Perhaps the explanation lies in the image of the alliance as the decisive factor in Kosovo from 1999 onwards. The conflict in Kosovo had severe impact on the country later on (including the clashes in 2001), so the issue may be perceived in a somewhat different way by other ethnic communities and ethnic Macedonians in particular. Another reason may be the perceived role of the international community in the signing of the Ohrid Framework Agreement, in the failure to recognize the Constitutional name of the country, and in the lobbying for a status of independence for Kosovo – all this strengthens the perception of the ethnic Macedonians as victims, the ethnic Albanians as a privileged group and the rest – “caught in between”.



Ethnocentrism in Politics

An indicator with negative impact on common (shared) vision of the country is ethnocentrism – both in politics and other spheres of social life. Data from the survey show that politics here still revolves around ethnic axis.

The majority of the members of the two largest ethnic communities are not ready to vote for a candidate of another ethnic community yet. This is both the case of parliamentary and local elections. 73% of ethnic Albanian respondents won't vote for representatives of another community in both local and parliamentary elections and slightly less (65%) of ethnic Macedonians would do the same. The mistrust expressed in the "others" may serve as an indicator for persistent ethnic motivation as a driving force on political issues. Hence the potential danger of using ethnicity for political mobilization should be born in mind.

The situation is somewhat different when it comes to supporting a protest of another ethnic group – ethnic Macedonians appear less enthusiastic to support "others' protest" than ethnic Albanians (74% and 66% respectively that would not support another group's protest). It does not automatically mean though that ethnic Albanians are less ethnically motivated in their choices. One probable explanation may be the type of potential protest. "Albanian protest" may be seen as having stronger focus on ethnic issues whilst "Macedonian protest"

may be seen largely dominated by social priorities, which are ethnically natural and are common reasons for concern for the entire population of the country. This is reflected in the similarity of the problems' profiles revealed by respondents from different ethnic groups (see Chapter 2).

Despite the common challenges in terms of employment and incomes, both communities are still exclusive in their attitudes towards others. What is even more important, certain asymmetry in perceptions exists – own ethnic group is seen as less exclusive than the other. More than half of the ethnic Macedonians (53%) believe that the members of their ethnic group feel uncomfortable (anxious) when they constitute minority in an environment in which another ethnic group is a numerical majority, but only one fourth (26%) think that the same feeling is shared by the members of the other ethnic communities when living in an environment in which the ethnic Macedonians are the majority. Similar is the case of other groups: 54% of ethnic Albanians estimate that anxiety is present in any numerical minority (54% believe so for their own group and 56% for the others).

The data suggest that the momentum of a “majority imposing its pattern” is still strong. Small minorities however don't demonstrate such attitudes. Not having the option of being even a “local minority” they may be less prone to ethnic capsulation. That is why perhaps the largest percentage among them believes that their group does not feel anxious when it is in minority or would even cause anxiety if in majority.

Ethnocentrism in Education

The presence of ethnocentrism in schools and education in general may be noticed through various indicators. Its existence in the curricula is most visible in the contents related to history and literature. There is either a lack of content about the “others”, or own ethnicity is glorified at the cost of that of the “others”. The students attending classes in the Macedonian language learn very little about the history and literature of the “others” (despite the fact that such content is offered in the text books), and the little that they do learn mainly contributes to the negative stereotypes and bias towards the “others”.¹ In the case of students attending classes in the other languages, more contents about the history and literature of their own ethnicity is provided, but only as an addition to the curricula in the Macedonian language, which very often causes unofficial inclusion of additional content to glorify one's own ethnicity. In such a context, the characters of Skenderbey and Mother Theresa – instead of being used as elements of unification – additionally deepen the inter-ethnic gap, as each group fights to prove which ethnicity they belonged to.

The new concept about nine-year elementary education introduces for the first time understanding others and multi culture as one of the basic principles on which the elementary education ought to be based. This requires that the school “offers the pupils opportunities to adopt knowledge and develop skills of understanding and respecting the others”² and, provided that this principle is implemented, it may largely contribute to the mitigation of the present ethnocentrism in the curricula. The new concept, however, failed to utilize the opportunity to offer all students attending classes in the Macedonian language mandatory (instead of optional) classes in one of the languages of the minorities (Albanian, Turkish, Vlach, Roma, Serbian), instead of obligating them to a mandatory second foreign language.

¹ The data are taken from the study “School tailored to the kid: initial situation in Macedonia”, done by an expert team at the MoS with financial support from UNICEF, 2006

² From the Concept of Nine-Year Education and Pedagogy, Bureau for Education Development, 2007

Although learning a second foreign language is in the spirit of European integrations, it is much more important for the citizens of this country to have their own integration in their country and in the Balkans before they move on to wider regions. At the same time, for all students attending classes in another language, learning the Macedonian language comes as second in importance as compared to learning the English language (the former starts in the fourth grade, and the latter in grade one). Experience shows that the scope of learning the Macedonian language in the past did not enable the students attending classes in other languages to learn the Macedonian language, particularly in cases when they come from an environment in which the Macedonian language is not spoken or it is the language of the national minority. This treatment of the Macedonian language naturally, does not contribute to fostering the country's multicultural aspect, especially when it comes to raising awareness about belonging to the country as such.

An additional obstacle for ethnic cohesion in the country is the introduction of religion in elementary schools, foreseen to start in the 2008/2009 school year. It is logical to expect that learning religion will contribute to the escalation of the segregation between the students and to underline even more the religious differences towards division by ethnic lines. Even the very fact that the alternative offered (Introduction to Religions) does not minimize the risk of a negative impact, as the public opinion surveys show that the majority of the Muslims will choose to learn about Islam, and the majority of Orthodox students will go for learning about the other religions, as well.³

The last example of ongoing ethnocentrism in education is the trend of changing the names of the schools. Just like the schools with typical "Yugoslav" meanings were renamed after gaining independence into names bearing typical "Macedonian" features, the current trend is to rename schools in which the Albanian students have become numerical majority – the names of the Macedonian heroes and/or holidays are being replaced with names of Albanian ones. In this way, the domination of one ethnocentrism is being replaced by the domination of the "other".

EQUITABLE REPRESENTATION OF ETHNIC COMMUNITIES

Equitable representation of all ethnic communities in education, public administration and security structures is very often claimed to be an important precondition for their integration in society. From that standpoint, equal educational opportunities for all ethnic groups as well as proportional representation of all ethnic groups in public sectors can serve as indicators of ethnic cohesion.

Education Opportunities

Data from regular statistical observations show that in the 2005/2006 school year, 98% of ethnic Albanian and 69% of ethnic Turkish students in elementary education studied in their mother tongue. At the same time, 97% of ethnic Roma students, 41% of those of ethnic Serb origin and 31% of ethnic Turkish children attended lectures in the Macedonian language.⁴ In the same school year, the ethnic Macedonians constituted 54% of the total number of elementary school students and 70% of the total number of high-school ones, while the

³ *Results of the research project "The Public Opinion on Religious Education", Open Society Institute, 2007*

⁴ *The data are from the Statistical Review 2.4.7.05 of the State Statistical Office*

ethnic Albanians made 34% of the total number of elementary school students and 23% of the total number of secondary school students. There are also differences in the case of ethnic Turks (4.3% in the elementary and 2.7% in the secondary education) and the ethnic Roma community (3.9% and 1.3%). The figures speak of larger educational opportunities for the ethnic Albanian community as compared to the smaller ethnic groups, as well as of lower representation of all ethnic communities in secondary education with the exception of the ethnic Macedonian community.

The data indicates that education in one's mother tongue attracts more children at school and thus provides better educational opportunities. However, in the country's reality it also reduces the quality of services provided. The national estimates for 2005/2006 point to systemic gaps in the achievement of students in elementary education determined by the language of instruction.⁵ The findings show differences in the results of the tests applied in the subjects of Natural Sciences and Social Studies among the 4th graders: those attending classes in the Macedonian language did better. The results in mathematics of those in the 8th grade indicate that the level of achievement of three quarters of the students attending lectures in the Macedonian language was achieved by only half of the students attending classes taught in Albanian language.⁶ Since the external assessments traditionally confirm significant positive correlation between students' achievement and their parents' (especially their mothers') level of education, the gaps in the achievement of the students can also be attributed to the difference in the average level of education of Macedonian and Albanian parents.

The opening of the state university in Tetovo evidently increased the possibility for higher education of ethnic Albanians in the country. Out of the almost 10,000 active students at this university in the 2007/2008 school year, about 95% have declared themselves as ethnic Albanians, and the remaining 5% as ethnic Macedonians. In parallel to this, out of the approximately 35,000 students at the state university in Skopje, 7% are ethnic Albanians, 1.6% are ethnic Turks, 0.4% are ethnic Roma and 5.5% constitute other ethnic groups. Apart from pointing to an increased coverage of the ethnic Albanian community in higher education, these figures do not reflect proportional representation of the members of the smaller ethnic communities, such as the ethnic Turks and ethnic Roma.

Equitable Representation in Public Sectors

In the sphere of employment, there have been evident efforts to ensure proportional representation of the ethnic communities in public administration and in other state agencies. Already, 22.4% of the professional soldiers are ethnic Albanians, 2.3% are ethnic Turks, 1.3% are ethnic Roma and 2.4% are ethnic Serbs⁷, while the additional trainings have allowed for employment of members of various ethnic groups in the police force. These affirmative actions that are seen as inevitable measures by all non-Macedonian ethnic communities are not perceived as a just solution by ethnic Macedonians, who find them biased at a cost of

⁵ The source of these data is the Bureau of Education Development.

⁶ All tests were administered either in Macedonian, or in Albanian, depending on the language of instruction.

⁷ The source of these data is the Ministry of Defense.

decreasing the quality of the services provided.⁸

The opportunities offered presently to the members of different ethnic communities are reflected in the respondents' answers to the question about preferred employment choices. The results of the survey show that the public administration is not a desired option for a job for their offspring – it was chosen by 14% of the ethnic Albanians and merely 5.5% of the ethnic Macedonians. The largest percentage of the ethnic Albanians (24%) and the ethnic Roma (27%) pointed to the state services as the priority for their children, against only 9% of the ethnic Macedonians, 14.3% of the ethnic Turks, and 2.3% of the ethnic Serbs who did so.

INTERACTIONS BETWEEN MEMBERS OF THE ETHNIC COMMUNITIES

The level of interactions between members of different ethnic background is indeed a good indicator of ethnic cohesion. It is directly connected to the ongoing ethnic segregation in the society in a way that makes it difficult to estimate whether the lack of interaction causes segregation, or is a consequence of the existing segregation.

Expressed Readiness for Interethnic Relations

The data from the survey (Table 3.2) suggest that there are differences in patterns of interactions between different ethnic groups with ethnic Macedonians and ethnic Albanians being more reserved in that regard than the members of the other ethnic groups. Thus, the majority of the members of all ethnic groups are not concerned with the ethnic origin of shop owners where they do their shopping. On the other hand, they are much more careful as to the restaurants where they dine, which does not necessarily suggest ethnic capsulation given some important cultural and religious dietary patterns.

The data summarized in Table 3.2 reveals some interesting patterns with regard to friendship and business relations. First, respondents from all three groups perceive themselves as less open to the otherness than are the members of their ethnic group. Secondly, ethnic Macedonians report themselves as twice less willing to do business with others than their own kin, and definitely less enthusiastic in having business with others than ethnic Albanians. Thirdly, a big proportion of both ethnic Macedonians and ethnic Albanians appear to have friends from another ethnic group, although their ethnic groups are seen as more open to personal relations with others than they perceive themselves. Actually, the data indicates that openness to others is not socially desirable, especially among ethnic Macedonians and in the business sector. Ethnic Macedonians are less willing to do business with members of other ethnic communities (mostly ethnic Albanians) probably as a result of larger intra-ethnic opportunities as well as of higher ethnic pressure to distant themselves from the Albanian community. At first glance, the high figures on the existing cross-ethnic inter-personal relations might seem to contradict these findings, but it is very plausible that when talking about a friend of other ethnicity, ethnic Macedonians and ethnic Albanians were rather referring to other ethnic groups than to each other.

⁸ *In an interview conducted by the author with a focus group consisted of Macedonian police officers in an ethnically mixed police station, suspicion was expressed in the professional competence of their ethnic Albanian colleagues who have not gone through the same professional training as themselves. On another occasion – when the author of this text was providing expert opinion on the methodology applied in the selection of professional soldiers in the Macedonian Army – a finding pointed out that the criteria for selection are not the same for members of different ethnic groups.*

Table 3.2: Share of respondents who have interactions with people from other ethnic groups

	Ethnic Macedonians		Ethnic Albanians		Others	
	Myself	My group	Myself	My group	Myself	My group
Have friends from different ethnic groups	75%	82%	64%	76%	92%	94%
Shop in stores owned by persons from different ethnic group	76%	79%	81%	75%	94%	94%
Go to restaurants owned by persons from different ethnic group	49%	73%	60%	58%	71%	78%
Have business with persons from different ethnic group	37%	74%	49%	69%	50%	81%

Manifestations of Ethnic Segregation

Segregation along ethnic lines exists in all spheres of social life as a consequence of long lasting parallelism that started on a personal level and is slowly moving up to the institutional level. In business relations this is evident through objective indicators, such as the establishment and existence of the Chamber of Commerce of North-Western Macedonia, oriented towards the needs of the Albanian business community, independently from the Chamber of Commerce of the Republic of Macedonia. In the long-run such parallelism in fact may have the potential to further deteriorate ethnic relations.

The same applies to other spheres of life with ethnic scent. Thus, for instance, despite the existence of an abundance of music festivals for both children and adults, it is exactly known which ones are “ethnic Albanian” and which “ethnic Macedonian” (or “non-Albanian”), according to the language of performance and the target audience. In addition to the national associations of historians, artists, writers, publishers, etc., which are regarded as “Macedonian”, there are in parallel separate associations of Albanian historians, Albanian writers, Albanian publishers, Albanian music and ballet artists, etc. On top of that, we recently saw the establishment of the Institute for Spiritual and Cultural Heritage of the Albanians, as a replacement and/or addition to the already existing academic organizations at a national level (such as the Institute for National History), which were not perceived as institutions engaged in issues tackling the ethnic identity of ethnic Albanians.

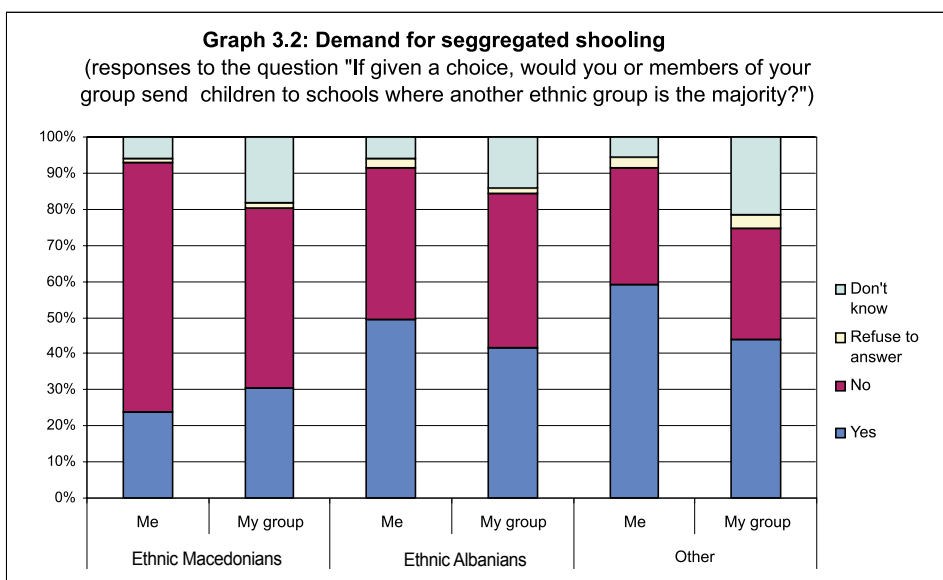
Ethnic segregation has been cultivated and nourished by the existing parallelism in education. The division of students in elementary and secondary schools by the language of instruction is used to keep ethnic Macedonian and ethnic Albanian (and ethnic Turks) students apart from each other. Even the ethnically “mixed” schools with more than one language of instruction split students in different shifts along language lines, implement separate extra-curricular activities, organize separate staff meetings, and divide the students in separate buildings when the main school building becomes too narrow to embrace all classes.

Even the teachers are not immune to ethnic segregation in education. In addition to the

fact that the majority of teachers obtain their basic diploma in their own mother tongue, in which they afterwards do the teaching themselves, the majority of teachers insist that even the in-service training is done in the same language. As a result, there is an increasing tendency to eliminate the use of the Macedonian language in schools, as well as the phenomenon of narrowing down the space for professional cooperation between the teachers belonging to different ethnic groups (especially the ethnic Macedonian and ethnic Albanian).

The ethnic heterogeneity of the schools, defined through teaching in two or three languages, goes hand in hand with a growing trend of reduction of the number of students belonging to a minority ethnic group – the parents feel more comfortable when they even enroll their children in more remote school, all for the purpose of avoiding the unpleasant feeling resulting from the minority status at school.

Data from the survey provides interesting food for thought regarding the “demand side” for segregated education. The share of ethnic Macedonian respondents who would not send their children to a school where the majority is constituted by another ethnic group is 69%. This share is 42% for ethnic Albanians and 32% for the smaller minorities (see the left bars on Graph 3.2). When the “socially desirable responding” is filtered out (looking though the anticipated attitudes of “my group”), the picture is even more interesting. It seems that explicit support for multi-ethnic patterns is perceived as desirable by ethnic Albanians and other minorities – but for ethnic Macedonians the opposite is the case (right bars on Graph 3.2).



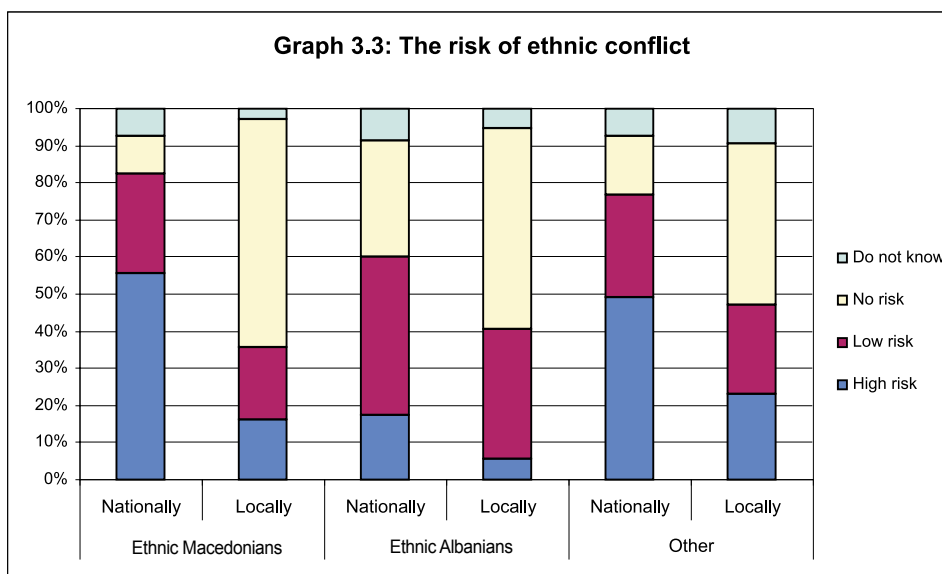
MANAGING INTER-ETHNIC TENSIONS

Large difference between the Albanian and Macedonian ethnic communities has been identified in relation to their estimation of the danger of a violent conflict occurring in the country (Graph 3.3). The interesting message here is the difference between local and national

level of ethnic Macedonians' perception. The "National level attitudes" people tend to think in more abstract terms, often influenced by the media and other intermediaries whilst "locally" they reflect more adequately as to how they see the reality. Thus the data can be interpreted in an optimistic manner: on a local level, where the real interactions and tensions occur, the possibility of a conflict is seen as very low both by ethnic Macedonians and ethnic Albanians as well as other minorities.

Level of Inter-ethnic Tensions

When transferred into a "conflict risk" scale, the results show similar picture. Ethnic Macedonians believe that there is a significant danger, whereas the ethnic Albanians think that there is almost no danger – on a scale of 0 (absence of risk) to 2 (high risk), the average among the ethnic Macedonians was 1.5, and that of the ethnic Albanians 0.8. Small minorities' risk perceptions are interesting here. Closest to the ethnic Albanians are the ethnic Turks (0.9), while closest to the ethnic Macedonians are the ethnic Roma (1.4). The ethnic Serbs, on the other hand, expressed the highest level of concern (1.8), which can be explained by the anticipated declaration of Kosovo independence.



The obtained results, which reflect the perception of the danger of a violent conflict, are quite adequate to the expressed assessments of the current inter-ethnic relations in the country. Located on a scale of 1 (very poor) to 5 (excellent), the average assessment of the ethnic Albanians (3.3) indicate their tendency to see the inter-ethnic relations as good, while the average assessment of the ethnic Macedonians (2.7) point to their tendency to look upon the same relations as poor. The opinion of ethnic Turks resembles that of the ethnic Albanians (3.25), while that of the ethnic Roma (2.8) and ethnic Serbs (2.5) is similar to the opinion shared among the ethnic Macedonians.

In this, 71% of ethnic Albanians and 58% of ethnic Macedonians believe that the situation regarding the inter-ethnic relations has not changed over the last year and – at the same

time – 54% of ethnic Albanians and 40% of ethnic Macedonians do not even expect these relations to change. The decreased percentage of those expecting status quo is due to the increased percentage of ethnic Albanians who hope that the relations will improve (41%) and the increased percentage of ethnic Macedonians expressing optimism (29%), but also of those expressing pessimism (22%).

It is interesting to compare the perceptions of ethnic Macedonians and ethnic Albanians living in ethnically mixed areas. A significant proportion of ethnic Albanians living in Albanian dominated area (the Polog region) estimate the current inter-ethnic relations as improved (37%), and even more of them expect the situation to improve further (55%), The vast majority of ethnic Macedonians living in the same region does not perceive changes in inter-ethnic relations (83%) and do not expect them to happen (69%) in the near future. Opposite findings apply to areas where ethnic Macedonians are the dominant ethnic group – there the ethnic Macedonians are optimistic (anticipate improvement), and the ethnic Albanians are pessimistic (expect status quo). These results indicate that both ethnic groups tend to see the other as responsible for the development of the inter-ethnic relations.

Drivers of Ethnic Tensions

The data summarized in Table 3.3 indicate the central level politicians and the media as the main two drivers of ethnic tensions. The interesting finding here is the clear distinction between local and central levels – in the case of both ethnic Macedonian and ethnic Albanian respondents, local level politicians occupy the third rank of ethnic tension drivers. These results may suggest that either decentralization is starting to deliver positive results with regard to ethnic tensions or local level politicians are not perceived as powerful as the central level politicians in influencing ethnic tensions. However, if taken into account the expressed mistrust in politicians from the other ethnicity (3/4 of ethnic Albanians and 2/3 of ethnic Macedonians said that they would not vote for a candidate from another ethnic group), it appears that the responsibility for the existing ethnic tensions is assigned to the politicians from the “opposing” ethnic community.

The impact of politics and politicians on ethnic cohesion is not only reflected in the open clashes between the political parties concerning issues affecting the sphere of narrow ethnic interests, but also in many other actions which – consciously or not – have subtle influence on the encouragement of the ethnic (instead of the civil) identity of the citizens in the country. A notable example is the latest version of the Law on Holidays, which assigns religious connotation (and meaning for the members of one or another ethnic group or religion) to seven of the eleven proclaimed state holidays, whereas the meaning of two of the remaining four that are neutral (New Year and May 1st) has been marginalized. The Law introduces 14 new holidays reflecting the ethnic/religious identity of the different ethnicities in the country, underlining in this way the differences and completely ignoring the elements that unite the ethnic communities on this territory.

In regards to the media, its destructive influence on ethnic cohesion is an outcome of its division along ethnic lines. The electronic and printed media are mainly intended for individual ethnic communities, not only by being in one language only, but also due to the topics they stress and the manner in which they do it. A positive exception is the private television Alsat, which – although regarded as Albanian national television – does not only broadcast some programs in the Macedonian language, but also very often provides bilingual (Macedonian-Albanian) approach to its burning topic shows. On the other hand, the state television is strictly divided by languages and, consequently, topic-oriented in the same fashion.

It is quite understandable that the lowest percentage of the members of all ethnic communities look upon the family and friends as factors creating ethnic tensions. And even those that place responsibility to family and friends believe that they contribute only sometimes, but not often. In this way, the need for people to locate responsibility elsewhere is obvious – they tend to transfer responsibility over to factors on which the individual has the least influence.

Table 3.3: Who contributes to ethnic tensions?

	Ethnic Macedonians		Ethnic Albanians		Others	
	Often	Sometimes	Often	Sometimes	Often	Sometimes
Central level politicians	60%	35%	50%	33%	55%	36%
Local level politicians	44%	42%	36%	45%	45%	37%
Media	44%	44%	50%	35%	43%	45%
Education system	10%	39%	7%	40%	6%	30%
Family	10%	28%	4%	39%	7%	16%
Friends	10%	32%	8%	32%	8%	32%

It is, however, interesting – if not even surprising – to see that less than half of the respondents of all ethnic groups regard the educational system as at all responsible. Among ethnic Macedonians only 10% see it as “often contributing” to ethnic tensions. The percentage is even lower for Albanians – only 4%. This would suggest that the respondents are either not aware of the risks related to ethnocentric education or see those risks as inevitable price for mutual coexistence.

CONCLUSIONS

The analysis of the results of the survey applied and the obtained factographic data pointed to the following situation with regard to meeting of preconditions for ethnic cohesion in the country, as a multiethnic society.

Shared Vision

All ethnic communities do not share a common vision and a sense of belonging to the country. The two largest ethnic communities differ in assigning priority to their main concerns: the status of Kosovo (for the ethnic Albanians) or the international recognition of the name of the country (for the ethnic Macedonians). At the same time, NATO and EU are ascribed different importance for the development of the country and are trusted at different level, which is a result of the perception of the international community as biased in the interest of the ethnic Albanians.

Ethnocentrism (present in politics and education) promotes ethnic identity among the members of the two largest ethnic groups and prevents development of national identity among the citizens. At a local level, the majority ethnic community imposes its domination on the minority ones, causing anxiety and insecurity among the latter. For the ethnic Albanians, this is justified, while the ethnic Macedonians fail to realize this whenever they are the majority and another ethnic group constitutes minority.

Equality in Opportunities

There is an upward trend in the efforts to provide similar life opportunities to the different ethnic groups. This is the case for example of educational opportunities, especially for the ethnic Albanians, at all levels of the education. There are, however, differences in the quality of the education offered to the members of the different ethnic communities at elementary school level; due to this, students attending classes in the Albanian language achieve worse results at national assessments.

There is also a positive trend in the proportional representation of all ethnic communities in the police, army and public administration. The increase of employment opportunities for the ethnic Albanians is perceived by the ethnic Macedonians as unjust restriction of their own opportunities.

Parallelism Everyday Life

Instead of firm positive relations between the members of the different ethnic communities, there is still parallelism in all spheres of everyday life. The ethnic communities still live one next to another and with a dosage of mutual mistrust, which is most evident in the business relations between ethnic Macedonians and ethnic Albanians.

The ethnic segregation is a continuous process in the education, and no measures are taken to prevent this. The educational system is not used to create inter-ethnic trust and to overcome the negative ethnic stereotypes and bias – it still contributes to deepening the existing gap between the different ethnic communities. The civil society is divided along ethnic lines and the professional associations (and, sometimes even the business associations) tend to separate.

Interethnic Tensions

The inter-ethnic tensions are still present and the main threats to the good inter-ethnic relations are still existing and effective. The level of estimated danger for an ethnic-based conflict in the country is rather low, but it varies from one ethnicity to the other. Ethnic Macedonians believe that the risk is greater, probably because they still experience the inter-ethnic relations as rather poor and look upon the ethnic Albanians as potential source of violence. Ethnic Albanians do not see danger, probably because they perceive the inter-ethnic relations mainly as good and believe that the reasons for a violent conflict have already been removed. There are more optimists among the ethnic Albanians when it comes to improvement of the inter-ethnic relations, than among the ethnic Macedonians.

All ethnic communities see the politicians and the media as the main sources of inter-ethnic tensions. In this, they locate greater responsibility among the central level politicians from the “opposite” ethnic community.

Chapter 4



Social Inclusion and Governance

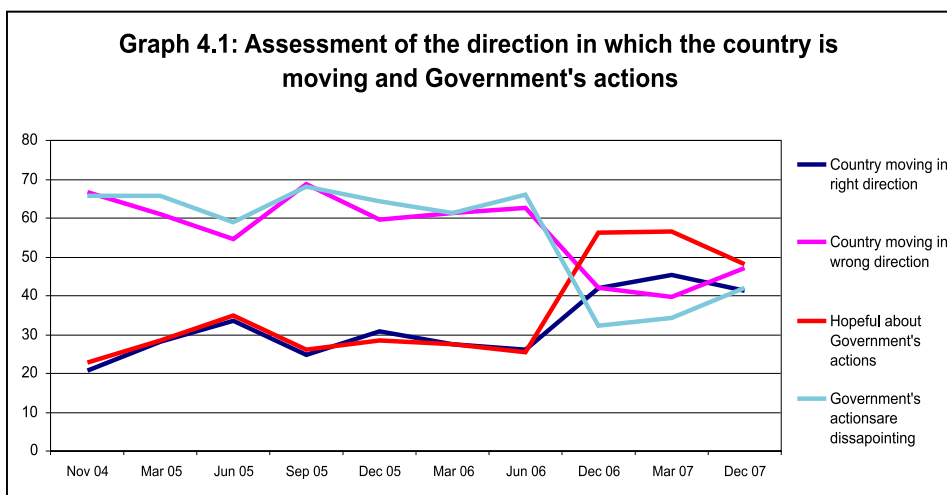
Chapter 4: Social Inclusion and Governance

As of 2008, UNDP has introduced a different approach on analysis of governance and social service in the country, focusing on quality of governance provided to the citizens. In the context of this report, the system of governance is defined as the processes of decision-making and implementation of policies and legislation that should ideally result in good governance capable of providing efficient and effective delivery of services, prosperity and social cohesion to the citizens of the country. The People Centred Analyses attempts to provide insights on the status of governance both at central and local levels. The latter is particularly important given the process of decentralisation introduced in 2004 that stipulated transfer of wide range of competencies to the local level.

INSTITUTIONAL FRAMEWORK

Political Institutions

The perception of the political situation in the country is a milestone of the governance part of the People-centred Analyses, focusing on respondents' views about the course of the government and quality of government's actions, trust in institutions (domestic and international) and perception of the EU membership benefits. These elements were also covered in the previous Early Warning Reports (EWRs), enabling trend analysis on the general views of the political and institutional stability. The last EWR June 2007 pointed out a start of the consolidation phase in the country from 2006 onwards, after the post-conflict period (2002-2006). Unfortunately, the latest survey of December 2007 illustrates worsening trends in most of the comparable indicators presented in the previous EWR. In particular, negative trends were recorded with respect to respondents' enthusiasm about the course of the country (Graph 4.1), as 41.4% believed that its direction is right and 52% estimated that government's actions are hopeful. These figures are still relatively high compared to the period before the last elections in July 2006, but show a decrease of the optimism of the citizens.



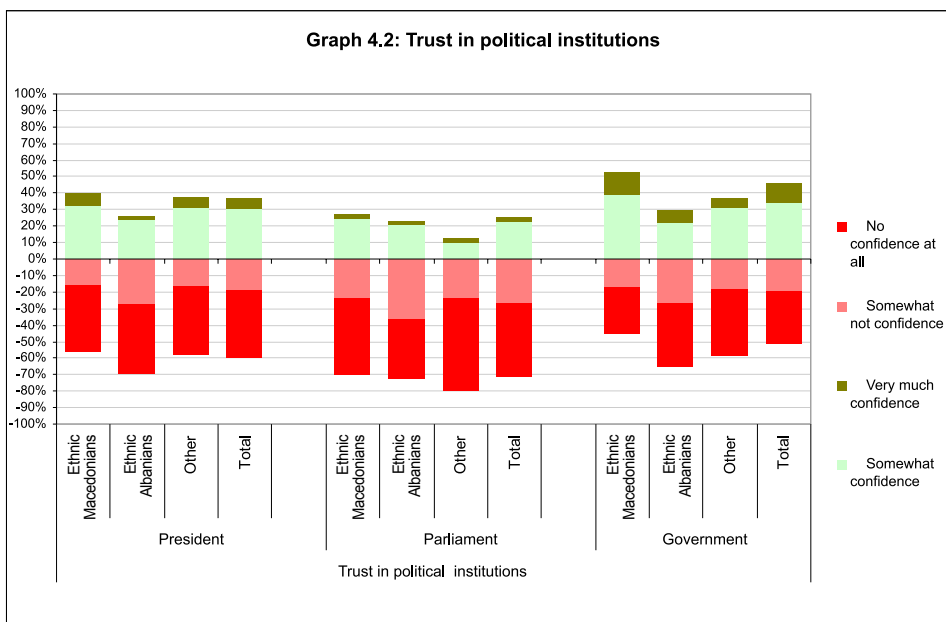
* The above graph is built on the basis of data derived from the representative survey conducted for the purposes of the report in December 2007 and on previous surveys from Early Warning Report by Brima Gallup International. For more details on the survey see the Methodological Annex.

The survey indicates strongest disappointment among the most active population of the age groups 25-34 and 35-44; unemployed people; respondents with low total household income under Denars 6000; rural and male population. According to the national and education parameter, the ethnic Albanian population (around 60%) showed stronger skepticism than the ethnic Macedonian population (over 35%) and other ethnicities (over 46%), while growth of distrust and disappointment are displayed by the population with primary education (over 46%) compared to those with higher education (over 38%).

The negative trend of the country's direction assessment among the unemployed and the poorest is not surprising. The most alarming indicator is the rising disappointment among the most active segments of the workforce, those who are supposed to be the main drivers of country's development. To a certain extent it may be attributable to the high level of unemployment among the young – 54.4% (age group 15-24) and 32.1% (age group 25-44) in the third quarter of 2007,¹ and implicitly, to the people's disappointment with the political elites' promises for accelerated economic development, foreign direct investment and intense job creation. Traditionally, the belief in the country's course is always strongest when governmental structures change and have a tendency to decrease after a short period of time, if the government's actions do not result in visible economics effects. This is clearly evident from the Graph 4.1. In addition, the overall situation in the country is very complex from the political perspective, in particular with respect to the problems in the internal political dialogue, delays in the EU integration process and issues related to NATO membership. All this reflects negatively on the people's perceptions of the course of the country, which is confirmed with their depleted belief in the opportunities that allow them to participate actively in policy-making processes. In this respect, it is worth noting that the most disappointed at the same time see little opportunity for citizens to influence political agenda – around 55% of the age groups 35-44 and the 25-34 think that citizens cannot influence political agenda.

The deteriorating trend presented above was confirmed with regards to the institutions, as well. In December 2007, the Parliament, President of the State and the Government registered lower confidence and increased mistrust (Graph 4.2). According to the indicators, the trust in the Parliament has suffered the most, as 44.9% of the interviewed expressed their total mistrust (no confidence at all) in the Parliament, compared to 34% in March 2007. This indicator was largely attributable to the severe events and clashes among the parliament members in September 2007, as well from the inefficient and ineffective work of the Parliament caused by prolonged periods of difficulties in the political dialogue between the political parties. Also, the share of people that have "strong confidence" in the President has fallen to 6.4% (from 7.3% in March 2007), while 40.9% of the interviewed expressed total mistrust in this institution, compared to 39.2% in March 2007. Over the period 2000-2007, the President of the State had constantly recorded low rating, additionally enforced with very low level of cooperation between the President and the Government in the last few years especially in relation to the strategic issues of national interest.

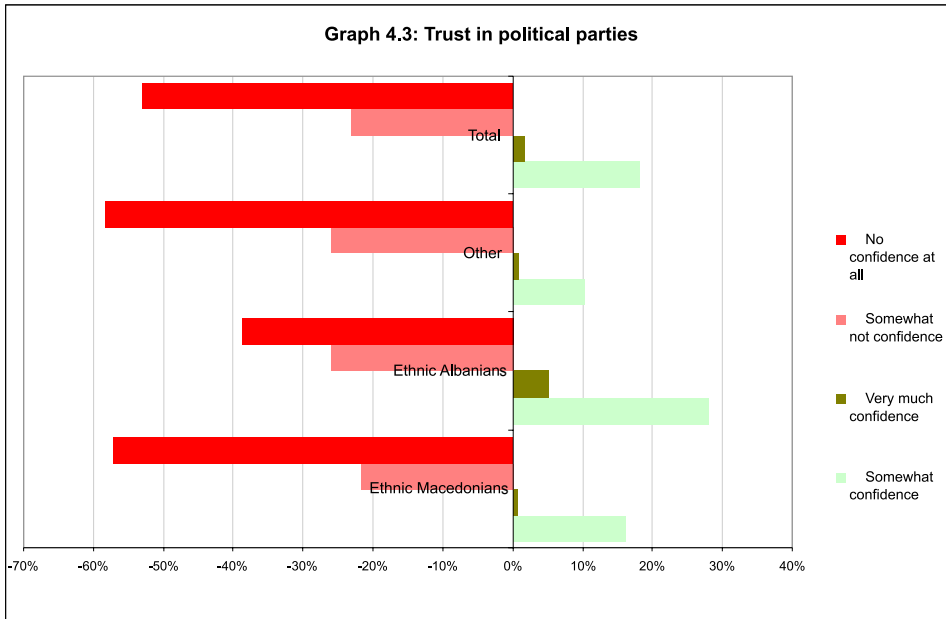
¹ State Statistical Office, Labour Market Report No. 2.1.7.31, December 2007



The Government still enjoys more trust than the Parliament and the President. In total, nearly 46% of the respondents expressed strong confidence or some confidence in the Government, although strong confidence in the Government decreased to 11.6% (from 14.3% in March 2007), while total mistrust rose to 31.5% (from 26.5% in March 2007). The structure of the respondents' that totally mistrust the Government (by categories included in the survey) to a great extent coincides with the previously presented structure of the respondents with total mistrust in the course of the country and hope in the government's actions. The only difference is that highest mistrust in the Government was registered among other ethnicities (40.2%), followed by ethnic Albanians (38.7%) and ethnic Macedonians (27.7%). Regardless of the slight divergences, the general view is that people's optimism and hope melt more quickly among the population with highest expectations from the Government (unemployed persons; low paid workers, rural population, etc.), which puts the Government under pressure to provide specific results in the near future, aiming towards economic prosperity and social cohesion of the citizens.

Implicit to the low level of confidence in the Parliament, President and Government, the confidence in the political parties was at a very low level among the interviewed in the last survey and only 1.7% expressed strong confidence, while 53.2% responded with total mistrust in the political parties. Disparities in trust to political parties among different ethnic groups reveal an interesting pattern (Graph 4.3). Ethnic Albanians showed higher trust in the political parties (5.1% strong confidence and 38.7% total mistrust) compared to ethnic Macedonians (0.8% and 57.0% respectively) and others (0.9% and 58.3% respectively). This represents a significant difference compared to the indicators about the confidence in the political institutions, which could be explained with confidence in Albanian parties that do not have a prominent role in the Parliament and the Government and have not been "stained" by involvement in legislative or executive powers. Thus they don't share the mistrust

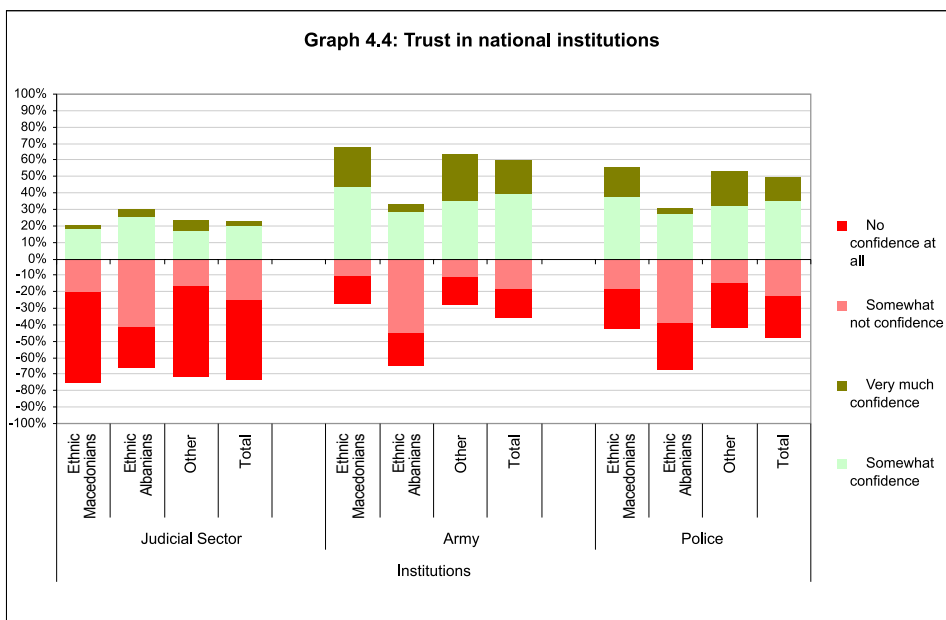
in these institutions. In fact, it means that the higher level of trust for non-parliamentary parties is another indirect indicator for insufficient performance of the Parliament and the Government.



The low level of confidence in political institutions and political parties is related both to perceived misperformance, but also to corruption. The survey has shown that 79.8% of the respondents stated that there is corruption in the state administration at central level and 79.1% in the Parliament. Such a high level of perceived corruption is an alert to possible further decrease of the people’s trust in the political institutions, as well in the country’s future, as those institutions provide the economic and social framework for the life of the citizens.

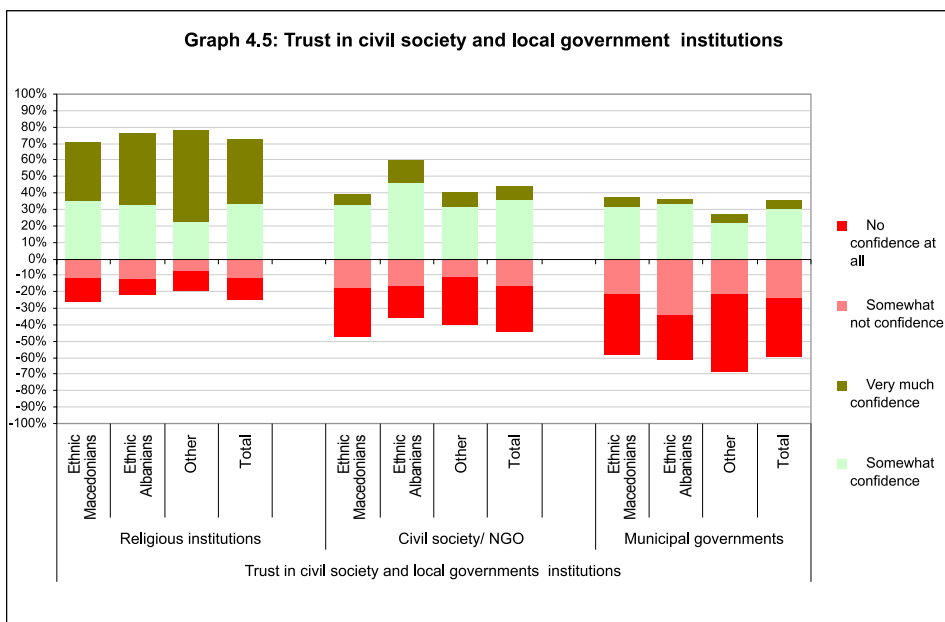
National Institutions

According to the survey results from December 2007, other domestic institutions also recorded lower confidence, compared to previous surveys. The trust in the judicial sector deteriorated to total mistrust by 48.3% of the respondents and strong confidence by just 2.9%. The army and the police registered decrease of strong confidence to 20% and 14.9%, respectively, which was implicitly translated into an increased lack of confidence of 17.1% in the army and 24.6% in the police. Broken down by groups, the trust in national institutions reveals important disparities (see Graph 4.4). the judicial sector is the least trusted by three major groups, while the “power” institutions as the army and the police are least trusted by ethnic Albanians. This suggests that the scars of the recent conflict have not recovered entirely and these two important pillars of governance are not seen by significant part of ethnic Albanian population as “theirs as well”.



Mistrust in the national institutions could be highly correlated with respondents' perceptions of corruption, as 86.0% stated that there is corruption in the judicial sector; 82.9% in the health sector; 78.3% in the police and 76.8% in the education. On the other hand, only 6% of the interviewed in the survey replied that they were exposed to situations where corruptive demands have taken in the last six months. This indicator is opposite to their high assurance in corruption, and could be explained with the "stereotyped" public opinion about corruption, reinforced with the prioritisation of the fight against corruption in the reforms recommended to the government by the EU and the international organisations. Still, such a high level of perceived corruption among the interviewed indicates the most important areas where the government's actions are necessary to change the deficiencies in the governance system and to provide a better standard of living and social cohesion of the citizens.

In line with the negative trends mentioned above, the banks also recorded lower levels of trust compared to previous surveys – the strong confidence in banks declined to 8.6%, while the lack of confidence increased to 33.6%. The municipal governments also experienced a worsening trend expressed through the decrease of strong confidence to 4.9% and an increased lack of confidence to 35.6%. These results impose serious concern about the quality of the overall governance system, as the interviewed citizens confirmed their doubts and scepticism with regards to the majority of the domestic institutions. Only the religious institutions (Graph 4.5) remained with strong confidence expressed by 38.9% (from 41.3%), but the trust in those institutions could be easily misperceived (by the respondents) with personal religious faith and therefore, these data need to be treated with caution. Also, the trust in civil society increased to 8.6% (strong confidence), while total mistrust decreased to 26.9%, which could be considered as a sign of increased awareness about the role of the NGO sector in the society.

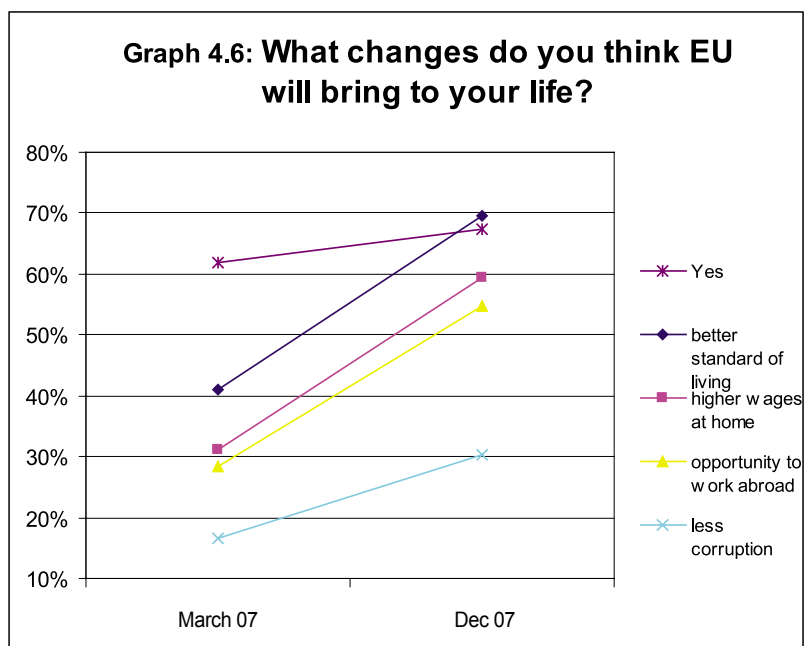


International Institutions

Despite a downward trend of confidence in the national institutions, the international institutions have enjoyed an increased trust compared to the previous survey. Around 23.5% of those polled in December 2007 survey expressed strong confidence in the UN; over 26% have shown strong trust in EU and NATO; around 21.5% and 17.9% have expressed their trust in the World Bank and IMF, respectively, while OSCE received strong confidence by 21.2% of the interviewed persons. The increased trust in the international organizations could be viewed as a logical implication from the partial ability of the domestic institutions (as presented through low confidence of the citizens) to function in an efficient manner. Therefore, over 67% of the interviewed in the survey expressed a belief that EU membership will bring changes in their lives, compared to 61.9% in March 2007 (Graph 4.6). This could be viewed from the perspective of the citizens' hope that the domestic governance based on EU policies and guided by the EU institutions could provide better results. In this respect, the majority of those polled believe that EU membership will bring better standard of living (69.5% compared to 40.9% in March 2007), higher wages at home (59.3% compared to 31.2%); opportunity to work abroad (54.8% compared to 28.3%) and less corruption (30.3% compared to 16.6%).

The faith in a better future within the EU is strongest among the young population aged 18-44 (over 71% in each age group); persons unemployed for over 12 months (72%), people working in family business (100%) and students (82.2%); households with total monthly income less than Denars 3000 (77.6%); persons with secondary (69.6%), primary (66.1%) and higher education (62.4%); rural (69.4%) and male population (67.7%). According to the national parameter, the ethnic Albanian population expressed very strong belief for changes (85.5%), followed by other ethnicities (72.9%) and ethnic Macedonians (60.4%). The given categorization largely corresponds to the previously presented structures of the respondents with total mistrust in the political institutions, mistrust in the course of the country and hope in the government's actions. The most active population economically (age group 18-44), in particular the unemployed and the poorest persons dominate in all given structures, which

is a logical implication of their difficulties to ensure jobs and better standard of living. It is interesting to see that total belief in the EU was also expressed by people working in family businesses, which could be viewed as people's perception that business related legal and policy framework in the country will improve under the EU auspices.



* The above graph is built on the basis of data derived from the representative survey conducted for the purposes of the report in December 2007 and on previous surveys from Early Warning Report by Brima Gallup International. For more details on the survey see the Methodological Annex.

These perceptions should primarily serve as sound alarm for the Government that the citizens are not satisfied with the current standard of living nor are they satisfied with the actions undertaken in the economic, judiciary and other areas. On the other hand, the strong faith of those interviewed that EU membership will bring changes in their lives could be considered as strong support of the EU integration process, which should be better used by the Government as a platform for the necessary reforms.

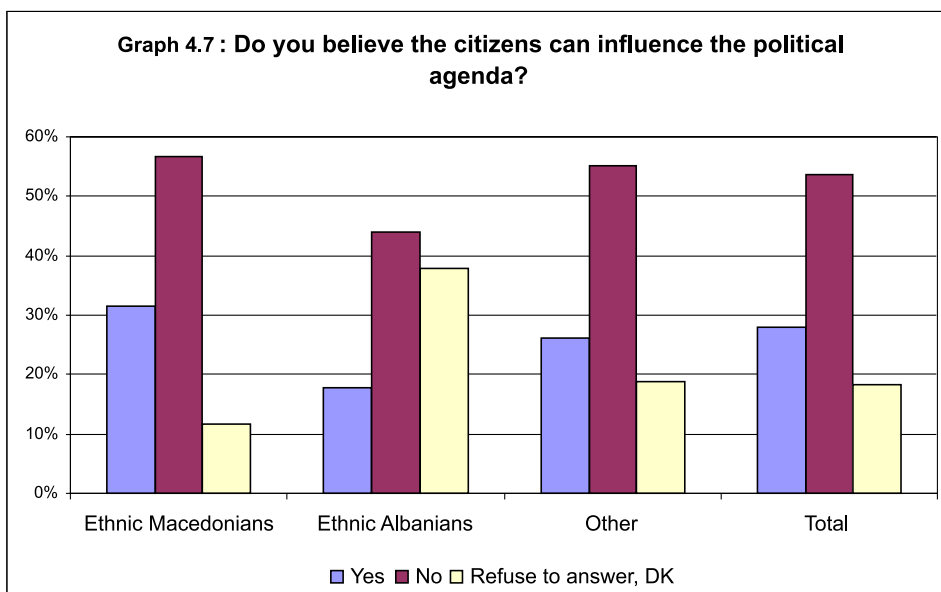
Citizens' Participation in Governance

The general policy-making in the country is based on the top-down approach, while the usage of participatory principle through a bottom-up approach is rather limited. The process of policy-making includes horizontal consultations among the line ministries, as well public-private dialogue on certain policy matters, but participation of the stakeholders is rather formal than substantial. Broader application of the participatory principle has been strongly promoted by the civil society, business and other associations, but it has still not been embedded in the policy-decision making as a regular practise. Instead, there is an overall impression that policy-making processes are strongly related to the political parties' agendas, which are usually not elaborated in consultation with the stakeholders.

As a confirmation to this, the respondents in the December 2007 survey expressed very low belief of possibility to influence the political agenda of the political parties. Only 28%

of the interviewed responded positively (compared to 44.0% in March 2007), while 53.7% consider that there is no possibility to influence the political agenda of political parties (Graph 4.7). In terms of categories, most of the negative answers were provided by the male and urban population; persons with secondary education; unemployed people and those unable/disabled to work, as well as persons from households with low total monthly incomes. This structure partially followed the pattern related to the mistrust in the national institutions, especially with regards to the unemployed and poor people that reflects their inferior position in the society and strong dependence of the governmental actions. Regarding the national structure, ethnic Macedonians expressed highest disbelief (56.6%), followed by other ethnicities (55.1%) and ethnic Albanians (44.0%), which is in line with the higher trust of ethnic Albanians in the political parties.

Although the respondents showed significant level of distrust in the possibility to influence the political parties, the most common responses about the possible ways that citizens can use to influence the political agenda of the parties were proposals, opinion, suggestions, critics (15.3%); organizing, alignment, unity (13.3%), voting (11.6%) and through activity, engagement and initiative (10.9%). Regardless of the awareness about possible forms, the interviewed considered that the citizens cannot influence the political agenda mostly because nobody listens or asks the citizens (42.0%); the programs are designed by the parties for their own interest (8.4%); citizens do not have power, influence (6.5%) and parties are not open for communication (6.0%).



These responses indicate difficulty in communication with the political parties due to their limited openness to the citizens. In parallel, the interviewed in the survey have provided answers that also indicate their inactivity to communicate with the political parties or to be involved in some activity that could be of influence. Over the past year, the respondents confirmed that they have not attended trade union meetings (93.3%); meeting of a political party or political action group (92.2%); a protest or demonstration (91.1%); signed a petition

(91.0%) and contacted their elected representative/public official (91.6%). The high inactivity of the respondents, along with the detected difficulties in communication with the political parties creates a situation of indifference among the citizens that negatively affects the political framework (expressed through low confidence in the institutions) and decreases the accountability of the policy-makers to their stakeholders.

Furthermore, the given perception of the limited possibilities for citizens' influence, along with the decreasing level of confidence in political institutions could negatively affect the responsiveness of the citizens on elections. Over 75% of the interviewed responded that they have voted at the last elections – local (77.4%), parliamentary (76.9%) and presidential (75.1%), while statistical data show much lower turnout at the last local (55%), parliamentary (56%) and presidential elections (53.8%). The structure of the respondents in the survey that didn't vote has shown similar pattern on all elections and consists mainly of population with primary education; rural and population aged 18-24; persons working in family business, persons unemployed for over 12 months and persons unable to work, as well persons from households with low total monthly income. Again, the most socially vulnerable categories appeared as non-responsive to political elections, which is a logical outcome. The most quoted reasons by the respondents for not voting were lack of desire, need or interest (12.9%); discontent or disappointment (11.2%); lack of trust in politicians (10.7%); absence from town, state (10.3%) and no person to vote for (9.8%). According to ethnicity, ethnic Albanians had highest share among the interviewed that didn't vote (25.1% at the local; 30.2% at the parliamentary and 33.2% at the presidential elections), which does not correlate with their stronger confidence in the political parties and possibilities to influence the political agenda (compared to ethnic Macedonians and others) and could be partially explained with the intense emigration of the ethnic Albanian population abroad (but, keeping residence in the country and therefore, right to vote in the country).

The presented results alert to a prompt change in the policy-making process and greater application of the participatory principle. The shift towards better governance is a demanding process that presumes respect for the best interests of the citizens; rule of law; increased transparency and responsiveness of the institutions; higher efficiency and effectiveness of the decision-making and implementation of policies and legislation, as well accountability of the respective institutions to the stakeholders. In accomplishing these tasks, both – the institutions and citizens have important roles, which should be properly designed, developed and practised. In this respect, a proper level of confidence in the domestic institutions needs to be ensured through reforms of the institutions aiming at a better performance, as well as higher participation by the citizens through provision of ownership of the policies and satisfaction with institutional outcomes.

GOVERNANCE OUTCOMES

Achieving greater social inclusion requires well managed and coordinated governance. This results from the multifaceted character of social inclusion involving economic, social, health, educational, cultural, ethnic and many other dimensions. Governance of the social inclusion in the country is part of the responsibilities of the Ministry of Labor and Social Policy, which has a separate unit in charge of protection and placement of the socially excluded. Also, this Ministry is advocating the pluralization of social welfare provision, thus allowing private profit and non-profit organizations to engage in social service delivery. However, the social inclusion policy needs a more permanent inter-sectoral and multi-sectoral engagement, in order to provide for different needs and requirements of the socially excluded.

Social Services and Their Quality

The lack of coordinated governance among social welfare providers negatively impacts both the institutions and beneficiaries. For example, limited communication between the Ministry of Health and Ministry of Labor and Social Policy which is also reflected in the inadequate coordination between Employment Agency (and employment centers on the local level) and Health Insurance Fund (and their regional offices) impacts the current imperfect division of responsibilities between these institutions. Hence, the Employment Agency is in charge for issuing health protection benefits (blue coupons for health care) for those registered as unemployed, which is clearly a function which should be offered by the Health Insurance Fund offices. This has also impacted the rise of the number of unemployed people, registered only for the purposes of receiving free health care. Narrow coordination and governance is also evident between institutions that are supervised by the Ministry of Labor and Social Policy, such as Centers for Social Work and Employment agency. These institutions work with more or less the same clients (those being mainly unemployed), however there is almost a non-existing practice of communication. These problems mainly arise from the lack of clearly defined mandates for mutual cooperation between institutions. A coordinated action between institutions in the social sector can lead to a more systematic approach in assisting the unemployed, and also to a less time consuming, and more efficient process of registering and obtaining benefits from the social protection system.

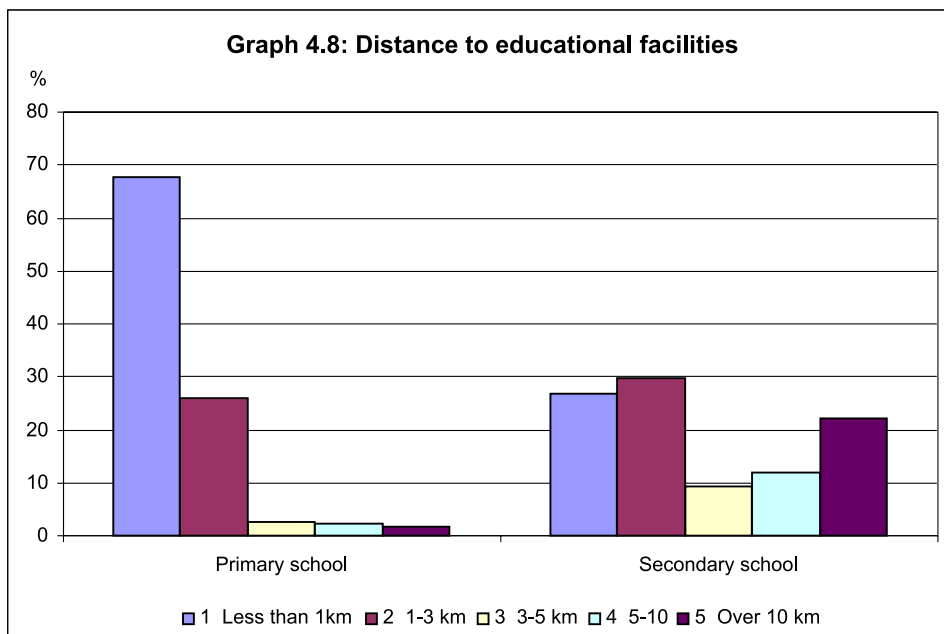
An additional negative characteristic of the social inclusion governance in the country arises from certain 'institutional barriers' which prohibit, lock or delay the access to rights and benefits of the socially excluded population. These institutional barriers can be seen in:

- a) Some indirect requirements unrelated to the social welfare status of the beneficiaries. For example, those registered as unemployed without educational certificate are required by the Employment Agency to provide ownership of land in order to establish the right to health protection (blue coupons);
- b) Mismatch between the offered welfare services and the needs of the majority of beneficiaries. According to the Annual Report of the Employment Agency-2006, there are 51.3% unemployed persons (of the total number registered) without any qualification which clearly can not take up the offered services of training and re-training which are seen as the main active measures to resolve the unemployment problems;
- c) Inflexible working hours of the social welfare institutions. Social Work Centers have the same working hours 8.30 to 16.30 as the public administration, with only few teams working after these hours. Hence, some of the urgent needs of the socially excluded population might not be adequately provided as there are simply no available professionals to assist them. In these situations, the police are the second alternative however, knowing their image and the main function, many of the socially excluded might not feel comfortable asking for their assistance.

The reasons behind these 'barriers' lie in problems such as: lack of proper policy framework, lack of customized services for the needed groups as well as gap between allocated resources and the current needs. There is also a greater need for disaggregated information regarding access and take up of both active and passive services given by the Employment Centres and Social Work Centres on the basis of client specifics such as: ethnicity, gender, number of children etc.

In relation to the physical access, social services (i.e. health, education, social work centres,

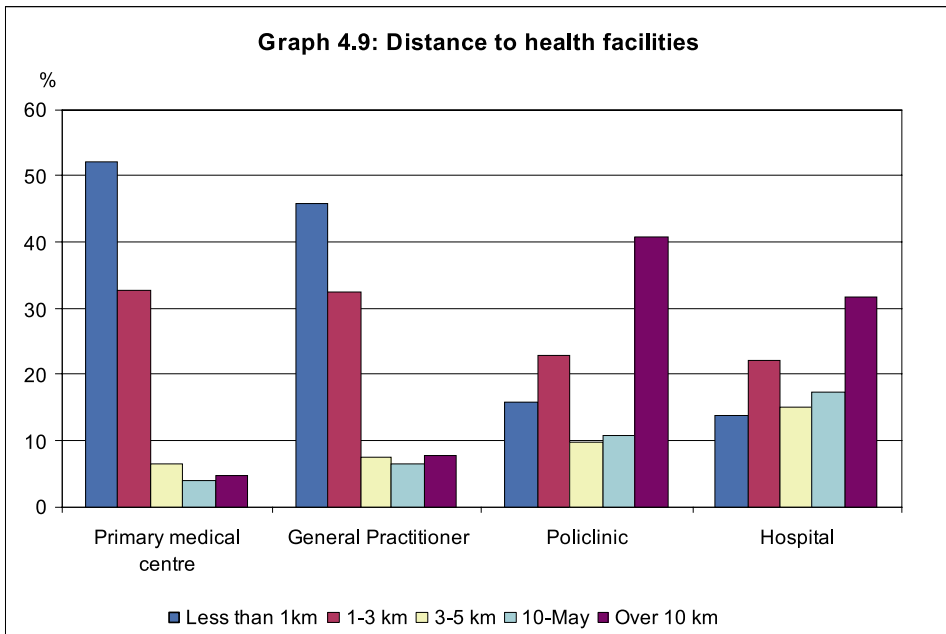
employment centres) are geographically well distributed. According to the public opinion survey conducted for the purposes of this Report (2007), educational facilities are generally easily reachable.



For 65.7% of the respondents, the distance of the primary schools is less than 1km, while 25.3% of the respondents travel 1-3 km to reach the primary school. The location of secondary schools is a bit distant, as the majority of respondents (28.7%) travel 1-3 km to the secondary school. However, there is also a big proportion of the population (21.3%) that travel more than 10 km to reach their secondary school. This is especially evident in rural areas where 47% of population travel over 10 km to the nearest secondary school.

In relation to health facilities, the survey shows that ambulances are located less than 1km for 51.8% of the respondents, while 32.7% travel 1 to 3 km to their primary medical care facility. The distance is almost the same to the General Practitioner, as 43.6% travel less than 1km and 31% of the respondents travel between 1 to 3 km. Distances for reaching policlinics and hospitals are higher, as it takes over 10 km to reach the nearest policlinic (for over 36% of the respondents) as well as the nearest hospital (31.5% of the respondents).

The citizens' perceptions of health care quality reveals that 44.3% find it acceptable, 20% think it is of high quality, while 17% responded that it is of poor quality. Similarly, the quality of education is rated as acceptable by 46.2%, as poor by 20.6% and as high quality by 13.6%. However, the image of these services is highly negative when considering the presence of corruption. In that respect, 82.9% of all respondents believe that there is corruption and misuse of public funds in the health sector, and 76.8% in the educational sector.



The survey results show that while the analysed public services are geographically well accessible, especially in terms of primary level of education and health, still the distance to the secondary level facilities in education and health is more problematic. The physical access particularly in the field of secondary education presents an important challenge, as from September 2008 (for the generation that will enrol in secondary education in the academic year 2008/09)² the secondary education becomes obligatory. Hence, in order to avoid potential situations of educational exclusion, the central and local governments should contribute to the improved access to the secondary education, regardless if it is through direct financial transfers or through organizing school transport for those from distant locations. Equally, the current average satisfaction with the quality of public services as well as the image and conditions of corruption can be improved by introducing higher quality standards, licensing and accreditation for public service delivery. It seems that currently, due to mainly financial reasons, accessibility to the provided social services is not sufficiently supported through alternative forms of assistance, such as organized transport, after-school assistance etc.

Other factors that are related to access and quality of social services and can lead to social exclusion might be seen in the following: a) limited number of pre-school facilities: these institutions work with a capacity of approximately 25,000 children, or 11% of all children up to age seven. The main problem for pre-school education is the serious shortage of facilities, with only 40 (out of 84) municipalities in the whole country that have their own kindergartens; b) deprived access of children with disabilities to mainstream education: there is no specialized curricula or textbooks which exist in regular schools to enable disabled children to be mainstreamed into regular education. This contributes both to school segregation, as well as to discrimination and denial of the right to basic education; c) lack of assistance from public institutions in supporting and providing social welfare claimants with basic documents

² *Law on Secondary Education, Official Gazette no. 49/2007.*

– id, birth certificates etc. Many of the vulnerable groups face problems of lack of necessary documents which are needed to register and acquire social welfare services. The majority of this population belongs to particular ethnic groups, such as ethnic Roma and ethnic Albanians who due to problems such as illiteracy or cultural traditions, do not promptly apply for these documents. This presents a potential danger for their exclusion from the social protection system as well as in acquiring basic services such as education, health etc.

Finally, improvement of the quality of social services should be sought in enabling adequate human resources, which are currently insufficient in regard to their demand. This is especially evident in the education (particularly pre-school) and social welfare sectors. If we strive for a well governed social inclusion policy that enables high quality social services it should be premised on adequate and professional staff, that can deal with different needs of the population in need. Hence, careful planning based on both central government and local municipality resources and needs should be undertaken in order to improve the current client-staff ratio.

Impact of Decentralization on Services Provision

Social service delivery in the country, i.e. social welfare, health and education prior to 1991 used to be more decentralized. The service delivery was managed and organized through the so-called communities of self-interest, which had more rights in planning and delivery of social services. Since 1991, the system became more centralized, thus allocating major competencies to the central government and relevant ministries. Currently, the country is again pursuing the process of decentralization, which in terms of social services up to now, has involved only the transfer of responsibilities to the local municipalities in the field of primary and secondary schools, kindergartens and public homes for elderly. In the field of health care there is a clearer trend of privatization of the private health care, while decentralization is evident only in some preventive public health activities managed by the local governments (disinfection etc.).

If we take into consideration the citizens' perceptions and opinions in regard to health care provision, 49.6% expect that the health care should be provided by the central government, but also a similarly high percentage of 39.9% think it should be a task of the local government and the local municipalities. It is interesting to note that these expectations vary between different ethnic communities, as ethnic Macedonians show a higher inclination towards local levels (45.1%), while ethnic Albanians and other ethnic communities support the local health provision with only 29.9% and 27.8% respectively. The situation is almost similar with the perceptions regarding provision of education, as 52.2% of all respondents were in favour of central government and 41.1% favouring the local municipalities providing education. Again, greater differences can be seen according to the ethnic background, as ethnic Albanians and other ethnic communities are more in favour of central government provision of education with 60.7% and 60.2% respectively. However, when asked if the process of decentralization will improve or deteriorate the situation in the local community, the majority of all respondents – 60.2% think the situation will stay the same, 19.8% think it will improve and 10.8 think it will worsen. There are no major differences in these perceptions when looked through different characteristics, such as gender, education, ethnicity or age.

The citizens' perceptions show that the process of decentralization is slowly changing the attitudes towards the central government as the main provider of social services. The central government is still perceived as a more secure and adequate actor in social service provision.

Greater support for the central levels is evident among ethnic Albanians and other ethnic communities might be associated either with the implementation of the Ohrid Framework Agreement through which many of the ethnic groups that are not presented as much were given better employment opportunities, but it can also be attributed to the highly politicized process of decentralization, which does not provide adequate participation of all groups in the local community. The lack of thrust in the overall process of decentralization and its contribution to the improvement of local community conditions can be interpreted as a sign that citizens do not feel connected and sufficiently involved in this process, as well as that decentralization process can not be successfully achieved due to low economic capacities and potentials of the local municipalities.

In the field of social welfare, the transfer of responsibilities from central to the local governments in the field of social welfare in the country is stipulated through:

- 1) The organization and construction of facilities for social and child care, including nurseries and care facilities for the elderly (ownership, financing, investments and maintenance); provision of social care for disabled people, children without parents and parental care, children with special educational and social needs, children from single parent families, homeless children, individuals exposed to social risks, and drug or alcohol abusers; raising awareness of the general public; housing for people at social risk; realization of rights related to raising pre-school children;
- 2) The organization and improvement of education, involving the establishment, financing and administration of primary and secondary schools in conjunction with the central government and in accordance with the law, and the organization of transportation of students and their accommodation in student boarding facilities; and
- 3) The organization, construction and management of the network of primary healthcare organizations and facilities. This was to be achieved by: management of the network of public primary health care organizations and facilities (which were required to involve the local self-government in all the boards of all publicly-owned health care providers, health education and promotion); preventive activities, health care for workers and occupational health; environmental health monitoring; monitoring of communicable diseases; care for patients with special needs (e.g. mental health, child abuse, etc.) and other areas specified by the law (Local Self-Government Act, 2002).

However, when discussing decentralization of social services in the country, there are many challenges that should be taken into consideration, like: insufficient human resources of local municipalities, impoverishment of population contributing to more users than contributors to the financing of social services, as well as differences among municipalities' own resources which imply regional disparities. The lack of a clear policy framework as well as the lack of precise legislative provisions that will allow deeper decentralization of the public social welfare competencies is another set back. For example, financial decentralization of

Social Work Centers is currently not possible, due to lack of provisions in the Law on Local Self- government, which does not envisage decentralization of financial transfers; as well as due to non existence of a second instance body (at the local level) regarding decisions on complaints.

There is a visible asymmetry between decentralized responsibilities and the necessary resources. For example, more than a quarter of the local self-governments (LSG) do not have financial management capacity³. As the country opted for a phased approach towards decentralisation, currently⁴ 59 LSG have been able to satisfy the stipulated criteria and enter into the second – fiscal phase of decentralization. In the field of elderly care only 3 (Bitola, Prilep and Kumanovo) have entered this second phase of decentralization due to the fact that only these municipalities have elderly care centres. The city of Skopje due to problems of debts and other administrative obstacles has not fulfilled the criteria and has not initiated the fiscal phase of elderly care decentralization. In the field of child protection 30 out of 84 municipalities now receive block transfers from the Government.

However, in relation to social exclusion, it must be emphasized that certain local municipalities have initiated provision of additional social services, such as shelters, public kitchens, day care centers, and so on. It remains as additional imperative that the central government does not duplicate the services offered at local level, but rather support those municipalities where such social services are not financially viable. Currently, in the field of social welfare, we see that the central government supports the opening of public kitchens in many of the local municipalities, which might be interpreted as interfering in the local municipalities' potentials. The central Government should function more on the principle of subsidiarity, and deliver services and support, only when these are not met by the local municipalities, non-governmental organizations or other private actors.

Social Services Providers

The pluralisation of social welfare delivery has been more actively pronounced since 2004. The government has enabled citizens' associations as well as private entities more rights in providing social welfare services. Currently there are 6,000 registered associations of citizens in the country, out of which only 23 are registered in the Ministry of Labor and Social Policy (MLSP) database. This database is comprised of organizations that have satisfied the Ministry's criteria for professionalism, competence and quality, and they can apply for tender announcements that are published by the MLSP. The private sector participation and cooperation is less present in social service delivery, and their predominant focus of interest has been in the area of elderly care, with 4 private elderly homes currently operating. An emerging area of private interest in social service provision can be seen in opening of agencies for temporary employment, with 20 such agencies currently registered with the Ministry of Labor and Social Policy.

Despite the increased civil society and private sector participation in social service delivery, it seems that they're still in need of demonstrating their competence and viability. The survey showed that 35.6% of the respondents have some confidence in the civil society/NGO organizations, 26.9% have no confidence at all and 17.1% are somewhat not confident. The

³ Nikolov, M. (2007) "Intergovernmental Fiscal Relations in Macedonia and Kosovo: Comparisons", OSCE Forum in Kosovo, November 2007
<http://www.cea.org.mk/Documents/Marjan%20Presentation%20Final%20OSCE%20Kosovo.pdf>

⁴ As of 19 February 2008.

lack of more visible trust in the private profit and non-profit organizations may be explained through few factors. First, the predominant role of the state in the previous socialist system and non-existence of other forms of non-state participation in social service delivery contributes to the still predominant mentality and reliance towards the state as the main provider of services. Secondly, the lack of financial sustainability of many of the non profit organizations as well as higher costs of services given by the for-profit organizations present limiting aspects for many of the service users. Finally, the exclusive orientation towards services and lack of direct financial support may probably be the leading factor that places non-state actors behind the government as confident social providers.

Still, it is important to note that the civil society organizations have a very important role in contributing to the social inclusion process. Their activities such as providing educational support (for formal and non-formal education) for ethnic communities, i.e. mainly to ethnic Roma children and families, activities in the area of day-care centers for disabled persons, work with substance abusers, as well as focus on adult training and life-long learning are not only complementing governmental activities, but also provide genuine and unique support that is highly relevant for the improvement of social exclusion and establishing greater social cohesion in the society.

CONCLUSIONS

The confidence in the state institutional framework, based on citizens' perceptions as expressed in the December 2007 survey, has shown an overall deterioration. The respondents' enthusiasm and hope in the government's actions has significantly dropped in relation to the previous surveys, mostly as a result of a scarce economic progress in the country, as well as internal political problems during the analysed period. The disappointment was strongest among the most active segments of the workforce and the socially most vulnerable categories – the unemployed and the poorest people. Also, these categories have shown strongest mistrust in the political institutions – the Parliament, President of the State and the Government. Each of these institutions recorded lower confidence and increased mistrust compared to the previous survey (March 2007), but the trust in Parliament has decreased the most, as a result of the political clashes in September 2007. The Government still enjoys more confidence among the respondents than the other two institutions, although the lack of specific economic results and problematic political dialogue imposes a threat of further decrease of the citizens' trust.

The threat has been reinforced with decreased confidence in the political parties, as well as decreased trust in other domestic institutions – judiciary, army and police, as well as the local self-government and banks. In terms of the national structure, it is noteworthy to distinguish the stronger mistrust of the ethnic Albanian respondents in the army and the police, compared to ethnic Macedonians and other ethnicities. This suggests that ethnic Albanians do not sufficiently trust and rely on these two important pillars of governance, which is a serious area that requires work by the political structures. The negative trend of citizens' confidence in the domestic institutions is accompanied by their perception of a very high corruption in the country, in particular in the Parliament, public administration at the state level, judiciary, police, health and education. Although only a minor part of the respondents were personally exposed to corruptive demands, such a high level of perceived corruption is an alert to the malfunctioning of national institutions and necessity for changes, as they provide the economic and social framework of the society.

Despite downward trend of confidence in the national institutions the international organizations enjoyed increased trust (EU, NATO, World Bank, IMF, OSCE). Over 67% of the interviewed in the survey believe that EU membership will bring changes in their lives, and the belief is especially strong among the young population and socially the most vulnerable categories. In line with the increasing mistrust in the domestic institutions, the confidence in the international organisations indicates that the citizens are not satisfied with the current standard of living nor are they satisfied with the actions undertaken in the economic, judiciary and other areas. This could be also analysed from the perspective of the citizens' hope that the domestic governance based on the EU policies and guided by the EU institutions could function in a more efficient manner. In this respect, the citizens' belief that they can influence the political agenda of political parties is very low. In addition, they show high inertness to communicate with the political parties or to be involved in some activity that could be of influence, which creates a situation of indifference among the citizens and mistrust in the domestic institutions. The participatory principle in the policy-making processes has not been sufficiently applied, which negatively affects the institutional outcomes and decreases the accountability of the policy-makers to their stakeholders.

Chapter 5



Recommendations

Chapter 5: Recommendations

Recommendations are an indivisible part of any policy-oriented report and the current one is no exception. The set of recommendations is what makes a report oriented at substantive change, as the PCA series intends to be. The desired change however is broader than just promotion of this or that approach to this or that challenge. The big objective of the new series is to enrich the policy-making process with new ideas and to substantiate intuitive knowledge using quantitative data. The recommendations in this chapter serve exactly the purpose of launching a broader discussion on possible approaches regarding social inclusion in the country. They should be treated as a starting point – and not the last word – in this debate. Given the fact that policy responses are inevitably sector-specific, the recommendations also follow the sectoral structure addressing the areas analyzed in individual chapters.

Monitoring Vulnerability

Data suggests that poverty appears as a major determinant of vulnerability. Income-based poverty headcount stands at 26%. The nature and profile of poverty however is not homogeneous. It is not just income poverty that affects substantive number of households and their members but also human poverty, vulnerability in terms of employment, education, access to other social services. Hence policy responses should go beyond providing more income generation opportunities.

Policy interventions should be a combination of general response and targeted group-focused actions. It is possible to make prioritization based on quantitative criteria and using analysis of different types of vulnerability risks,

The approach presented in this report is just a concept framework, outline of the potential such analysis can have. The specific sets of vulnerability criteria, their relative weight, the specifics of data collection – all these are issues that require open debate involving wide range of stakeholders.

The analytical framework tested in the report allows flexible and targeted monitoring vulnerability levels. It goes beyond ethnically or territorially defined criteria of vulnerability following the pattern that although certain groups are most vulnerable, not all individuals belonging to that group are vulnerable. Roma for example are such group. The indicators framework tested makes possible going beyond “collective vulnerability identification” and provides tools for much nuanced and adequate vulnerability monitoring.

For that purpose, regular and reliable data is necessary. Having in mind the existing deficits in that regard, more methodological work is necessary to the still great differences between the quantity statistical data of the official institutions and the data obtained from the survey approach (perceptive expression) the decision makers should design an appropriate methodology through which they would depict the factual situation, before all through creating standards and cohesion of the statistic records of the social and economic situation in the country.

Such investments in data collection infrastructure will pay off. Vulnerability-based monitoring will make targeted interventions more relevant and corresponding to specific challenges and increase the overall effectiveness and efficiency of social inclusion policies in the country.

Employment vulnerability is a major issue. It stands high at respondents' priority concerns (it is important concern for 80% of the respondents). Objective unemployment rate for the overall sample is 23% with significant differences by groups.

Data suggests that there is evidently a need of more education, further education, training and re-qualification of the unemployed. Education and practically marketable qualifications emerge as a major determinant of employability. It is unrealistic to expect from the Government to "create jobs". What it can do though is improve the employability of the labour force through targeted training and requalification. These measures should go hand-in-hand with decreasing dependence on social assistance through broader implementation of welfare-to-work program,

In this regard more intensive partnership between the social work centres, employment services agency, private sector, as well as the NGO sector is necessary. Clear resources need to be allocated for that purpose, both human, financial, IT, and technical.

The state is still the main provider of social services, namely services in the area of education and health. However it should not be the sole provider. Investing in one's education and health, committing household resources for that purpose is also a sign of commitment on the side of the individual. The Government should, therefore, undertake action to promote the need of families to self-invest in the future of their children, instead of – as it is now – to increasingly promote only the public financing of the education, as a populist measure aimed at meeting certain short-term political interests.

The reforms in the education should be also directed towards the needs on the labour market, which, being an efficient mechanism, will select the values. Special attention should be paid to the human, financial, technical, spatial and other resources required for the mandatory secondary education, so that this, again "populist" measure aimed at gaining in quantity does not end in the already inappropriate quality in this important sector.

As regards health services, priority should be given to the health care and prevention. Quality is to be assured and then the cost price of a health care service is to be brought down. Differentiation seems to be one of the ways to improve the quality and affordability of health services. As in the case of education, state provision of services should be complemented by efficient and effective system of ensuring certain services through the market mechanisms (private-public partnership). Promotion of healthy life-styles is also increasingly important.

Towards a Cohesive Multi-ethnic Society

Being a multi-ethnic society, the problems that the country is facing may also be ascribed to the lack of ethnic cohesion. The main reasons for this mainly lay in the relation between the two most numerous ethnic communities in the country, which is characterized by:

- Lack of common interest
- Lack of inter-ethnic communication at social level
- Focus on the ethnic, instead of on the civil (national) identity
- Clear division along ethnic lines
- Locating responsibility in the "opposite" ethnic group

This situation may be a result of the many years of ignoring the ethnic cohesion as a real need of society, which is yet another indicator of the fact that it is high time to commence

systematic work in this area. On one hand, this requires recognition of the importance of the ethnic cohesion and realization of the presence of the above stated problems. On the other hand, it also requires making conscious efforts to change the role of the politicians, media and education from means for deepening the problems on ethnic plan into instruments for their resolving.

Although the analysis showed a challenging path towards achieving a mutual political interest, it does not mean that the common economic and social interest should not be stressed and promoted, especially at local level, if not at the level of the entire country. Presenting the position of ethnic Macedonians as victims and ethnic Albanians as privileged (or vice versa) should stop and pursuing the legitimate needs of particular ethnic group should not be abused for narrow party interests. Instead of struggling to prove who is more creditworthy for the existence of the country, i.e. who is a bigger factor of its stability (or instability), the focus of the politicians, media and education should be shifted to the ways in which the country may be built with joined efforts. What may help here is the creation of mutual symbols around which the national identity of all citizens of this country will be built.

It is very important to find mechanisms to prevent the trend of creation of parallel organizations of the ethnic Macedonians and the ethnic Albanians and to strengthen the power of the ethnically mixed organizations, united around common civil, professional and business interests. Even when it comes to institutions of importance for the cultural identity of the different ethnic groups, their joint work may largely contribute to the detection of the similarities, instead of to only emphasizing the differences. The building of national identity does not mean elimination of the different ethnic identities, but joined functioning in an environment of acceptance of and respect for all ethnic identities.

One of the biggest obstacles to inter-ethnic communication in the country is increasingly the language. For years in a row, the language has been used as an instrument for political influence and its basic function as a communication means was forgotten. As a result, the communication between the members of the two largest communities is made rather difficult. Only active knowledge of the Macedonian language and the language of the majority group at a local level (or at a municipality level) is what may improve (and sometimes even enable) the communication between the ethnic Macedonians and the ethnic Albanians and the members of the other ethnic groups at all levels and in all spheres of social life. What may greatly assist here are the education and the media, provided that the politicians do not prevent this.

Better Governance for Social Inclusion

The main recommendations derived from the citizens' perceptions about the institutional framework could be related to the most important problem of decreased confidence in the national institutions. In this respect, there is need for highly efficient political dialogue among the political parties. The situation of vacuum in political dialogue negatively reflects the national strategic interests of the country and the internal political stability. Therefore, all the political parties need to show high responsibility towards the citizens and to ensure functioning of the Parliament in a highly professional manner.

The second pillar of trusted national institutions is their accountability to their stakeholders. This especially refers to respecting the rule of law and the best interests of the citizens, as well as development of the mentality that the institutions' primary function is "to serve the people". Also, the control mechanisms of the institutions' deliverables should be introduced/reinforced

and citizens should be encouraged to use them, as precondition for better performance of the institutional system.

Accountability goes hand-in-hand with higher transparency and responsiveness of the institutions. This refers to the link of transparency of the institutions' actions and effects for the citizens, as mile-stone of confidence building in the institutions. Also, the responsiveness of the institutions is very important, as only open, timely and qualitative treatment of the citizens, along with uncomplicated procedures, could ensure higher satisfaction and level of trust in the institutions.

The determinants of institutional trust outlined above can be achieved through policy-making processes based on participatory principle. The current top-down policy approach in the country, along with the inertness of the citizens to communicate with the political parties or to be involved into some activity that could be of influence, creates policies and institutional behavior that does not respect the needs of the stakeholders. The participatory principle in policy-making needs to be applied substantially and at large extent, in purpose of providing stakeholders' ownership of the policies, as precondition for success of any reform.

The ultimate outcome of trusted, transparent and participatory institutions is improved cohesion among different segments of society. The current differentiation of the certain groups in the society (in terms of ethnicity, economic and social vulnerability, etc.) indicates the need for tailored-made government's actions for addressing specific problems. In this respect, better communication among the national institutions and the citizens should be provided, aiming at clarification of the most important problems in the society. Also, impact analysis of any proposed reform towards better cohesion needs to be done, in purpose of more efficient and more effective use of the resources and provision of satisfactory results.

Trust is incompatible with corruption. The high level of perceived corruption in the national institutions is an alert for intensification of the fight against corruption in a highly professional manner. The fight should be continuous and focused not only to particular cases and partial results, but to all institutions and individuals involved in corruptive activities. For that purpose, introduction of clear mandates and responsibilities of cooperation between institutions working in the social sector, and avoiding duplication of social services between different actors (public/private) and different levels (central/local) can be extremely helpful.

Closer attention should be paid to outcome monitoring of institutional performance. Apart from being trusted, institutions should deliver. Do they and how efficiently is a question often difficult to answer. For reliable answers, disaggregated data regarding social welfare clients according to characteristics, such as ethnic affiliation, number of children in the family, etc., can improve policy decisions in regard to targeting of social services. Access to such data would enable quality control and better criteria for quality assurance of provided social services, as well as assessing the needs and capacities of municipalities (human resources, number of social service claimants/users, own financial capabilities) in providing adequate social welfare services at the local level.

As mentioned at the beginning, all these recommendations are not supposed to "close" the debate on the issues analyzed. Just the opposite! The current is seen as an "ice-breaker" and it would have accomplished its objective if it launches an intensive debate among wide range of actors in Macedonian society. Such a debate is necessary to enrich the set of indicators, to improve the process of data collection, to extend the circle of analysts involved. A long journey is ahead of us and we hope we helped making the first step.



Annexes

Annex 1: Methodology

SURVEY AND SAMPLING

Sample

A nationally representative multi-stage random probability sample of the population 18+ was used. The sample was prepared using The State Institute of Statistics data (2002 census results) for the population aged 18+, considering the structure of the population according to age, gender, education, type of settlement, national affiliation and region, and updated according to estimates and primary information, collected by this research agency. It consisted of two sub-samples: nationally representative sample and boosters for three ethnicities (Roma, Serbs, and Turks).

Stages of the Sample Construction

At the first stage the number of respondents for each of the regions was specified in proportion to the size of the population aged 18+ that live in it. At the second stage, the achieved sampling plan consisted of 193 sampling points (157 sampling points in national representative sub-sample in 59 municipalities and 36 sampling points in 32 municipalities in booster sub-sample). Generally there were 6-7 respondents per sampling point unit throughout the whole country. 193 sampling points were located according to:

- urban/rural split (type of settlement)
- municipality size and respectively, the number of persons in the sample.
- ethnicity distribution

At the third stage the individual households were selected. Selection was based on random route method (details of the procedure followed are available from the web-site on the cover of this publication). As a "respondent" the person with the nearest birthday was picked. The date of the birthday was added to each questionnaire to make checking possible.

Questionnaire

The questionnaire had two segments - perceptive and household status registration. In the "perceptions" segment the attitudes of the main respondent on variety of political and social issues were recorded. In the "household status" segment the status of each household member and the household in general was registered. Household members' status included age, sex, educational attainment, employment status, income earned (by source, type) etc. Household status included possession of basic household items, household expenditures (total and by main items), access to technical (water, electricity, sewage) and social infrastructures (schools, health establishments). The two components of the questionnaire are the basis of the three distinct data sets – perceptions of respondents; status of the households; status of household members.

Field Work

The fieldwork took place between 8th of December till 17th of December 2007 and was conducted by a team of 89 interviewers, of which 71 Macedonian and others and 18

Macedonian Albanians. Interviewers were instructed:

- not to show the questionnaire to respondents
- not to read out “don’t know” options
- to fill in precisely all the demographic section questions
- to give show cards to respondent

There were 15 supervisors, of whom 13 were regional and 2 were from the BRIMA office. During the field work, 98 interviews (7.5%) were directly supervised, 266 (20.4%) by back-check method and 298 (22.8%) were phone checked by the supervisors.

Most of the interviews were finished on the first visit 1156 (88.6 %), 129 (9.9%) interviews were finished on the second visit and the last 20 (1.5%) were finished on the third visit.

Results

The achieved sample size was 1309 respondents of which (inveighed base) 1054 in national representative sub-sample and 315 in booster sub-sample.

Refusal rate stands at 295 cases and another 182 are non-contacted persons during the field period. 15 non-contacted persons. Most of the refusals are recorded in the first phase, during establishing of a contact. 159 were given on the grounds of 'having no time', 14 females alone at the time, 12 due to lack of interest in political topic, 5 because of resistance to political questions, 11 not being enough informed to answer the questions, 7 already have taken part in a similar survey, 6 coincides with family wedding/bereavement.

The data entry, clean-up and processing was done in Skopje, by BRIMA. 16 keypunchers accomplished the data entry, instructed by BRIMA. Special procedures available in SPSS environment were used to estimate the adequacy of the answer position punched for each question.

All the data is available from the web-site on the cover of this publication.

BRIMA

Macedonian member of GALLUP International and Associate of Taylor Nelson Sofres
Skopje, 24.12.2007

DATA PROCESSING

For the purpose of data analysis on income-based indicators, respondents with no answers on incomes were taken out from the sample. Thus, in the analysis of social inclusion profiles, the representative sample has 1039 households, or 4036 individuals.

Criteria Used for Poverty and Vulnerability Assessment

The below criteria is suggested based on the internationally accepted methodologies and methodology for calculation of EU-SILC indicators.

Household Vulnerability

A household is considered vulnerable if at least one of the following criteria is met:

1. **Low income** (in poverty) - household with equivalized incomes (or expenditures if you decide that they are a better proxy of incomes) below certain level. Threshold would be based on an absolute value (poverty line) or on the median equivalized income of the sample.

Threshold: 60% of the median equivalized income of the household.

Equivalized income/expenditure for each household member is derived by dividing the total household disposable income/expenditure by the household size, calculated according to the modified OECD scale: weight 1 for the first household member, 0.5 for the second member, and 0.3 for any additional member.

2. **Endebtness** - household with total debts beyond certain level.
Threshold: 40% of the overall household's expenditures.
3. **Material deprivation**
Proxy: "do not have saving in the last 6 months".
4. **Insufficient access to health services** (non-income related)
Proxy: those that stated "distance to doctor/hospital" as a problem in getting access to health services.
5. **Risk of conflict:**
Proxy: perception of risk of violent conflict in their municipality.

Individual Vulnerability

An individual is considered vulnerable if at least one of the following criteria is met:

1. **Unemployment**
2. **Low education:**
Proxy and threshold: if achieved less than 8 years of schooling and no longer in education.
3. **Lack of qualification:**
Proxy: those who are considered the category of "unskilled manual workers".

4. ***Insecure employment:***

Proxy: if social contributions are not paid.

Assessment on the level of vulnerability of each household or individual uses the following method:

- high level of vulnerability (meeting all criteria),
- medium level of vulnerability (meeting 1-2 criteria)
- and not vulnerable (the rest).

Annex 2: Indicators

I. Millennium Development Goals and indicators	
Target	Indicator
Goal 1. Eradicate extreme poverty and hunger	
Target 1: Reduce by half the proportion of people living on less than a dollar a day	<ol style="list-style-type: none"> 1. Proportion of Population Below \$1 (PPP) per Day (World Bank) 2. Poverty Gap Ratio, \$1 per day (World Bank) 3. Share of Poorest Quintile in National Income or Consumption (World Bank)
Target 2: Reduce by half the proportion of people who suffer from hunger	<ol style="list-style-type: none"> 4. Prevalence of Underweight Children Under Five Years of Age (UNICEF) 5. Proportion of the Population below Minimum Level of Dietary Energy Consumption (FAO)
Goal 2. Achieve universal primary education	
Target 3: Ensure that all boys and girls complete a full course of primary schooling	<ol style="list-style-type: none"> 6. Net Enrolment Ratio in Primary Education (UNESCO) 7. Proportion of Pupils Starting Grade 1 who Reach Grade 5 (UNESCO) 8. Literacy Rate of 15-24 year-olds (UNESCO)
Goal 3. Promote gender equality and empower women	
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015	<ol style="list-style-type: none"> 9. Ratio of Girls to Boys in Primary, Secondary, and Tertiary Education (UNESCO) 10. Ratio of Literate Women to Men 15-24 years old (UNESCO) 11. Share of Women in Wage Employment in the Non-Agricultural Sector (ILO) 12. Proportion of Seats Held by Women in National Parliaments (IPU)
Goal 4. Reduce child mortality	
Target 5: Reduce by two thirds the mortality rate among children under five	<ol style="list-style-type: none"> 13. Under-Five Mortality Rate (UNICEF) 14. Infant Mortality Rate (UNICEF) 15. Proportion of 1 year-old Children Immunised Against Measles (UNICEF)
Goal 5. Improve maternal health	
Target 6: Reduce by three quarters the maternal mortality ratio	<ol style="list-style-type: none"> 16. Maternal Mortality Ratio (WHO) 17. Proportion of Births Attended by Skilled Health Personnel (UNICEF)

I. Millennium Development Goals and indicators

Goal 6. Combat HIV/AIDS, malaria and other diseases

Target 7: Halt and begin to reverse the spread of HIV/AIDS

18. HIV Prevalence Among 15-24 year-old Pregnant Women (UNAIDS)
19. Condom use rate of the contraceptive prevalence rate and Population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS (UNAIDS, UNICEF, UN Population Division, WHO)
20. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years

Target 8: Halt and begin to reverse the incidence of malaria and other major diseases

21. Prevalence and Death Rates Associated with Malaria (WHO):
22. Proportion of Population in Malaria Risk Areas Using Effective Malaria Prevention and Treatment Measures (UNICEF):
23. Prevalence and Death Rates Associated with Tuberculosis (WHO):
24. Proportion of Tuberculosis Cases Detected and Cured Under Directly-Observed Treatment Short Courses (WHO)

Goal 7. Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources

25. Forested land as percentage of land area (FAO)
26. Ratio of Area Protected to Maintain Biological Diversity to Surface Area (UNEP)
27. Energy supply (apparent consumption; Kg oil equivalent) per \$1,000 (PPP) GDP (World Bank)
28. Carbon Dioxide Emissions (per capita) and Consumption of Ozone-Depleting CFCs (ODP tons)
29. Proportion of population using solid fuels (WHO)

Target 10: Reduce by half the proportion of people without sustainable access to safe drinking water

30. Proportion of the Population with Sustainable Access to and Improved Water Source (WHO/ UNICEF)
31. Proportion of the Population with Access to Improved Sanitation (WHO/UNICEF)

Target 11: Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020

32. Slum population as percentage of urban population (secure tenure index) (UN-Habitat)

I. Millennium Development Goals and indicators

Goal 8. Develop a global partnership for development (no specific indicators attached to individual targets)

Target 12. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system Includes a commitment to good governance, development, and poverty reduction — both nationally and internationally

Target 13. Address the special needs of the least developed countries Includes: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPC's and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

Target 14. Address the special needs of landlocked countries and small island developing States

Target 15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

Target 16. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.

Target 17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

I. Millennium Development Goals and indicators

General indicators for Goal 8:

Official development assistance

- 32. Net ODA as percentage of OECD/DAC donors' gross national product (targets of 0.7% in total and 0.15% for LDCs)
- 33. Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)
- 34. Proportion of ODA that is untied
- 35. Proportion of ODA for environment in small island developing States
- 36. Proportion of ODA for transport sector in landlocked countries

Market access

- 37. Proportion of exports (by value and excluding arms) admitted free of duties and quotas
- 38. Average tariffs and quotas on agricultural products and textiles and clothing
- 39. Domestic and export agricultural subsidies in OECD countries
- 40. Proportion of ODA provided to help build trade capacity

Debt sustainability

- 41. Proportion of official bilateral HIPC debt cancelled
- 42. Total Number of Countries that Have Reached their HIPC Decision Points and Number that Have Reached their Completion Points (Cumulative) (HIPC) (World Bank-IMF)
- 43. Debt Service as a Percentage of Exports of Goods and Services (World Bank)
- 44. Debt Relief Committed Under HIPC Initiative (HIPC) (World Bank-IMF)
- 45. Unemployment of 15-24 year-olds, Each Sex and Total (ILO)
- 46. Proportion of Population with Access to Affordable, Essential Drugs on a Sustainable Basis (WHO)
- 47. Telephone Lines and Cellular Subscribers per 100 Population (ITU)
- 48. Personal Computers in Use and Internet Users per 100 Population (ITU)

II. EU-SILC SOCIAL INCLUSION INDICATORS

At-risk-of-poverty rate (Poverty line = 60% of median equivalent income)				
	aged 0-17	aged 18-64	aged 65+	total
Poverty headcount	33%	24%	22%	26%
Poverty gap	16%	11%	7%	12%

Median equivalent income: 7083 Denars/month/equivalent
 Poverty threshold: 4250 Denars/month/equivalent

Income inequalities (S80/S20)				
	all	Ethnic Macedonians	Ethnic Albanians	Others
S80/S20	9.9	6.4	17.1	14.7

Early school leavers (hard criteria)			
	Girls	Boys	Total
Non-poor	42%	37%	39%
Poor	64%	77%	70%
Total	47%	45%	46%

Early school leavers (soft criteria)			
	Girls	Boys	Total
Non-poor	6%	8%	7%
Poor	24%	47%	34%
Total	10%	15%	13%

Hard criteria -- aged 18-24, education secondary or less, don't continue schooling / training
 Soft criteria -- aged 18-24, education less than secondary, don't continue schooling / training

People living in jobless households				
	0-17	18-59 men	18-59 women	18-59 total
Proportion of people living in jobless households	28%	26%	26%	26%

Median realtive income of elderly people

Median income of people 0-64	7143
Median income of people 65+	6667
Median realtive income of elderly	93%

PN-P1 At-risk-of-poverty rate for older people

Poverty	0-64	65+	Total
Non-poor	2562	308	2870
Poor	924	85	1009
Total	3486	393	3879
Poverty Headcount	27%	22%	26%
Relative Risk of Poverty	102%	83%	100%

Employment of older workers

	Employment Rate
Male 55-59	46.6%
Female 55-59	18.1%
total 55-59	30.9%
Male 60-64	15.0%
Female 60-64	2.8%
Total 60-64	8.6%

In-work risk of poverty

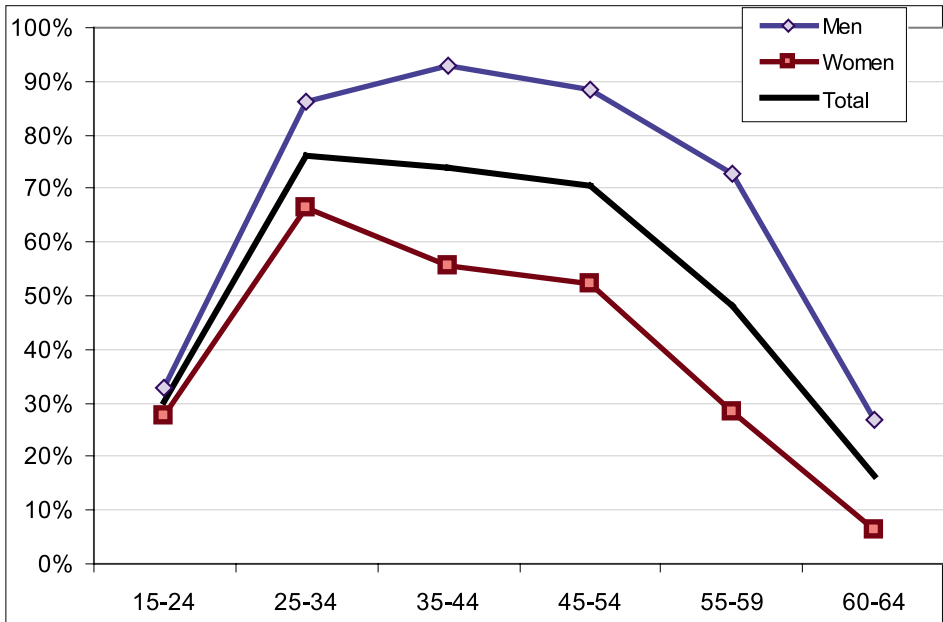
	employed			Self-employed		
	Men	Women	Total	Men	Women	Total
Non-poor	392	293	685	89	21	110
Poor	32	25	57	6	2	8
Total	424	318	742	95	23	118
In-work risk of poverty	8%	8%	8%	6%	9%	7%

Activity rate

Age Groups	Men	Women	Total
15-24	33%	28%	30%
25-54	89%	58%	73%
55-59	73%	28%	48%
60-64	27%	6%	16%

Activity rate (details)			
Age Group	Men	Women	Total
15-24	33%	28%	30%
25-34	86%	66%	76%
35-44	93%	56%	74%
45-54	89%	52%	71%
55-59	73%	28%	48%
60-64	27%	6%	16%

Activity Rates by Sex and Age Group



III. INCOME AND EXPENDITURES BASED POVERTY MEASURES

BY INCOME (Poverty line = 60% of median equivalent income)				
	Ethnic Macedonians	Ethnic Albanians	Other	Total
Poverty headcount	21%	31%	49%	26%
Poverty gap	7%	18%	25%	12%

Median equivalent income: 7083 Denars/month/equivalent
 Poverty threshold: 4250 Denars/month/equivalent

BY EXPENDITURE (Poverty line = 60% of median equivalent expenditure)				
	Ethnic Macedonians	Ethnic Albanians	Other	Total
Poverty headcount	12%	36%	33%	21%
Poverty gap	4%	12%	13%	7%

Median equivalent expenditure: 7619 Denars/month/equivalent
 Poverty threshold: 4571 Denars/month/equivalent

	Ethnic Macedonians	Ethnic Albanians	Other	
Poverty Headcount	21%	26%	40%	23%

Number of Poor Households				
	Ethnic Macedonians	Ethnic Albanians	Other	Total
Poverty Headcount	13%	32%	27%	18%

IV. GROSS ENROLLMENT RATE

GER is calculated as ratio of enrolled children belonging to the specific age group to total number of children in this group

Primary education (7-14 years old)			
	Boys	Girls	Total
Non-poor	90%	95%	92%
Poor	85%	92%	89%
Total	88%	94%	91%

Secondary education (15-18 years old)			
	Boys	Girls	Total
Non-poor	90%	82%	86%
Poor	84%	69%	76%
Total	88%	78%	83%

Higher education (19-23 years old)			
	Boys	Girls	Total
Non-poor	56%	50%	53%
Poor	30%	17%	24%
Total	51%	44%	47%

Primary education (7-14 years old)			
	Rural	Urban	Total
Non-poor	90%	95%	92%
Poor	93%	85%	89%
Total	91%	91%	91%

Secondary education (15-18 years old)			
	Rural	Urban	Total
Non-poor	80%	91%	86%
Poor	74%	78%	76%
Total	78%	88%	83%

Higher education (19-23 years old)			
	Rural	Urban	Total
Non-poor	44%	61%	53%
Poor	23%	25%	24%
Total	40%	54%	47%

V. INEQUALITY INDICES

	Sum of incomes received by quintiles				Share of total incomes received by quintiles			
	All	Ethnic Macedonians	Ethnic Albanians	Others	All	Ethnic Macedonians	Ethnic Albanians	Others
1	778315	790120	114605	47200	4%	6%	3%	4%
2	1992500	1645850	395240	65800	11%	13%	10%	5%
3	3042820	2025480	694340	196300	17%	16%	17%	16%
4	4158450	2860100	913500	235500	24%	23%	22%	19%
5	7704300	5035650	1962200	694500	44%	41%	48%	56%
Total	17676385	12357200	4079885	1239300	100%	100%	100%	100%
S80/S20	9.9	6.4	17.1	14.7				

* quintiles are constructed by equivalent income in respective groups

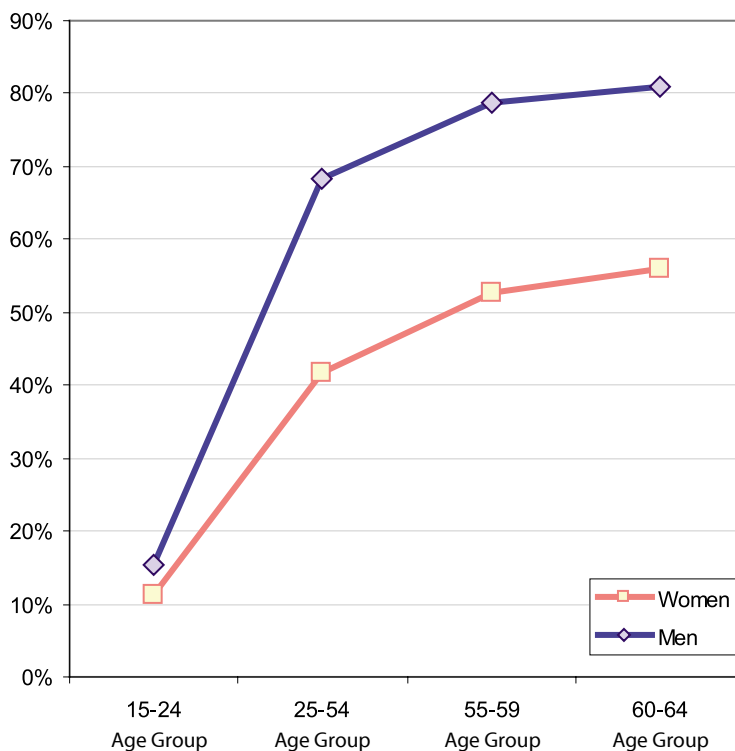
Gini	By Equivalent Income	By Equivalent Expenditures
Total	0.391	0.366
Ethnic Macedonians	0.352	0.341
Ethnic Albanians	0.438	0.380
Other	0.497	0.376
Rural	0.401	0.349
Urban	0.379	0.362

Cumulative share of incomes				
Share of population	All	Ethnic Macedonians	Ethnic Albanians	Others
0%	0%	0%	0%	0%
20%	4%	6%	3%	4%
40%	16%	20%	12%	9%
60%	33%	36%	30%	25%
80%	56%	59%	52%	44%
100%	100%	100%	100%	100%

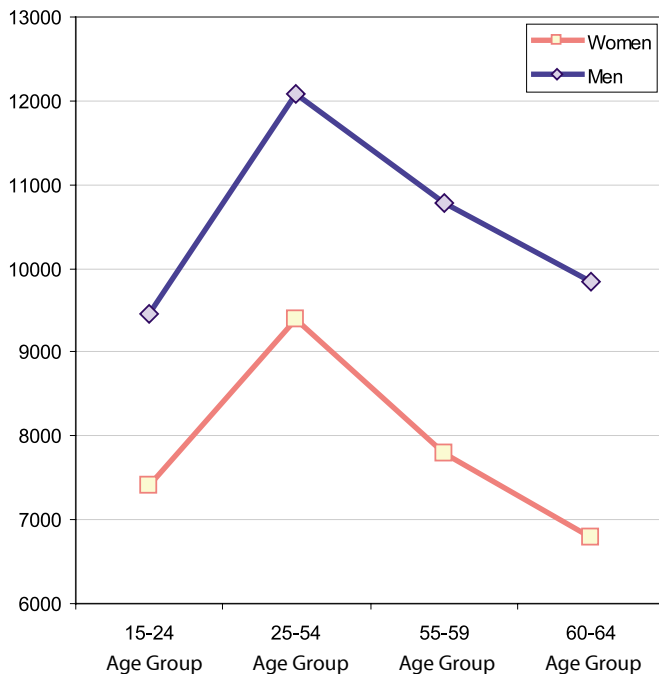
VI. INDIVIDUAL INCOMES OF WOMEN AND MEN

Age Group	Share of persons with individual incomes		Average individual income in Denars	
	Women	Men	Women	Men
15-24	11%	15%	7408	9462
25-54	42%	68%	9397	12092
55-59	53%	79%	7799	10781
60-64	56%	81%	6793	9844
Total	37%	57%	8745	11555

Share of persons with individual income

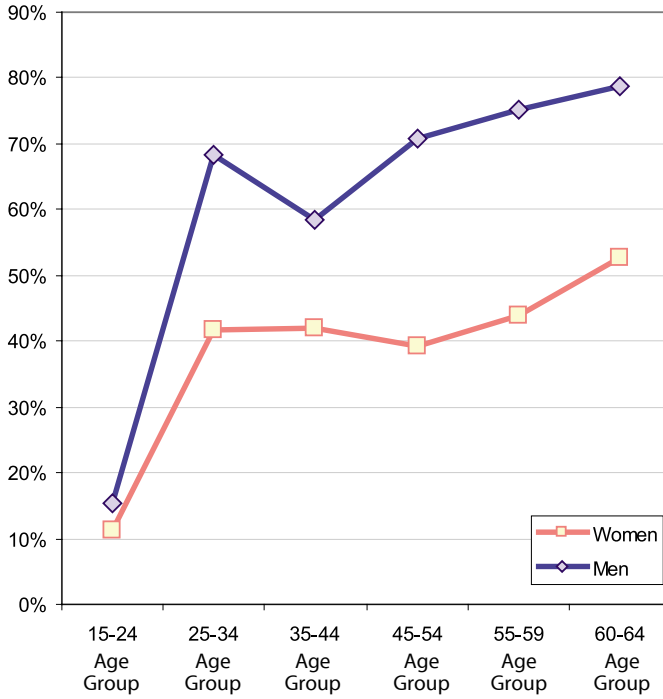


Average individual income

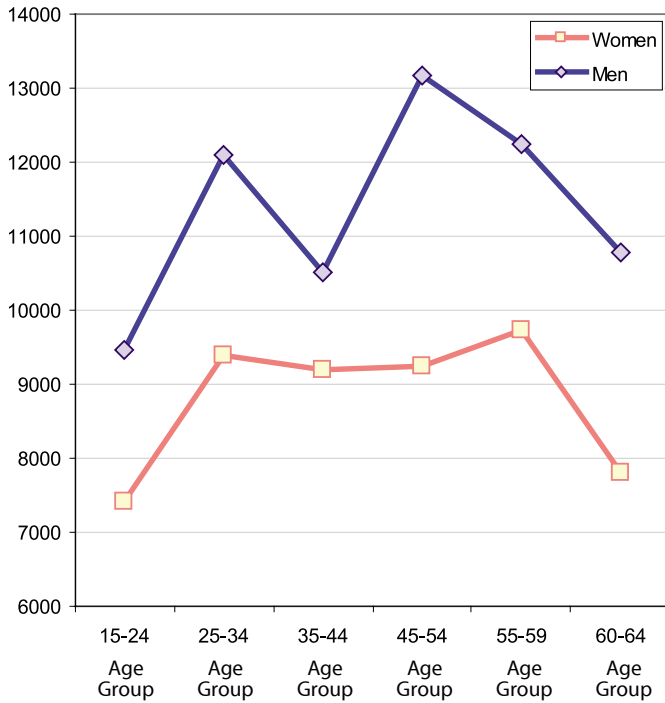


Age group	Share of persons with individual incomes		Average individual income	
	Women	Men	Women	Men
15-24	11%	15%	7408	9462
25-34	42%	68%	9397	12092
35-44	42%	58%	9184	10520
45-54	39%	71%	9247	13178
55-59	44%	75%	9727	12243
60-64	53%	79%	7799	10781
Total	39%	61%	9010	11781

Share of persons with individual income



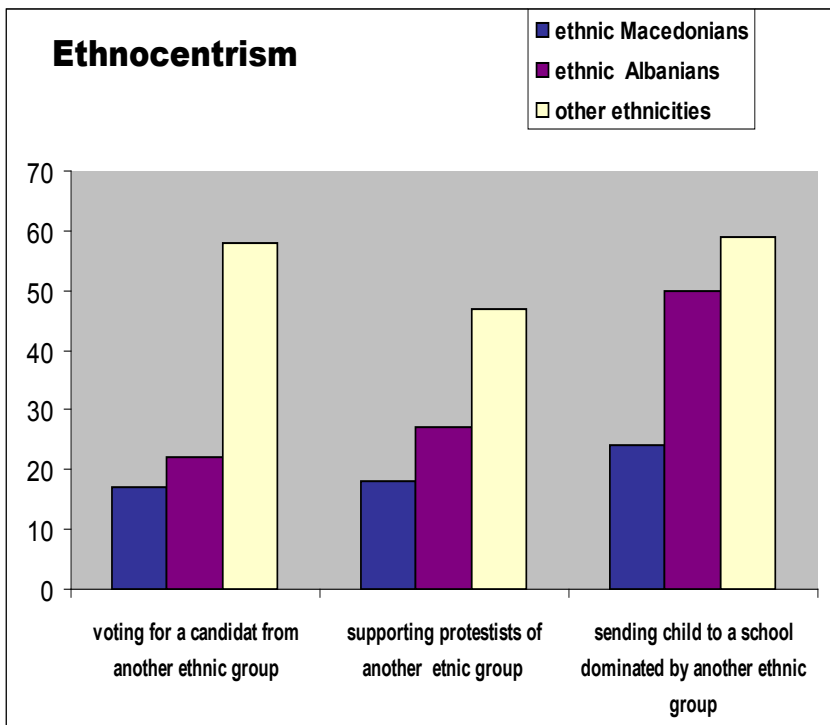
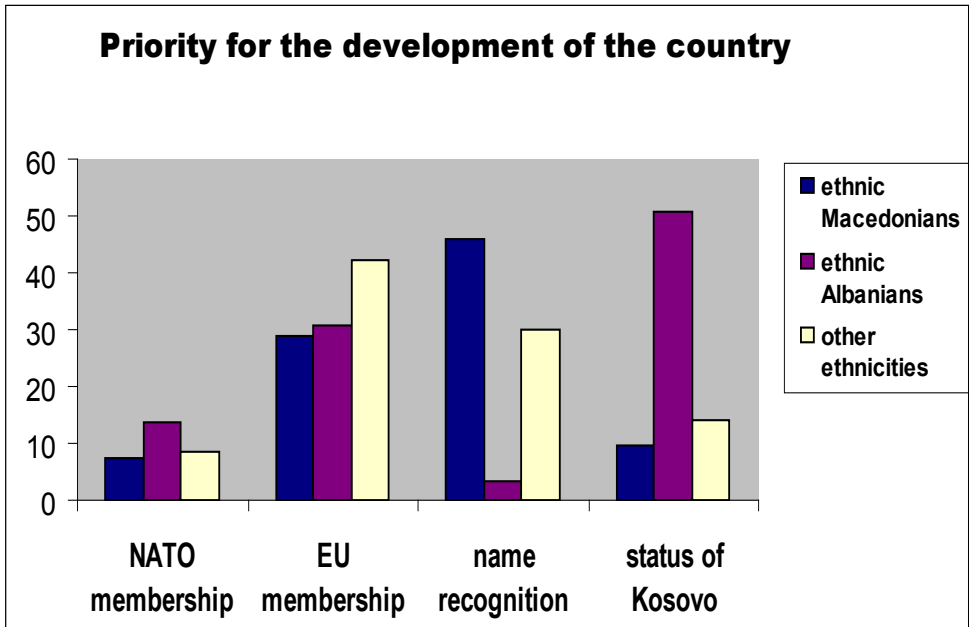
Average individual income



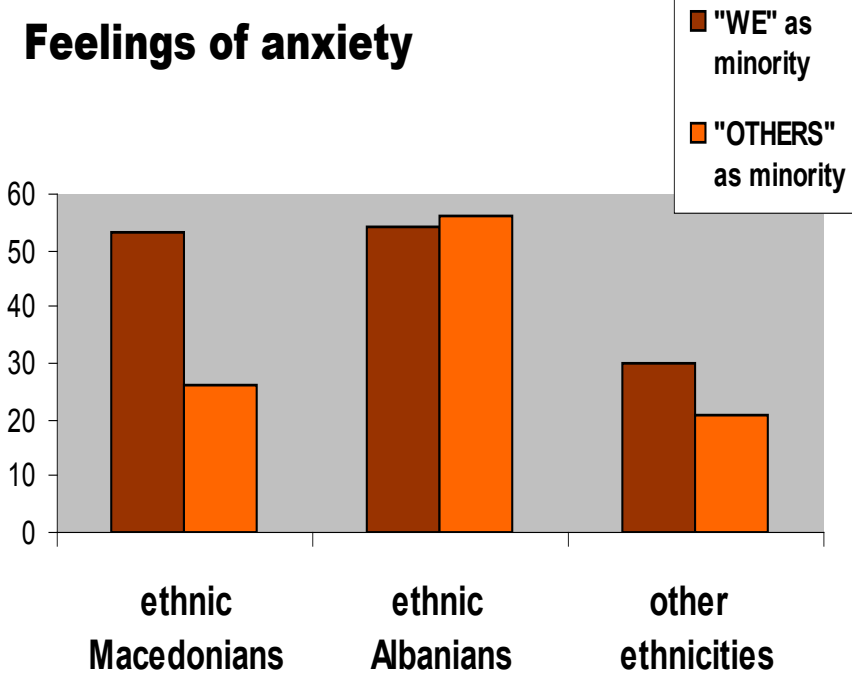
VII. EDUCATIONAL PROFILE OF THE UNEMPLOYED

Education	Share among the unemployed (N=880)
Incomplete primary education	5.9
Primary education	30.1
Secondary education	53.1
Higher vocational education	2.5
Higher education	8.3
Total	100%

Annex 3: Ethic Cohesion



Feelings of anxiety



Perception on Risk of inter-ethnic violent conflict

