

PEOPLE –CENTRED ANALYSES

REPORT

QUALITY OF SOCIAL SERVICES

April 2010

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Foreword

The 2010 edition of the People-Centred Analyses is the third in an annual series which started in 2008. The aim of the People-Centred Analyses reports is to focus policy attention on the quality of life and social inclusion, and on inter-ethnic relations; all from the viewpoint of the women and men themselves. The 2008 and 2009 editions focused on social inclusion disparities and regional development respectively. This, the third edition, continues to follow the trends in the quality of life indicators which were initiated in the previous editions of the People Centred Analyses and has as its particular focus the quality of social services.

The report is based on the findings of a questionnaire based survey of 1,000 respondents across the country carried out end of August 2010 which was carried out by the South East European University (SEEU) with financial support from the United Nations Development Programme (UNDP) to the SEEU. As such, the process of preparing the report contributes towards the goals of strengthening national capacities to analyse and address issues of social inclusion, inequalities and citizens' participation.

The report provides a comprehensive overview of how women and men perceive their lives and their futures and tracks their views on inter-ethnic relations, social services, trust in central and local government, and other key issues. On inter-ethnic relations, the majority of people think the situation remains the same, and a small amount think the situation has improved. Only a quarter of the respondents think that inter-ethnic relations have worsened.

The report also clearly identifies those areas of dissatisfaction and frustration and feelings of insecurity brought about by concerns about the socio-economic situation, Noting that such elements can often exacerbate inter-ethnic conflict, the report provides a number of policy recommendations to address these issues.

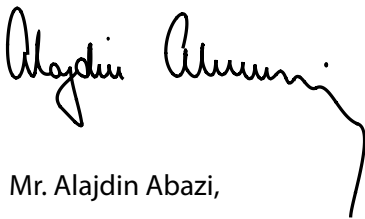
A striking finding of the report is that the social capital in the country is very weak. Very few people belong to any civic, professional or union organizations. Such membership or involvement builds social ties and cooperative relations between people, thus reinforcing networks of social cohesion and political stability.

A key focus of the report is the socio-economic wellbeing of people. The survey indicates continuing large disparities in the distribution of poor households between ethnic groups, with the Roma community having the highest share of people in poverty. The global financial crisis has had an impact, as the economic situation of some households has worsened. The poverty headcount is seen as being significantly higher among the ethnic Albanian popula-

tion than among ethnic Macedonians. However, a higher proportion of ethnic Macedonians than ethnic Albanians declared that they are in worse financial situation, suggesting an asymmetric impact of the economic crisis among ethnic groups. Overall, women continue to have higher rate of life satisfaction and happiness than men in general.

In terms of people's views on the quality of social services, the report finds that decentralisation appears to improve people's satisfaction with local social services, though conversely there is still a perception that some services can be better provided by central government. There are areas that can be further improved in term of the quality of social services, particularly publicly provided health services, people. Overall, the survey finds that people, irrespective of ethnic group, age, gender, believe that there is room for greater participation of citizens in decision making and enhanced civic engagement.

The purpose of this People-Centred Analyses Report is to generate analysis and public action in response to citizens' perception of reality. We invite policy-makers and all other relevant stakeholders to take into consideration the valuable statements of their fellow citizens elaborated in this Report.



Mr. Alajdin Abazi,
Rector of South-East
European University



Ms. Deirdre Boyd,
UNDP Resident Representative

Executive Summary

The focus of this report is on the quality of life and the quality of social services in the Republic of Macedonia, based on the findings from a household survey carried out in September 2009.¹ The report continues to follow the trends in the quality of life which were initiated in the previous editions of the People-Centred Analyses (see UNDP 2009) as well as addressing the pressing issue of inter-ethnic relations. The special focus of this report is on the quality of social services. The first chapter sets out the analytical framework of the study, outlines modern approaches to improving the quality of social services adopted in EU countries, briefly surveys the organisation of social services in Republic of Macedonia, discusses the relationship between decentralisation and delivery of social services at local level, and outlines some recent development in the organisation of social services in the country. Social services in this report are broadly interpreted to include education, and health services as well as family social services which are the responsibility of social work professionals. Chapter 2 sets out a profile of the quality of life in the Republic of Macedonia and differences among the population according to personal and social circumstances such as gender, age, ethnicity, residence, and education. Chapter 3 identifies the socio-economic situation of different ethnic groups taking into account the extent of poverty and income inequality, the issues of equitable representation, decentralization, and the role of political parties and leaders, as well as the subjective perceptions of interethnic relations. It shows there are still many institutional gaps in the extent of decentralization of power especially in relation to curriculum reform in education. The final chapter discusses the quality of social services, covering health, education, and social services for families, elderly people and disabled people, and other vulnerable people. The chapter analyses peoples' perceptions of the quality of social services with which they come into contact.

During the year prior to the survey, the world economy was struck by a severe economic crisis which had significant impact on all countries in the region, including Republic of Macedonia. Reflecting this set-back, the survey has shown that over a third of people experienced deterioration in their life circumstances in the twelve month period up to September 2009 when the survey was carried out. Moreover, as shown in last year's survey, the mean level of life satisfaction and happiness remains very low in comparison to similar indicators in the EU27 and in the 12 New Member States of the EU. Key determinants of life satisfaction and happiness continue to be age, education, and income; although in contrast to last year's survey urban dwellers are more dissatisfied and unhappy than people living in rural areas.

¹ *The representative sample survey covered 1,000 households throughout the country.*

A higher proportion of ethnic Macedonians declared that they are in a worsening financial situation than did ethnic Albanians, suggesting an asymmetric impact of the economic crisis among ethnic groups. The survey has confirmed the large disparities in the distribution of poor households between ethnic groups, with the poverty headcount being significantly higher among the ethnic Albanian population than among ethnic Macedonians, while the Roma has the highest share of people in poverty. Roma households also experience a higher poverty gap compared to ethnic Macedonian and ethnic Albanian households, while ethnic Macedonians have the lowest poverty gap. The survey also reveals the remarkable extent of inequality in the Republic of Macedonia, with the bottom fifth of people receiving less than one twentieth of equivalised income, while the top fifth receive almost one half of equivalised income. The ratio of the top to the bottom quintiles is 13, reflecting the extremely large gap between the richest and the poorest people in Macedonian society identified in the previous PCA report. The gap is even wider in the urban areas where the ratio between the top and bottom groups has widened to an enormous extent. The highest degree of inequality is found among the Roma and the ethnic Albanian communities, with the income ratio between the richest and the poorest fifths of ethnic Albanians reaching a staggering 30 times, more than twice the average level of inequality for the country as a whole. Compared with the last year's PCA findings, the economic situation of many households has worsened, as in 2009 5% more people reported some or great difficulties in making ends meet compared to the situation in 2008. Elderly people have the greatest difficulties in making ends meet, with two thirds of the age group 55-64 reporting difficulties in this regard.

In further evidence of the impact of the economic crisis, over two fifths of respondents in work were unsure whether they will keep their job, a remarkably high proportion. Inhabitants of rural areas, women, and ethnic Macedonians feel especially insecure in their job. In view of the difficult socio-economic situation facing many households, one of the priorities for the government should therefore be to intensify the fight against social exclusion. The quality of social services is an important element of this policy field. Yet, there are many complaints about the quality of social services and in particular about the quality of publicly provided health services. People have greater trust in private health institutions than in public ones, and real reforms are needed to improve the provision of health services.

Ethnic Relations

Encouragingly, most people consider that the inter-ethnic relations did not worsen in 2009, nor do they expect them to worsen in the future. Friendships between ethnicities are increasing, and prejudices are lower in compari-

son with the results from previous surveys. Asked whether they expect any violent ethnic conflict, the majority answered that there was no such risk or that it is very low. Those who consider that the inter-ethnic relations have deteriorated and will deteriorate in the future are mostly ethnic Macedonians who belong to the middle or the lower middle class. Educated, but with low income, and insecure about their future, we can identify a “generation 300 Euros”, who can become easily radicalized.

Nevertheless, a worrying finding is that the social capital of Macedonian society is very weak, and this affects social cohesion within the society and its political stability, as well as inter-ethnic relations. Few people belong to any civic, professional or union organizations, which normally create the network of social cohesion in society. Most people mistrust political institutions and the media, and this gap between the people and their political representatives is filled with antagonistic ethnic politics. Many people consider that the actions of politicians worsen inter-ethnic relations.

While it is dangerous for social cohesion and stability when a minority is dissatisfied, it is even more dangerous when the majority is frustrated. According to this research, that is the situation in the Republic of Macedonia. The majority of Macedonians, who work in large scale industry and in the public sector, have been adversely affected by the economic crisis, and feel economically insecure. Dissatisfaction or pessimism among middle-lower class people can negatively affect inter-ethnic relations because this class group will instinctively demand a better status, more by pushing aside people from different ethnic backgrounds. Such people are susceptible to political manipulation, and social conflicts can easily turn into interethnic conflicts. In dealing with issues of social exclusion and of the perceptions that society treats members of different ethnic groups unequally, policies to improve the quality of social services at the local level are especially important. This edition of People-Centred Analyses therefore focuses the final chapter on this issue.

Quality of Social Services

A relatively small proportion of people consider general social services to be of good quality, while twice as many are dissatisfied with the quality of services provided, although perceptions are more favourable in relation to the quality of local social services. This is an indirect indicator of the partial success of the decentralization process which has transferred responsibilities from central to local government. Most people are satisfied with the quality of educational institutions, and twice as many people consider that the education system provides good quality services than those who consider it provides poor quality. However, ethnic Albanian respondents are least satisfied with the

conditions in the local primary school, compared to other ethnic groups. A majority of respondents are satisfied with health services, although the level of satisfaction with the health services is rather low on some dimensions. For example, more than a quarter of people feel that the general conditions in the local hospitals are poor. In addition, just under a quarter of people rate the services given in their local state hospital as poor. People living in urban areas are more dissatisfied than those in rural areas with the general conditions in the local hospitals, the local state hospital, and the local primary medical centres. People are more satisfied with the services provided in primary medical centres than the services provided in the local hospitals. A comparison with the services and conditions in the local private hospitals shows that those who have used the local private hospitals value them better than the services and conditions in the local public hospitals. For obvious reasons, only a relatively small proportion of the population makes use of many of the institutionalised social services for people in special need, for example those which deal with people with physical and chronic mental illnesses. Those who use the kindergarten service are mainly satisfied with the general conditions in them, while a majority of those with an opinion are dissatisfied with the general conditions in the day centres, foster homes, or the institutions for people with intellectual disabilities, or rehabilitation centres.

People are generally not very interested in exercising their voice when they experience poor quality of social service delivery. A very small minority of people have given their views on social services, or on issues that affect them as a resident. Men give their views on social services, or issues that affect them as residents, more often than women, and are more likely than women to express their views in the future. This is perhaps because of the patriarchal traditions in the country, and because the status of women is relatively low and their voice is rarely heard. Involvement in community organizations is the hallmark of civic engagement in a democratic society. Yet, few people make their voice heard in relation to the delivery of social services.

Despite the extensive decentralization which has taken place, there is little satisfaction with local governing institutions, and only a slight majority of respondents believe that the local administration makes their local area a better place to live. Most people believe their local government is neither efficient nor well run. Furthermore, two thirds of respondents do not believe their local government spends its money wisely. This indicates a belief that local policy making is ineffective and corrupt. Furthermore, many people believe their local government is remote and impersonal. Most people consider that their local government is not trustworthy which indicates that the communication of municipal authorities' policies with the people is inadequate. Amazingly, none of the ethnic Albanian respondents have high trust in the central

government, and their level of trust in the municipal government is lower than among other ethnic communities. Also, a majority of people believe that corruption, the misuse of public funds or abuse of position in the public sector, exists in all public institutions including the judiciary, central government, local government, health institutions, educational institutions and Centres for Social Welfare.

Paradoxically, respondents believe that the central government would do the best job in providing education services, services for elderly, for children and for the disabled. These findings confirm people's low confidence in the capacity of the local government to provide social services. The survey findings should raise concerns among local governments throughout the country considering that, following the decentralization process, the provision of educational services has become a competence of the municipal authorities. Most people also consider that the process of decentralization is unlikely to improve the quality of social services in their municipality. Almost two thirds believe that the quality will stay the same and just under one fifth believe that it will deteriorate. More ethnic Albanians than other ethnicities consider that quality will improve as a result of the decentralization process, while the Roma have the greatest fear that quality will deteriorate. This pessimistic view on the future of municipal service delivery should be of great concern to policy makers in relation to the decentralization process. They should work much harder to improve the delivery of municipal services, and to enable people to voice their concerns in a constructive manner.

Policy Recommendations

To make the society more stable, cohesive and inclusive, to improve interethnic relations and to lower the level of prejudice, intolerance and discrimination, a two-track strategy should be adopted. Firstly, long-term policies should be aimed at reducing the conditions that make interethnic conflicts more likely, such as the high level of unemployment, poverty, inequality and discrimination, especially against the Roma population. Policy-makers should be aware that the dissatisfaction or frustration of young people, who have high education qualifications but low income, in a situation of crisis could be misused or manipulated by nationalists. Their dissatisfaction with the social situation can easily be transformed into enmity toward people from the other ethnic groups.

Secondly, governmental policies, as well as the NGOs should focus on the improvement of the quality of public and private education, because the education is seen as a factor of ethnic cohesion more than any other institution apart from the family. State institutions should develop and support projects

of common learning, including learning both the official languages and the languages of small minorities. Better overall knowledge of both the Albanian and the Macedonian languages in the public administration is also needed. Knowledge of the English language is also of special importance. Now is the time to strengthen the contacts between pupils from different nationalities, even more so since education has been assessed as a factor that has the most positive effects on the interethnic relations.

Improved quality of social services should be brought about by introducing benchmarking, quality assurance, and user involvement, outsourcing services to the not-for-profit private sector, with the public authorities becoming only regulators of competition and organisation. In introducing these new approaches there should also be a greater role for the social economy sector, involving social cooperatives and other forms of social enterprises.

In addition measures should be introduced to strengthen local accountability, reduce the risks of corruption, improve the transparency of local government activities, and ensure the participation of local people in the organisations which deliver the services (i.e. enhancing their 'voice' in service management and delivery). This can be done by methods such as organising regular public hearings on items of major local public expenditure, setting up complaints systems, and effective public monitoring procedures, and institutionalising opinion polls and client experience surveys, and other similar methods of assessing the effectiveness of local social services.

Exit, Voice, Loyalty and the Quality of Social Services



The focus of this report is on the quality of life and the quality of social services in the Republic of Macedonia. The previous edition of People-Centred Analyses concentrated on regional disparities in the quality of life. It found that there were significant spatial differences in the quality of life and that some regions and localities were afflicted by severe problems of poverty and social exclusion. This edition examines the quality of local social services which are responsible for tackling these problems at a local level. This is particularly important in the context of the ongoing policy of decentralisation, which has transferred much responsibility for these services to municipalities. This raises questions about how the services are delivered, and how people respond when the quality of services is not adequate to meet their needs. The report also continues to follow the trends in the quality of life which were initiated in the previous editions of the People-Centred Analyses, as well as addressing the pressing issue of inter-ethnic relations. The decentralisation policy was largely driven by the desire to improve interethnic relations, and to respond to the desire of ethnic groups to have greater control over the delivery of local social services, including education, health services, and family social services. The aim has been to ensure that these services should be more responsive to needs of different ethnic groups than in the past.

This issue of the People-Centred Analyses is based on the results of a survey which is fully comparable with previous surveys in the People-Centred Analyses series. The findings from the survey provide policy-relevant evidence on the quality of life and the quality of social services throughout the country. Specifically the report aims to:

- Gauge people's perceptions of the society in which they live
- Assess the imbalances of the economic situation which different sub-groups face
- Analyse perceptions of inter-ethnic relations
- Assess the impact of local governance on the quality of local social services

At a conceptual level, the report elaborates on ways in which people may respond to low quality social service delivery using the 'exit, voice and loyalty' framework developed by Hirschman (1970). This approach emphasises the importance of ensuring that service users have a choice among competing providers of services, and that they are able to transfer from a poor quality provider to a higher quality one ('exit'). It also emphasises that if such choice is not available, for example because the local service provider is in a monopoly position, that there is an important role for non-market mechanisms of an institutional nature which would enable people's preferences to be heard through the development of participatory structures of various sorts ('voice'). Finally it recognises that in practice many people do not have time or motivation to ex-

ercise the options of exit and voice, but prefer to stay with 'the devil they know' despite any possible shortcomings in service quality ('loyalty').

The remainder of the chapter is organised in five sections. The first section sets out the analytical framework of exit, voice and loyalty and shows its usefulness and applicability to the issue of the quality of social services. The following section outlines the EU approach to the quality of social services. Since Republic of Macedonia is a candidate for EU membership, the role of the EU accession process is a key dimension of policy towards social service provision in all fields. The third section briefly surveys the organisation of social services in Republic of Macedonia, while the fourth section discusses the important relationship between decentralisation and service delivery. The final section outlines some recent development in the organisation of local social services in the country

Exit, Voice and Loyalty

The social services are in the front line of the war against poverty and social exclusion. In order to ensure that they are effective, the quality of the services should be high enough to make a real difference to the lives of the vulnerable people which make use of them, and to match the services provided closely to people's real needs. In the market sector of the economy, when a customer is dissatisfied with the quality or other features of the service that is provided, he or she can usually search around for a different provider, unless the market has been monopolised by a single firm. In the social services, such 'exit' to use the term popularised by Hirschman (1970) is often not an option, as the social services are generally not provided on a market basis, but as part of the public sector, and paid for through taxes or social insurance. Moreover, it is likely that, in small municipalities, the local provider will hold a monopoly, such as the local school, hospital or centre for social welfare, and that there will be no, or only a few, alternative providers available in the local area. In many cases therefore, it may not be possible for clients of the services to express their dissatisfaction by quitting their service provider, and moving to another one which may provide a higher quality of services.

Modern reforms to social services in many EU countries have been designed to increase the options for clients to move around between services in search of higher quality providers, by introducing elements of competition into the publicly-provided social service sectors. This involves the development of a greater number and range of providers through contracting out local social services to private or not-for-profit providers, and giving the clients the right to choose which service provider they would like to use. Another approach is to alter the funding mechanism of the provider organisations, by introducing

per-client payments, for example by funding schools according to the number of pupils which they attract, or hospitals according to the number of medical procedures they carry out. This type of 'formula funding' or 'payment by results' can be used within the public sector to create artificial competition through 'quasi-markets' aiming to use the exit mechanism to drive up service quality by enabling effective user choice of services (see Le Grand and Bartlett 1993).

A supplementary mechanism, which is sometimes but not always an alternative to exit, is the expression of dissatisfaction with the service through the mechanism of 'voice', which involves setting up a complaints system, or enabling greater user involvement in decision making processes. This is designed to make providers of social services more accountable to the users, and in order to achieve this it is recognised that service managers need improved information about what their clients actually want. The introduction of complaints systems, or the development of procedures and institutions such as public meetings to improve user participation in the delivery of services, is designed to enable a better transfer of information about service failures and inadequacies from users to service managers. Without such information flows it is difficult to see how managers can possibly improve the quality of the services which they offer. However, this option is often unavailable in publicly provided services. In theory, the decentralised provision of services should bring the providers of services closer to the users. However, if there is no mechanism through which the needs and preferences of the users can be voiced, then decentralisation is unlikely to lead to an improvement in quality. It is important therefore that providers of social services ensure that there are effective means through which users can make their voice heard, either through the introduction of a complaints mechanism, or through involving users actively in the decision making structures of the services. A good example of the way this has been achieved in practice is the institution of 'social cooperatives' which have been introduced on a wide scale in Italy (Thomas, 2004). These institutions involve the users as members of the cooperative provider organisation, and as such they have a direct say in the way the social services involved are organised and managed.

In the absence of the possibility of improving the quality of services through the mechanisms of exit or voice, users must make do with the services which they are offered. Sometimes, even if exit or voice options are available, dissatisfied users will stay loyal to their provider. This is especially likely if there are other affiliations, such as locality, class or ethnicity, which are important reasons for people to stay with their existing service provider. It is important to recognise that this may not have negative consequences for service quality. Specifically, in order to achieve an improvement of quality, it is not necessary that exit and voice should be used as means of expressing dissatisfaction with a

provider by all users. Indeed, if too many users exit a service when quality falls, then managers would not have enough time to respond to the consequent drop in demand for their service. In this case, a degree of loyalty is a useful factor in providing managers with a degree of stability in their client base, and can give them the long term perspective which is needed for quality improvements to be introduced. Equally, it is not necessary for all users to exercise the voice option. Generally even if managers receive only a few complaints they will obtain the information that is necessary for them to make appropriate changes to the service, in order to bring it more in line with user needs. Loyalty is therefore a useful attribute, but without the additional options of either exit or voice being available to users it is unlikely that the quality of social services will improve greatly over time.

The EU Approach to the Improvement of the Quality of Social Services

Within the EU, many Member States have begun to modernize their social services so as to make sure that quality improves even though costs are increasing, while also ensuring universal access to services (European Commission 2006). In order to meet this challenge, member states have introduced measures such as benchmarking, quality assurance, and user involvement; decentralising services to local or regional level; outsourcing services to the private sector; and developing public-private partnerships to complement public funding. In introducing these new approaches there has also been a growing recognition of the role of the “social economy”, involving not-for-profit providers such as social cooperatives and other types of social enterprises, while ensuring that these new organisations are both effective and transparent.

In 2007 the European Commission launched a comprehensive consultation on the nature and objectives of social services in the EU (European Commission 2007a). It identified the main characteristics of the social services in the EU. It found that they are people-centred services, designed to respond to vital human needs, especially the needs of vulnerable social groups. In the best cases, social services provide protection from risks of life, and assist in personal challenges or crises; they are provided to families in the context of changing family patterns, supporting their role in caring for young and old family members, and people with disabilities; they safeguard fundamental human rights and human dignity; and they contribute to non-discrimination, gender equality, health protection, and generally improving the quality of life.

Social services in the EU are organised, delivered and financed in a variety of ways. The consultation identified a number of key common characteristics in the provision of social services in EU member states. Firstly, social services

are often characterised by an asymmetric relationship between providers and users which is different from a commercial supplier-consumer relationship. Secondly, the services are often rooted in local cultural traditions, and so solutions which reflect the particularities of the local situation are often chosen to ensure that the service providers respond appropriately to user needs. Thirdly, service providers often need great autonomy in order to address the wide variety of social needs. Fourthly, social services are generally driven by the principle of solidarity, and are highly dependent on public financing to ensure equality of access independent of wealth or income. Fifthly, not-for-profit providers as well as voluntary workers often play an important role in the delivery of social services, thereby contributing to the social cohesion of local communities and to intergenerational solidarity.

In recent years, several EU Member States have introduced many innovations in the provision of social services in order to ensure quality, and to contain costs, and provide a wider range of choice to service users. A major trend has been giving final consumers more say over the services they receive, and the form in which they are delivered. An innovation in this respect is the introduction of 'personal budgets' which enable users of services to choose their package of care and provider organisation. Another innovation has been the use of vouchers for the same purposes.

Both these innovations introduce quasi-market mechanisms into the provision of social services, linking supply more closely with demand, and introducing competition between providers, giving them an incentive to maintain quality and keep costs down (Le Grand and Bartlett 1993). A concern has been that private for-profit providers may use this opportunity to reduce costs by cutting quality, in order to maintain or increase profits. It is thought that not-for-profit organisations, social enterprises and NGOs do not have such a motivation, and are more inspired by 'pro-social' motivations to meet service users needs by raising the quality of the services provided. The reason why such organisations may behave in this way is that they are not governed by private shareholders, but rather by volunteers, social work professionals, or by service users themselves as in the case of the Italian 'social cooperatives'. Moreover they are often prevented by their constitution from distributing profits among the stakeholders (hence 'not-for-profit').

Many social services are non-economic services, and fall outside the scope of EU regulation. The principle of 'subsidiarity' means that such services fall under the competence of the lowest level of administration competent to provide it, so individual states have prerogatives over the nature and scope of their social services within their jurisdiction. Subsidiarity also implies that, wherever possible, social services should be provided on a decentralised basis,

by regional or local authorities, in order to ensure the closest relationship between the services and the needs and interests of the people to whom they are provided. However, whenever social services provide economic services, then the rules of the EU internal market on competition do apply.

The decentralisation and devolution of services of general economic interest is also stipulated under the recently adopted Lisbon Treaty, which however asserts that 'The provisions of the Treaties do not affect in any way the competence of Member States to provide, commission and organise non-economic services of general interest.'¹ However, within the EU there has been a trend towards the decentralisation of social services to the local level, in order to bring services closer to their users, and be more responsive to their real needs. This has often been accompanied the contracting out of services to independent providers, whether for-profit or not-for-profit. Thus, increasingly, social services are taking on an economic nature, especially when they are outsourced to independent providers, and so the EU competence over these services is gradually increasing. The aims of the EU in exercising these competencies are to achieve high quality, safety and affordability of the services; to ensure equal treatment across social groups such as those based on age, gender and ethnicity; to promote universal access; and finally to uphold user rights.²

Case Study: Social Services for the Elderly in Denmark

A key principle of the 'quality reform' in Denmark has been the introduction of free choice of provider. Elderly people themselves can decide whether they prefer to receive domestic help from their municipality or from a private firm. Either way, the municipality pays for the services. The majority of elderly people continue to use municipal services for home care, including practical, domestic help, personal care and nursing care. About a quarter of the population aged over 67 receive home care help of some sort.

Quality reform in Denmark focuses on staff qualifications in the social services, de-bureaucratization, improved responsiveness towards user needs, an improved physical environment, and exploitation of new technology. From 2010, 'Quality Contracts' between local councils and citizens will be required, with clear and measurable objectives for each local authority service area. Local councils are required to draw up a quality standard

¹ See Article 2 of the Protocol on Services of General Interest, Treaty of Lisbon, 2009.

² These aims covering economic services of general interest are stipulated in the Protocol to the Treaty of Lisbon (see European Commission 2007a: 9)

Case Study: Social Services for the Elderly in Denmark (continues)

at least once a year, and to monitor its application. The standards, which must be published, set the quality and price requirements for all suppliers of personal and practical home care. They must also inform citizens of their rights in relation to the local authority. Two preventive home visits per year are offered to all people over the age of 75. (See: Glendinning 2009)

Social Services in the Republic of Macedonia

After the collapse of the communist regimes, most South East European countries made economic and social reform a high priority. However, the state infrastructure was exhausted and was not ready for any reform without substantial financial support. Unfortunately, this was not something that most transition countries could afford. In the Republic of Macedonia significant reforms are still required in the policy fields of education, health and other social services. Most of these challenges require support from the government, but at the same time they also need substantial autonomy in order to function effectively and provide professional services. In order to introduce the necessary changes and reforms a number of issues need to be addressed including the definition of the system goals and priorities, whether services should be provided by the public sector or by private providers, and whether changes can be implemented so that they have a long-lasting effect. In resolving these issues an improved set of social statistics should be collected and analysed. This report makes a first step in this direction, but further analyses should also be undertaken by the government institutions and research institutions.

Despite gaining candidate status for EU membership, Republic of Macedonia significantly lags behind many other transition countries in its socio-economic development, and faces many social problems, and much needs to be done to improve the quality of social services. Relatively few social services are provided by the state for vulnerable population groups, such as the elderly, orphans, individuals with special needs, or minors with behavioural problems. A small number of retirement homes exist, although care of the elderly is mainly provided by their families at home. After hospital discharge, nursing should be taken over by primary health care. Unfortunately, contracts that family doctors sign with the Health Insurance Fund do not include nursing services, and family doctors do not provide them since they cannot charge for them. Although this gap in primary health care is to some extent bridged by the community nursing service and home care services, the limited capacity prevents them from covering the whole population. Civil society and private businesses are

active in the social sector in areas where the state has low capacities, such as in providing day centres for socially vulnerable people, emergency help lines, private homes for the elderly, and kindergartens.

The main responsibility for the administration and organization of social services rests with the Ministry of Labour and Social Welfare³ (MLSW). The Social Protection Department within the Ministry supervises the work of the Institute of Social Affairs; the 27 inter-municipal Centres for Social Welfare (CSW); the social protection institutions; as well as kindergartens. Created in the 1960s, the CSWs are the main units for social service provision, as well as administrators of social assistance payments. In the capital city Skopje, there are six branch offices of the CSW, located in different territorial units, with 158 employees. The social protection institutions are closely connected with the CSWs, as the latter are gatekeepers to access these institutions, and because they are regulated by the same social protection law. It is usually the local CSWs which identify children and adults that should be placed in such institutions. At present, there are eleven public social protection institutions which include three institutions for physically and mentally disabled people, two institutions for orphans and children without parental care, two institutions for children with educational or behavioural problems, and four homes for the elderly.

Several voluntary home care services have been established by not-for-profit providers (NGOs) which use volunteers to provide the services. These include “Humanity” in the municipality of Aerodrom; “Sumnal” in Shuto Orizari; “Kitka” in Prilep; “OFO Sveti Nikole” in Sveti Nikole; “Multiculture” in Tetovo; “Prodolzen Zivot” in Strumica; and “Nov Zhivot” in Shtip. They all face problems with the financial sustainability of the services, and with the wide scope and extent of user needs.

Decentralisation and the Delivery of Social Services

Decentralisation has been carried out in a number of transition and developing countries, in recent decades. Partly this has accompanied the process of marketisation, in order to counteract the influence of what have often been perceived as over-centralised state bureaucracies. The aim of decentralisation has been to bring services closer to local people and their needs. According to the theory of fiscal federalism, decentralisation might be preferred to central service delivery when tastes are heterogeneous and when there are no ‘spillovers’ from one municipality to another (Oates 1972). Examples of such spillovers can be found in public infrastructure projects, such as roads and elec-

³ *The literal translation from the Macedonian language original is ‘Centre for Social Work’, but the meaning is better expressed in English as ‘Centre for Social Welfare.’*

tricity supply, where the benefits from the physical capacity paid for by one municipality may 'spill over' its boundaries into a neighbouring municipality which may not have shared the cost. According to the theory, such services are better provided centrally, whereas more localised services, such as schools and social services which have no or fewer spill-overs are better provided at a local level. However, concerns have been raised that this theory is inappropriate for transition and developing countries in which the mechanisms of political accountability are not well developed, where corruption is prevalent, and where the 'capture' of local government by local interest groups and local elites is a feature of the political culture (Bardhan 2002). In such cases decentralisation may lead to worse outcomes than the centralised system which it replaces, and the quality of social services may fall, rather than improve. Resources may be siphoned off into luxury consumption by the local elite, rather than invested in service improvement for the local population. For these reasons, it is important that decentralisation is accompanied by measures that strengthen local accountability, minimise the risks of corruption, improve the transparency of local government, and ensure that local people participate in service delivery. This implementation of user 'voice' can be achieved through practices such as organising regular public hearings on items of major local public expenditure, setting up complaints systems, introducing effective public monitoring procedures, and institutionalising opinion polls and client experience surveys, and other similar methods of assessing the effectiveness of local social services.

In Republic of Macedonia, the process of decentralization was initiated in 1999 with the adoption of a National Strategy for Decentralization. Subsequently, the Ohrid Framework Agreement (OFA), which ended an armed conflict between government security forces and ethnic Albanian rebels which took place in 2001, set out a strategic agenda on the decentralisation of powers from the central government to the municipalities, and the equitable representation of different ethnic groups in local self-government. Decentralization has been designed, among other reasons, to prevent ethnic conflict by ensuring each ethnic group a degree of territorial autonomy. Changes in the system of local governance and financing were introduced through the Law on Financing the Units of Local Self-Government; the Law on Property Tax; the Law on Utility Fees; and the Law on the City of Skopje. In addition, a number of special laws pertaining to the transfer of competencies to the municipalities were also adopted.

The Law on Local Self-Government was passed in January 2002 but contained few provisions to implement the proposed changes. It defined, in very broad terms, the competencies of municipalities, as well as their organization, administrative procedures, and mechanisms for cooperation with other municipalities and with the central government. This law assigns substantial new

responsibilities to the municipalities, most notably in the fields of education, health, and social services. This in practice mainly involves the establishment of child nurseries and homes for the elderly (ownership, financing, investments and maintenance), social services for the disabled (day care centres), as well as other types of non-residential care activities directed at vulnerable groups. In particular, this has meant transfer of responsibilities for 4 homes for elderly people and 51 kindergartens. Municipalities are allowed to offer social services according to their own development plans and programs, depending on the specific problems faced, and may fund those activities from their own financial sources. Most municipalities have focused on opening day centres for work with specific groups at risk, such as homeless children, persons with special needs, and victims of family violence, public kitchens, and other. The Law also expanded the competencies of the municipalities in fields such as finance, tax collection, own budget, administration, and property, and gave them power to establish voluntary associations and sub-municipal self-government. A municipality can now establish public service enterprises to carry out its responsibilities, or it can delegate certain public matters that are of local concern to other legal entities, companies or private persons. Most municipalities have established public enterprises for water management and sewage systems, taking care of public spaces such as parks and recreational areas, as well as garbage removal and street cleaning.

The Law on Financing of the Units of Local Self Government (September 2004), the Law on Territorial Organization (August 2004) have completed the general legislative framework for substantial decentralization. Under the latter, the number of municipalities has been reduced from 123 (plus the City of Skopje) to 84 (plus the City of Skopje), of which 32 have an intensely mixed ethnic composition, 16 have a majority ethnic Albanian population, 2 have a majority of Turks, and 1 has a majority of Roma. In addition, the government has adopted a series of measures to assist the implementation of the process of decentralisation, including operational programs, coordination bodies between ministries, and the signing of agreements with the Civil Servants Agency (CSA) and the Association of Local Self Government (ZELS).

As far as the fiscal decentralization for social services is concerned, the legislation does not oblige the municipalities to provide any particular form of social service, neither does it guarantee funding to the municipalities to cover the expenses for such social services. It includes only block transfers to homes for elderly people and kindergartens. Depending on available own resources, additional services can be provided by municipalities such as shelters, public kitchens, or day care centres. With the current state of decentralization in this area, finances follow the institutions, and not the functions that are transferred, especially in the social services sector. Thus, if in a municipality there is

a social institution of some kind, the central government would transfer both the functions (competences) and the finances to the municipality, but where there is none (for example nursing home or kindergarten) the functions are transferred, but not the finances. Within this framework, municipalities are responsible for providing social services to disabled people, orphans, children with special needs, street children, children with educational and social problems, and children with single parents, persons exposed to social risk, drug and alcohol addicts, and older people without family care. Municipalities can organize several types of social services including day care centres for homeless children, children with learning difficulties, adult invalids, drug addicts, and victims of family violence, as well as community care centres for elderly persons and invalids, and people with chronic mental illnesses.

The process of decentralisation was eventually implemented in July 2005. Municipalities were able, for the first time, to decide on the school principals, heads of health and social services, and to provide additional social and communal services. The process aimed to transfer some financial management and tax administration capacities to local authorities; to build municipal management skills; to develop a comprehensive finance and tax administration system; to use e-government to increase people's participation and transparency; and to increase people's participation in decision-making. In line with the OFA and the subsequent constitutional and legislative changes, the list of functions performed by local government units includes significant social sector responsibilities such as the management and financing of primary and secondary education, nursing homes, orphanages, pre-schools and ambulatory health care. Responsibility for social service provision has been phased in over a number of years through a mix of earmarked and blocks grants which initially covered only the operation and maintenance of infrastructure, while responsibility for the personnel should be transferred at a later stage.⁴

The process of decentralization has not yet resulted in the transfer of the responsibilities of the CSWs to the local level. Thus, CSWs still represent local units managed by central government authorities. According to the represen-

⁴ *The wide range of municipal responsibilities are listed in the provisions of Article 22 of the Law for Local Self-Government including: urban planning and zoning arrangements; environmental and nature protection; local economic development; communal activities; cultural development, in accordance with the national programme for culture; sports and recreation; social services and child protection; foundations of education institutions, financing and managing primary and secondary schools in cooperation with the central government; organization of transport and food supplement for students and housing in student's homes; health care - managing the system of public health organizations and primary health care; undertaking measures for protection and rescue of citizens and material goods in case of destruction in war, natural disasters and other accidents; fire protection provided by local fire units; and, supervision over activities that come from the municipality's responsibilities and other matters determined by law.*

tative of the MLSG working group on decentralization, the process of decentralization of CSWs cannot yet be initiated for several reasons, such as lack of provisions in the Law on Local Self-government (article 22 paragraph 7), which does not envisage decentralization of financial transfers; non existence of a second instance body (at the local level) regarding decisions on complaints; and a lack of human resources in most of the CSWs in dealing with both administration of social transfers and social service provision.⁵

Recent Developments in the Provision of Social Services

According to the Strategy for Deinstitutionalization (2008-2018) adopted by the government, the process of transformation of social service institutions is expected to last ten years and to be realized in three phases. The reforms will be directed towards developing non-institutional services implementing the transfer of the existing social protection institutions at local level to the competency of the municipalities, according to the needs of the beneficiaries. The strategic direction will be implemented with the development of the inter-sector cooperation on a national and local level, and through monitoring and evaluation. The Ministry of Labour and Social Welfare will appoint a professional body that will be in charge of monitoring and evaluation of the implementation of the strategy. During this reform, the Ministry will finance, train and support the setting up and effective operation of preventive services, services for providing temporary accommodation, reintegration services, as well as small family homes.

On 17 June 2009, the parliament adopted a new Law on Social Protection which regulates the organization of social services, the rights to social protection, and their financing, and which stipulates that in addition to the state, the municipalities are also responsible for providing social services. The government has adopted a National Programme for Social Protection that determines the objectives, priorities and directions for social services through measures of active social policy. The government has also adopted an Annual Programme for provision of social services, through which the areas of social services are defined based on the needs of the population, as well as the financial means for the provision of social services. Article 8 of the law stipulates that the government determines the network of public institutions for social services that in accordance with Article 85 are established as public and private. According to Article 87, the municipalities may establish a public institution for institutional and non-institutional services on the approval of the Government and on the basis of prior opinion from the Ministry of Labour and Social Welfare.

⁵ See *European Commission (2007b: 63)*.

After all technical conditions prescribed by the Law are fulfilled, the Minister of Labour and Social Welfare and the founder of the public institutions conclude an administrative contract that regulates the performance of the activity and the mutual rights and obligations in more detail.

In accordance with the National Programme for Social Protection, the municipalities should adopt their own programmes that respond to people's needs by providing social services for disabled persons, orphans and children without parental care, children with impediments in the physical development, children in the street, children with educational and social problems, children from single-parent families, persons at social risk, persons abusing drugs, other psychotropic substances, precursors and alcohol, persons victims of domestic violence, persons victims of human trafficking and elderly without family care. The programmes of the local social services institutions are financed by the municipalities (Article 221).

The law stipulates in Article 264, that the government may transfer the ownership of day care centres to any municipality in whose territory the institution is located. On taking over the ownership of such a day care centre, the municipality also takes over the responsibility for financing it. The same article stipulates that the form of service delivery and financing of institutions for care of elderly, day centres and temporary shelters are to be regulated by special agreements concluded with the municipality.

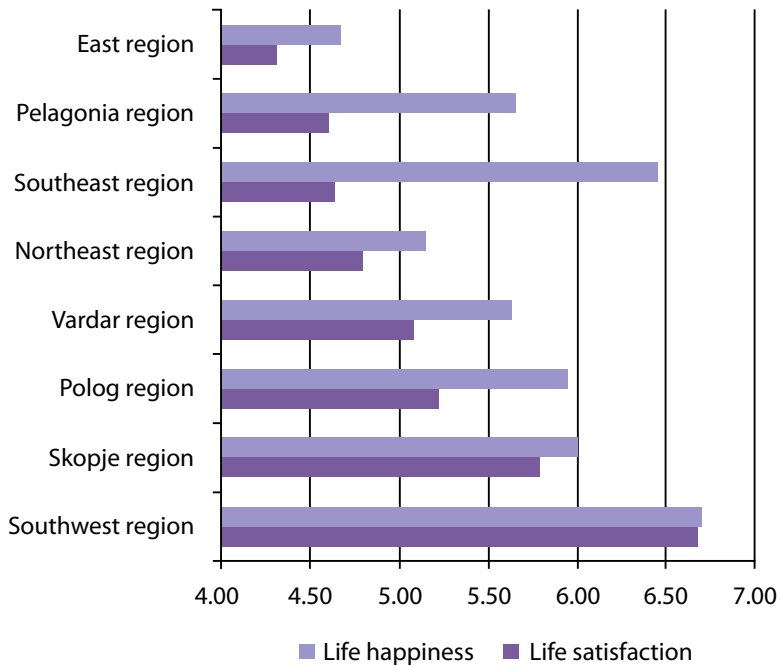
Socio-economic Conditions and the Quality of Life



This chapter offers a profile of the quality of life in Republic of Macedonia and differences among the population according to personal and social circumstances such as gender, age, ethnicity, residence, and education. The quality of life is closely connected to an individual's satisfaction and happiness. People with a higher quality of life are more likely to be part of healthy and stable society. Research on the quality of life often distinguishes between the subjective and objective aspects. The subjective aspect refers to feelings and satisfactions, while the objective aspect is related to societal and cultural demands for material wealth, social status and physical well-being. Recent research has shown that people who live in transition economies tend to have a lower quality of life and be less happy than those who live in developed market economies, even taking into account the differences in material standards of living. This is even more pronounced in countries which have experienced ethnic and other civil conflicts during the transition process. The reason for this is in the abrupt changes which have taken place in people's lives, especially in the deterioration in the quality of the social services which are available, the increased income inequality, and the changing demand for skills which has made the skills that many people learned under the old system obsolete (Guriev and Zhuravskaya, 2009).

The survey findings reported in this chapter for Republic of Macedonia reflect the experience in other transition countries, revealing that the quality of life has been adversely affected by the experience of transition and ethnic conflict. Only a small minority of people (13%) consider that their life had improved in the 12 months prior to the survey (i.e. between September 2008 and September 2009), while circumstances had deteriorated for more than one third (34%). Measured on a scale from 1 to 10 (where 10 stands for complete satisfaction and 1 for complete dissatisfaction), people's mean level of life satisfaction is very low at just 5.2 (in comparison it is 7.0 in the EU27 as a whole, and 6.5 in the 12 New Member States of the EU – NMS12). Considering happiness, the mean level is 6.3 (compared to 7.5 in the EU27, and 7.2 in the NMS12). By region, life satisfaction is highest in Southwest, then Skopje and Polog and lowest in the East and Southeast (see Figure 2.1). The East and Pelagonia regions scored lowest in terms of life satisfaction, similar to the results of the survey carried out a year before (UNDP 2009).

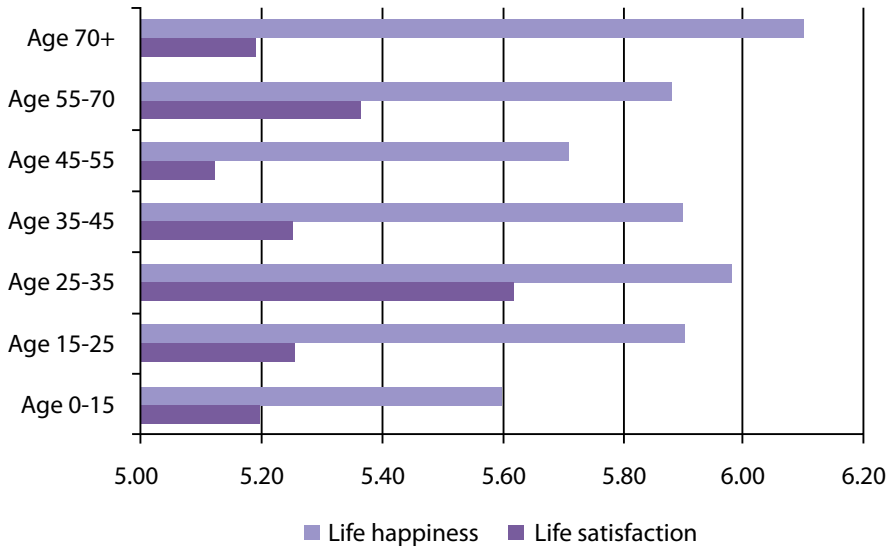
Figure 2.1: Life satisfaction and happiness by region on a scale 1-10



Source: PCA Household Survey September 2009

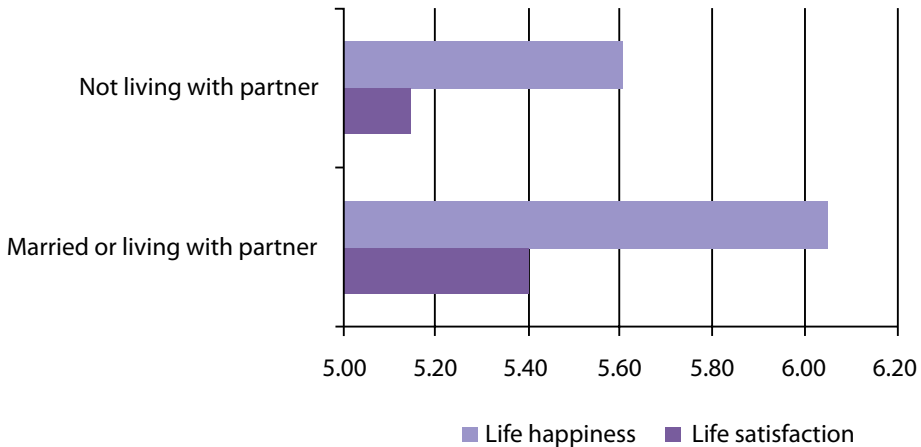
Generally, in western market economies, happiness levels initially decline with age and then begin to increase beyond middle age. However, in transition economies, happiness declines throughout the life course, for all ages. The survey shows that this pattern is followed in Republic of Macedonia, with the average level of satisfaction by age being highest among the young population aged between 18-24 years, and lowest among the 55-64 age group (see Figure 2.2). It is perhaps not surprising that young people feel more optimistic than older people who experience difficult social problems, and have found it hard to adjust to the dramatic changes brought about by the transition which has taken place over the last 20 years. This effect is typical of many transition economies where older people have faced a loss of economic security and a devaluation of their human capital and skills which had been developed for a completely different type of economy and social structure (Guriev and Zhuravskaya, 2009). The mean level of happiness is greater for married people than for those who are single, reflecting experience from many studies throughout the world (see Figure 2.3).

Figure 2.2: Life satisfaction and happiness by age group on a scale 1-10



Source: PCA Household Survey September 2009

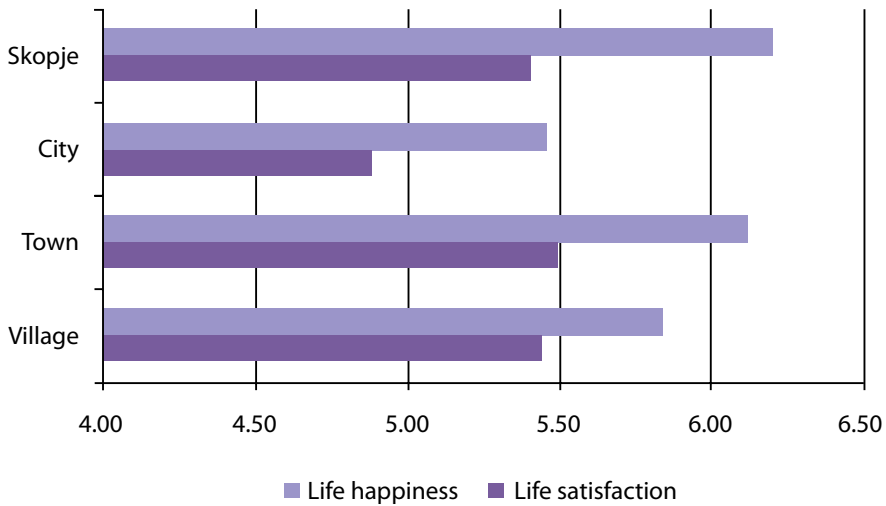
Figure 2.3: Life satisfaction and happiness by marital status on a scale 1-10



Source: PCA Household Survey September 2009

Contrary to last year findings, the lowest levels of satisfaction and happiness are registered in urban areas compared to rural areas (see Figure 2.4). The reason may be that urban citizens have been more affected by the global economic crisis that began to affect Macedonia in 2009.

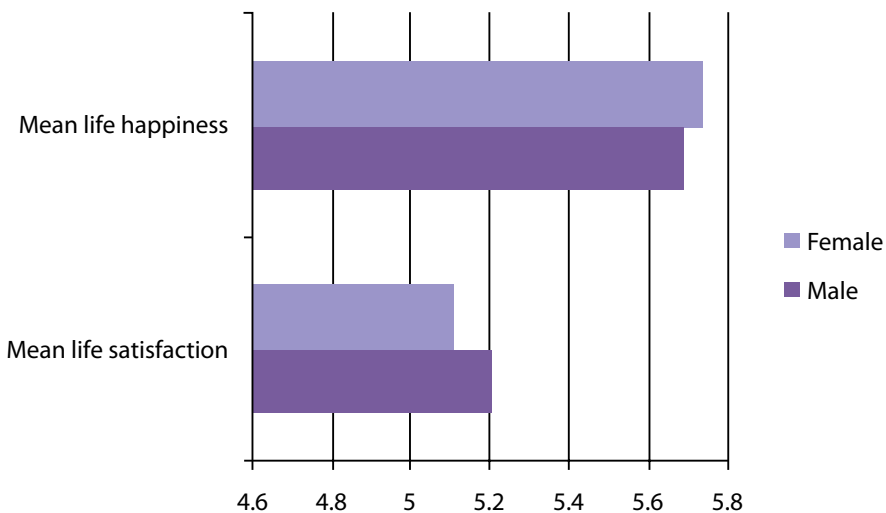
Figure 2.4: Life satisfaction and happiness by location on a scale 1-10



Source: PCA Household Survey September 2009

Mean life satisfaction and happiness by gender shows that there is no significant difference between male and female.

Figure 2.5: Life satisfaction and happiness by gender (scale 1-10)



Source: PCA Household Survey September 2009

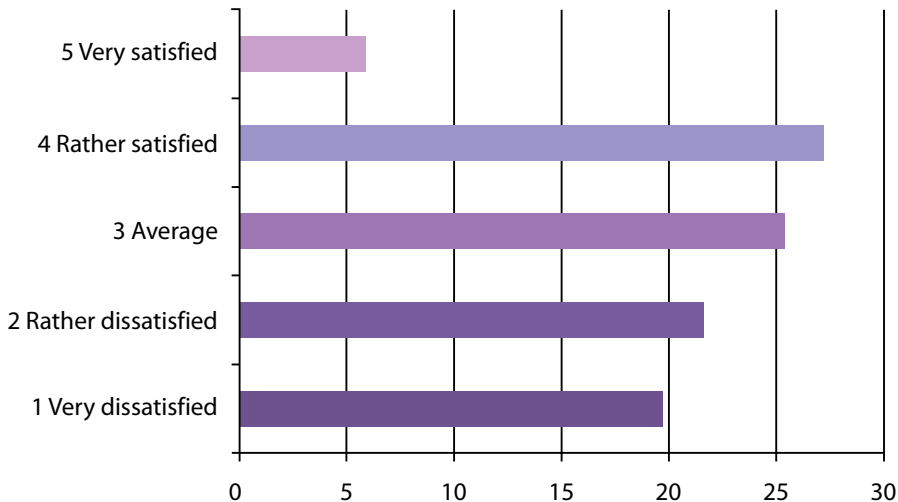
There is also not much difference between ethnic Albanians and ethnic Macedonians on the issue of satisfaction and happiness, suggesting that they experience similar existential problems. The indicators for satisfaction and happiness place the ethnic minorities at the lowest position of subjective well-being, especially the Roma population (with a score of 3.4 on a scale from 1 to 10). According to religious affiliation, smaller religious groups tend to be happier than respondents from the main religious affiliations, which is surprising having in mind fact that the majorities live in more comfortable conditions. The explanation may be that smaller social groups often are more cohesive than larger ones, as they are more organically solidarised.

The level of education is one of the determinants of life satisfaction, and the survey data show that lower values of the life satisfaction are related to lower levels of education. The same can be said considering happiness. The level of happiness increases with the level of education. Higher education is associated with better economic conditions of the household (only 12% of those with primary education, compared to 26% of those with higher education, declared that their financial situation had improved in the twelve months prior to the survey). This finding tends to support the government's current campaign to raise the level of education and to promote lifelong learning.

There is a difference between inhabitants with a paid job and those without a paid job, while people with a higher income are more satisfied than those with a lower income. The same applies for happiness - respondents with a lower income feel less happy (mean score of 4.7), than those with higher income (6.1). Overall, only one third of citizens are satisfied or very satisfied with their standard of living (see Figure 2.6).

Most people are satisfied with their accommodation (61%), while only 6.5% are very dissatisfied. Typically, members of the minority ethnic groups other than ethnic Albanians live in worse housing conditions. People from urban areas are more satisfied with their accommodation than those from rural areas (30% from urban compared to 19% from rural areas are very satisfied). The view that Republic of Macedonia is a family centred society is supported by the finding that only 14% of respondents complain about their family life, while a greater proportion - almost one third (32%) - are dissatisfied with their social life. In other words, people have more problems with their life outside of home, including during their time off when they have the opportunity to socialize and enjoy themselves in networks and activities out of their family environment, and in their social relations with others.

Figure 2.6: Satisfaction with standard of living (scale 1-5)



Source: PCA Household Survey September 2009

Income Distribution and Poverty

Poverty is related to a lack of resources for fulfilling the elementary life needs of individuals and families such as food, shelter, and clothing. Poverty is a crucial societal issue; large number of poor people may be problematical for society, as it disrupts social development, intensifies many social problems including those associated with health, education, crime and drug addiction. Adam Smith claimed that “No society can be flourishing and happy of which the far greater part of members are poor and miserable”.¹

From 1991 Republic of Macedonia started the process of economic transition. Although significant progress has been made, many aspects of the transition remain uncompleted, and the country has not yet achieved the level of GDP per capita which it enjoyed at the start of the transition process (EBRD 2009). Since 2005, Republic of Macedonia has been a candidate for EU membership, yet income levels are still far below of all EU member states.²

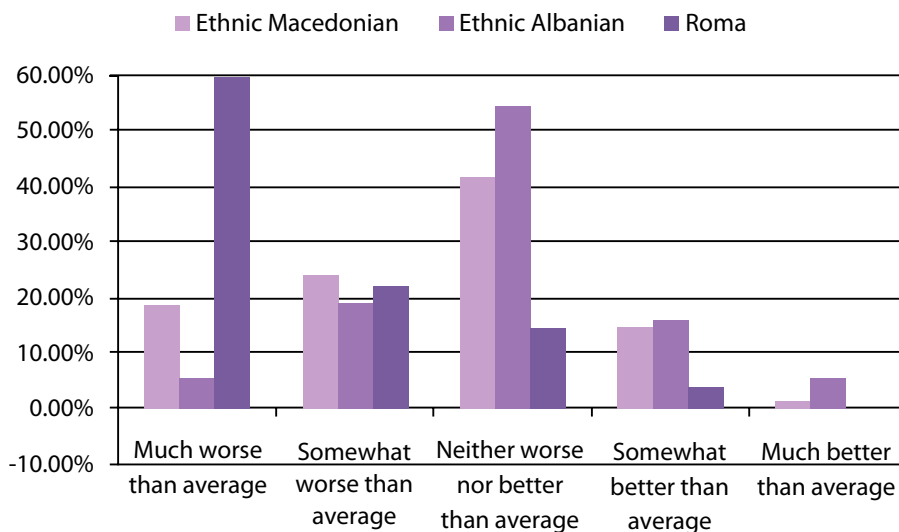
1 Adam Smith, *The Wealth of the Nations*, 1776 (book 1, chapter 8), see also Ljubica Spasovska, “The global entrapment – on the phenomenon of poverty in a global context”, *SEEU Review*, Vol. IV, no. 2, 2008, p. 126.

2 *The largest group of European countries is characterized by average incomes of between 15,000 and 20,000 Euros and The Macedonian State Statistical Office has said that the average net salary in September stood at 20,004 denars (approximately 325 euros), while average gross-salary stood at 30,000 denars.*

The survey shows that 43% of respondents perceive that their financial situation is below average. In this context, according to ethnicity, ethnic Macedonians, have more complaints than ethnic Albanians (41% vs. 23%) while the Roma are in the worst situation with 80% saying that their financial situation is worse than the national average (see Figure 2.7). More than one third of population (34%) do not have primary source of income. The worst financial situation is observed in Southeast and Northeast region, where the economy is based mainly on agriculture and where the level of remittances from abroad is very low. In these two regions 56% declared that their financial situation is worse than average. On the other hand a financial improvement is registered in Vardar and Polog regions. Urban areas have more financial problems than rural areas. This is probably due to the fact that there has been a lot of industrial restructuring in the urban areas and many workers have lost their jobs, so unemployment levels are high in urban areas. Meanwhile the village still is a source of subsistence income.

A higher proportion (42%) of ethnic Macedonians declared that they are in a worsening financial situation than did ethnic Albanians (24%). More people without or up to primary education have financial problems (51%) than those with higher education (17%).

Figure 2.7: Subjective evaluation of the household's financial situation



Source: PCA Household Survey September 2009

Among the most remarkable findings of the PCA survey carried out in 2008 was that four-fifths of people in Republic of Macedonia felt that their situation had worsened since 1989, “a proportion higher than in any other transition country apart from Bosnia and Herzegovina, and a higher proportion even than in transition countries of Central Asia” (PCA, 2009, p.12). At the same time, the disparities in income indicated that the economic system was highly unequal, with the richest 20% of the population receiving 42% of the total disposable income, while the poorest 20% receiving just 5%. About one quarter of the population were living below the poverty threshold, defined as having an income less than 60% of the average revenue of households.

Figures 2.8 and 2.9 present the distribution of poor households by ethnicity and by location according to the PCA survey data for 2009. The poverty headcount measures the number of people that have equivalised income or expenditure below the poverty threshold, taking the poverty threshold to be 60% of median equivalised income or expenditure. The survey revealed the large disparities in the distribution of poor households between ethnic groups. It is evident that the poverty headcount is significantly higher among the ethnic Albanian population than among the ethnic Macedonian population, while the poverty headcount is slightly higher in rural areas compared to urban areas, although the difference is relatively small. The Roma has the highest share of people in poverty. These differences between ethnic groups may reflect to some extent different demographic profiles, with smaller family sizes among ethnic Macedonian households than among other ethnic groups. There are also substantial differences by region with the Southeast and Northeast region are in unfavourable condition compared to other regions (see Figure 2.10).

Figure 2.8: Poverty headcount by ethnicity

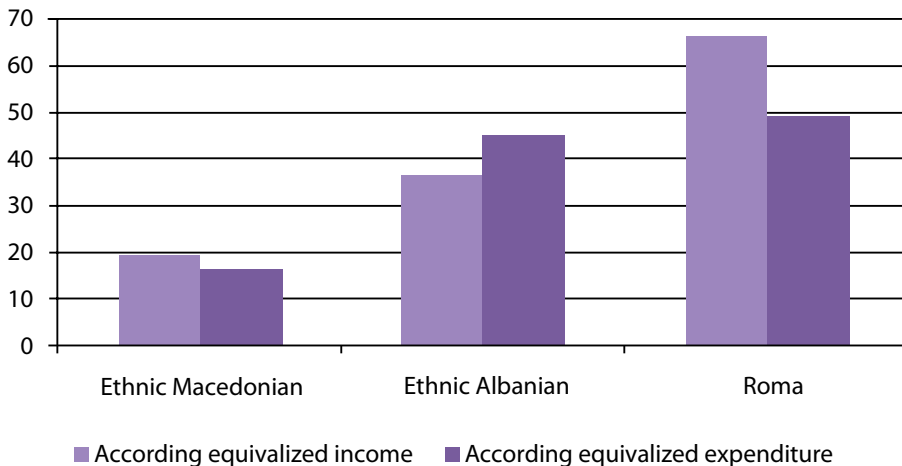
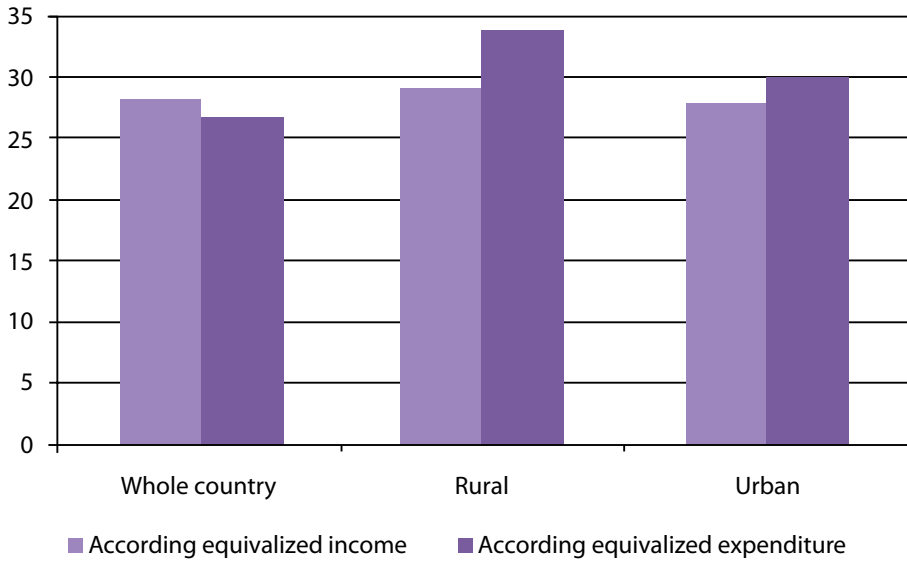
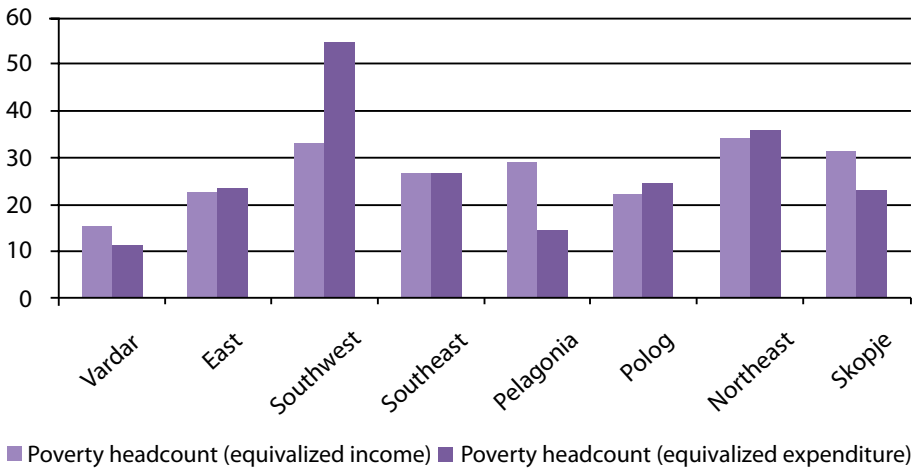


Figure 2.9: Poverty headcount by location



Source: PCA Household Survey September 2009

Figure 2.10: Poverty headcount by region



Source: PCA Household Survey September 2009

The poverty gap measures the average distance of individuals in poverty from the poverty line of 60% of the median equivalised income or expenditures, as a percentage of the poverty line. Taking this measure, the survey shows that households settled in rural areas are poorer than those living in urban (see Figure 2.10). Roma households are much more vulnerable according to poverty gap compared to ethnic Macedonian and ethnic Albanian households, while ethnic Macedonian households have the lowest poverty gap (see Figure 2.11). Comparing regions, the Southeast region has the highest poverty gap, while Vardar region has the lowest (see Figure 2.12).

Figure 2.11: Expenditure based poverty headcount and poverty gap by location

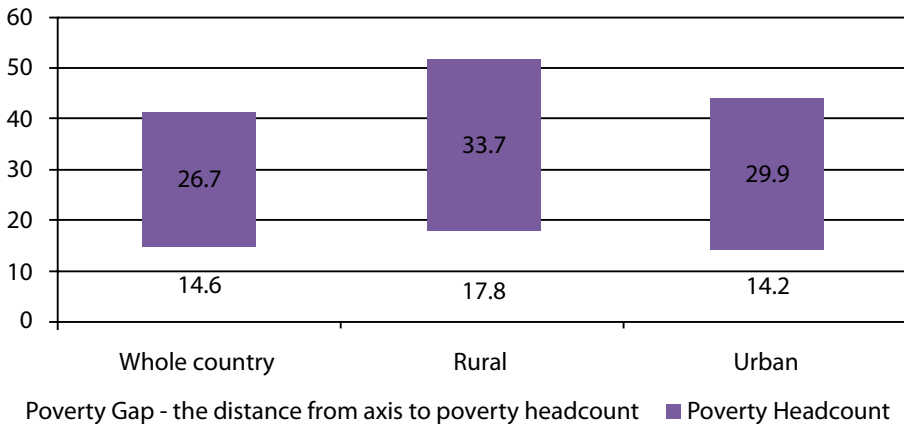
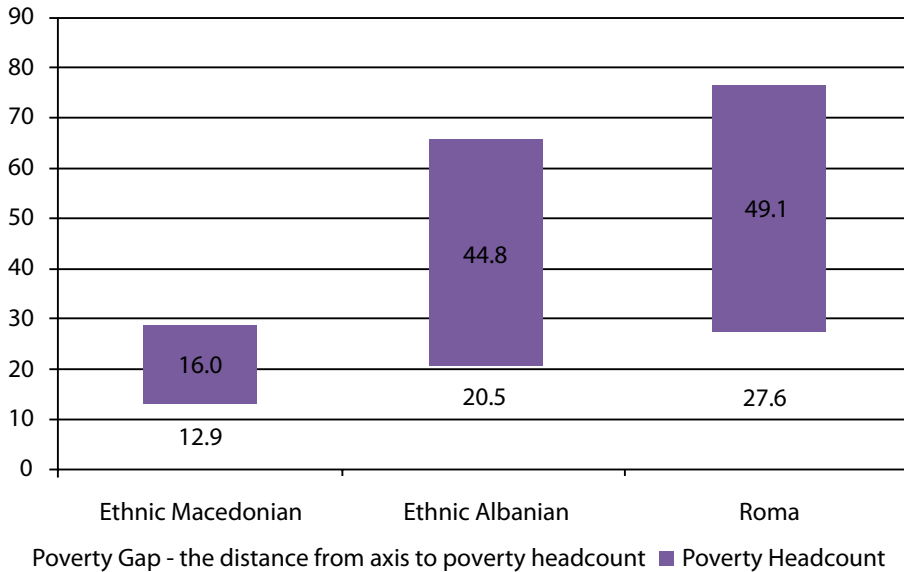
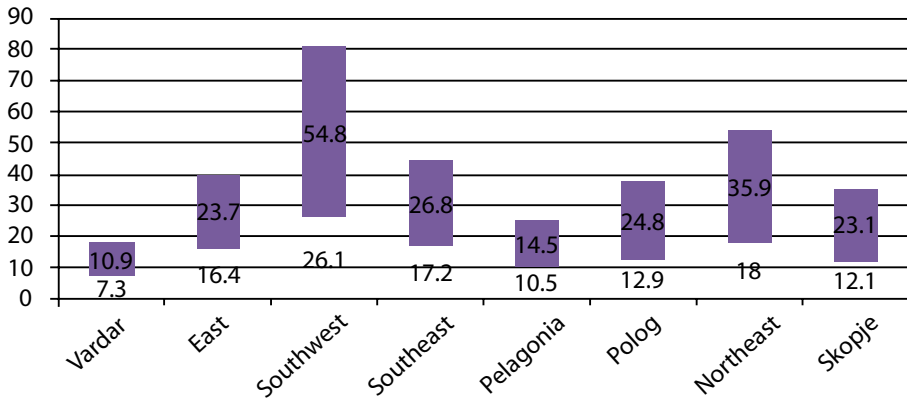


Figure 2.12: Expenditure based poverty headcount by ethnicity



Source: PCA Household Survey September 2009

Figure 2.13: Expenditure based poverty headcount and poverty gap by region

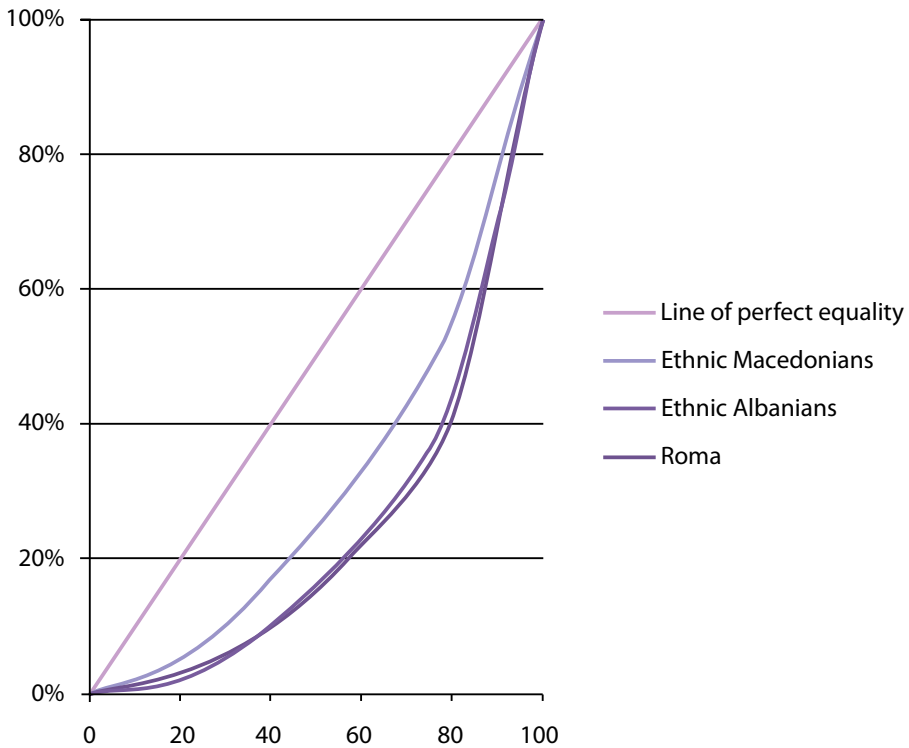


Poverty Gap - the distance from axis to poverty headcount ■ Poverty headcount

Source: PCA Household Survey September 2009

With such significant percentage of households living below the poverty threshold, we expect that income distribution will be unequal. Inequality in income distribution can have an ambiguous impact on happiness of the population. On the positive side, income inequalities may reveal that new opportunities are opening up as a result of the transition to a market economy. On the negative side, people may be dissatisfied as they feel that society has become less fair and just than it used to be (Milanovic, 1998). Recent research has concluded that in developed western economies, the former effect is dominant, and happiness is improved by a certain degree of inequality. In transition economies, however, increasing inequality has led to increased levels of dissatisfaction and unhappiness among people (Guriev and Zhuravskaya, 2009). Inequality in income distribution is a primary source of unhappiness in transition economies. The Lorenz curve shows the extent of inequality (see Figure 2.13), which shows the wide extent of inequality which has emerged in Republic of Macedonia. The data for the distribution of equivalised income by quintiles are shown in Table 2.1. It reveals the remarkable extent of inequality with the bottom fifth of people receiving less than one twentieth of equivalised income, while the top fifth receive almost one half of equivalised income. The ratio of the top to the bottom quintiles is 13, indicating that an extremely large gap between the richest and the poorest people has emerged in Macedonian society. The gap is even wider in the urban areas where the ratio between the top and bottom groups has widened to an enormous extent. The highest degree of inequality is found among the Roma and the ethnic Albanian communities, with the income ratio between the richest and the poorest fifth of ethnic Albanians reaching as high as a staggering 30 times, more than twice the average level of inequality for the country as a whole.

Figure 2.14: Lorenz curve: cumulative share of incomes by ethnic group



Source: PCA Household Survey September 2009

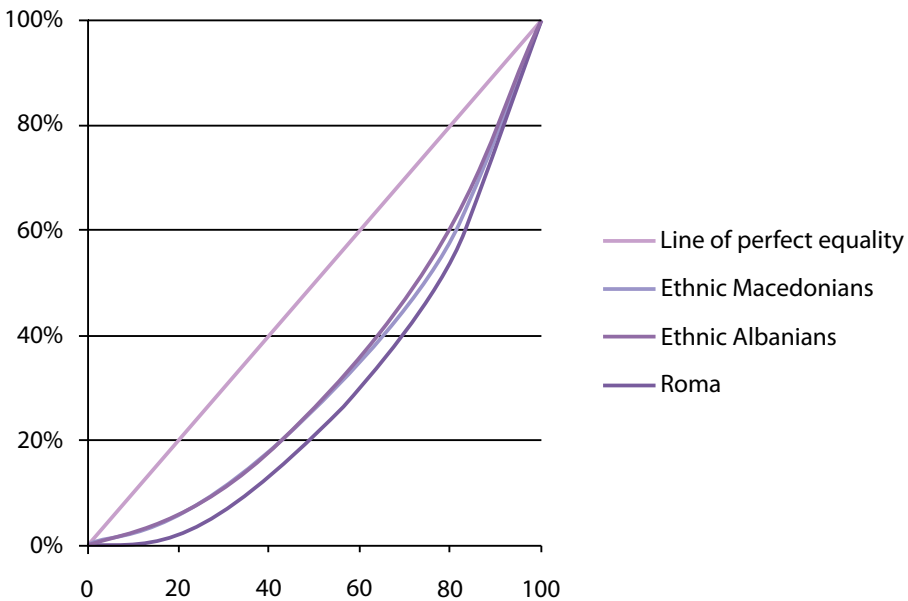
Table 2.1: Distribution of equivalised income

Quintile	Whole country	Rural	Urban	Ethnic Macedonians	Ethnic Albanians	Roma
1	4%	4%	3%	5%	2%	3%
2	10%	10%	9%	12%	8%	7%
3	15%	16%	15%	16%	13%	12%
4	22%	22%	22%	22%	21%	19%
5	49%	48%	50%	45%	56%	59%
	100%	100%	100%	100%	100%	100%
s80/s20	13	11	16	9	30	18

Source: PCA Household Survey September 2009

The Lorenz curve for the distribution of equivalised expenditure shows a similarly wide dispersion as for the distribution of equivalised income (see Figure 2.14). The data for the distribution of equivalised expenditure by quintiles, shown in Table 2.2, reveal the high level of inequality in the country, with the bottom fifth of people accounting for less than one twentieth of equivalised expenditure, while the top fifth account for almost one half of equivalised expenditure. The ratio of the top to the bottom quintiles is 9, and while it is slightly lower than the inequality in equivalised incomes, it also reveals the large gap between the richest and the poorest people in Macedonian society. In contrast to the inequality in incomes, the inequality in expenditures shows almost no variation between urban and rural localities. This presumably reflects the impact of income redistribution measures, and the higher savings rate of the richer households in the urban areas. The highest degree of inequality is found among the ethnic Albanian communities, with the expenditure ratio between the richest and the poorest fifth of ethnic Albanians reaching as high as 20 times, and as with incomes, this is more than twice the average level of inequality for the country as a whole.

Figure 2.15: Lorenz curve: cumulative share of expenditures by ethnic group



Source: PCA Household Survey September 2009

Table 2.2: distribution of equivalised expenditure

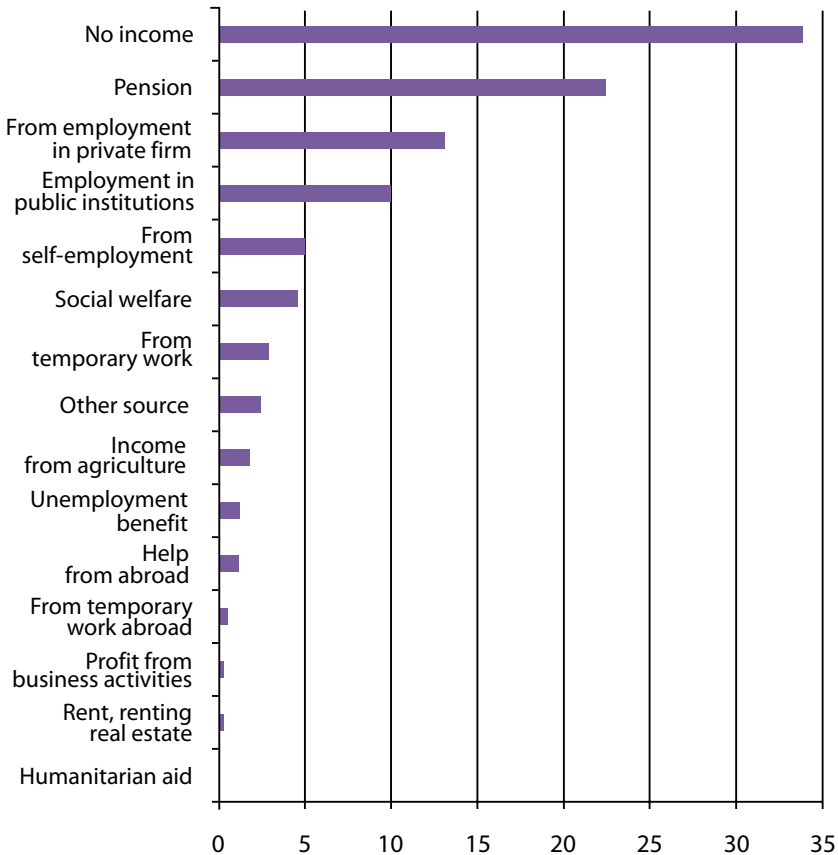
Quintile	Whole country	Rural	Urban	Ethnic Macedonians	Ethnic Albanians	Roma
1	5%	5%	5%	6%	2%	6%
2	11%	12%	11%	12%	11%	12%
3	17%	17%	18%	18%	17%	17
4	24%	24%	24%	24%	24%	23%
5	43%	43%	42%	40%	46%	43%
	100%	100%	100%	100%	100%	100%
s80/s20	9	9	8	7	20	8

Source: PCA Household Survey September 2009

The survey results show that Republic of Macedonia has made significant progress in the transition to a private market economy. More respondents receive their primary source of income from employment from a private firm than from the public sector (see Figure 2.16). It is notable that more than one fifth of people receive their primary income from a pension (22%), reflecting the demographic shift to an aging society. It is surprising that only 3.8% of rural respondents receive their primary source of income from agriculture, which highlights the lack of investment in this important sector. Although Republic of Macedonia calls itself a social state, almost three quarters (70%) of permanent financial assistance for households is below 3,000 denars or 50 Euros (the median being 2,500 denars). Moreover, in the month prior to the survey, only one tenth of people had an additional source of income, suggesting that the opportunities for earning money from a second job are limited.³ Overall, relatively few people (7%) receive any permanent financial assistance at all.

3 In EU countries 10 per cent of the 65-74 age group does volunteer work, and in the Netherlands the percent is even higher-more than 25 per cent (<http://www.share-project.org/t3/share/index.php?id=65>)

Figure 2.16: Primary source of income



Source: PCA Household Survey September 2009

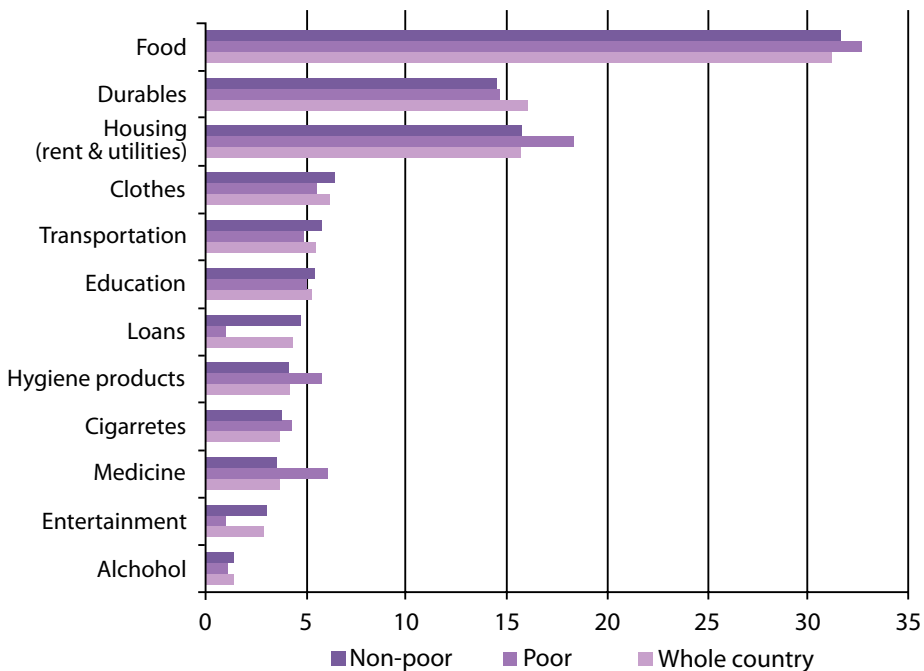
Remittance flows are an important source of income for some families, and contributed 3.6% of GDP in 2008 (World Bank 2009). According to the findings of the survey, 7.4% of households received remittances from their family members working abroad. Of these, the mean amount of remittances received in the twelve months prior to the survey was 400 Euros (25,690 denars). The Southwest region, which has the most family members working abroad, mainly in the EU and the USA⁴ is the largest recipient of remittances. Rural areas receive more remittances than urban areas, due to the high level of migration from the rural areas. Ethnic Albanian families receive far more remittances than ethnic Macedonians (11% vs. 4%). The marginalization and discrimination

4 Estimates of the number of Macedonian immigrants vary from 350,000 to two million. (<http://www.migrationinformation.org/Profiles/display.cfm?ID=608>)

of Albanians in Republic of Macedonia during the communist period led to the creation of Albanian Diaspora throughout ex-Yugoslavia, Europe and the world. For some families, the remittances from family members living abroad are an important support for household incomes. As a consequence of the economic crisis it is expected that remittances may have fallen during 2009 by about 5%-8% according to estimates made by the UN.⁵ A large part of the Macedonian Diaspora lives in EU countries and the USA, two regions which have been adversely affected by the global financial crises.

The survey also provides information on the composition of people's expenditure. The highest share of expenditure is devoted to food, consumer durables, and housing. Poor families spend more on food and housing than do non-poor families, while the non-poor spend more than the poor on transportation, entertainment, clothes and education. Almost a half of households (49%) owns a computer and thereby participates in the information society,

Figure 2.17: Structure of expenditures



Source: PCA Household Survey September 2009

5 <http://www.hudson.org/files/documents/Index%20of%20Global%20Philanthropy%20and%20Remittances%202009.pdf>

while almost one third of households cannot afford it (30%).⁶ Almost two-thirds of households own a fixed-line telephone (64%), but mobile phones are even more popular (77%). In today's information society, mobility is an important dimension of social connections. People tend to use their durable goods for a long period (84% did not purchase any furniture, a TV set or a washing machine within the 12 months prior to the survey).

Vulnerability

A large minority of people have difficulty in paying their daily bills. More than a quarter of households have serious problems in paying electricity bills, and just under one fifth (19%) have problem paying their water bills (19%). Just under a quarter (23%) reported that they have difficulties paying for food for daily meals. However, hardly anyone (1%) has a problem in paying rent payments for accommodation or a mortgage since few people are in the position of renting their homes, given that 86% of respondents declared that they live in private houses. The use of mortgages to purchase a home is also relatively unusual. Similarly, paying a phone bill is a not too much of a problem, with only 6% of the respondents reporting difficulties in this over the previous six months.

Table 2.3: Vulnerability

Level of vulnerability	Income based	Expenditure based
Not vulnerable	5%	5%
Vulnerable according 1 criteria	27%	28%
Vulnerable according 2 criteria	38%	40%
Vulnerable according 3 criteria	22%	21%
Vulnerable according 4 criteria	6%	6%
Vulnerable according 5 criteria	0,2%	0,3%

Source: PCA Household Survey September 2009

Over one third (38%) experience a problem in keeping their home adequately warm. An important need in a highly stressful modern society is for an annual holiday, yet this is becoming a luxury, and many people are unable to spend money for tourism. More than 90% of respondents spent only 2,000 denars for entertainment (cinema, coffee bars, and travel). Having a meal con-

⁶ In 2006 87% of Swiss citizens, 85.4 of Dutch citizens, and 76% of British citizens owned a computer (<http://www.techfob.com/2008/12/computer-ownership-statistics-shows.html>)

taining meat is becoming a rarity in our cuisine. Friends or families were rarely invited for a drink or meal at least once a month.

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

- If the household equivalised income / expenditure is below poverty threshold (60% of the median equivalised income / expenditure of the household)
- If the household total debts are greater than 40% of the overall household's expenditures
- If the household does not have savings in the previous year
- If the household stated that the distance to a doctor or a hospital was a problem in getting access to health services
- If the household perceives the risk of violent conflict in their municipality to be high

The survey results show that largest percentage of households is vulnerable according to two of these criteria.

Social Exclusion

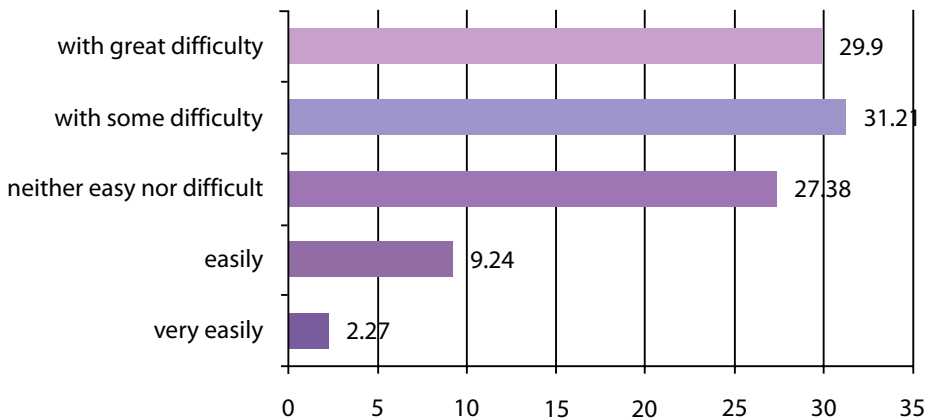
Social exclusion describes a situation in which certain social groups are disadvantaged due to poverty, unemployment, disability, or homelessness, or face discrimination in the labour market and other areas of social life. Social exclusion exists to some degree in all societies, and can occur across economic, social, political and cultural dimensions. Exclusion can be official or unofficial, and can take place in a number of areas, from the legal, health and education systems to the household and community. The processes of exclusion can be highly visible and deliberate, but can also be hidden and unintentional. As a concept, social exclusion helps us to focus on groups of people rather than individuals. The reduction of social exclusion and the promotion of social cohesion are declared objectives of the European Union and, with some 16% of EU citizens at risk of poverty, the fight against poverty and social exclusion is a major challenge. Republic of Macedonia is also challenged by poverty and social exclusion. In 2004, the Ministry of Labour and Social Welfare approved a program of support for people excluded from society including drug addicts, orphans, victims of family violence, and homeless people.⁷ The Programme for Social Protection, introduced in 2009, has been influenced by international conventions such as the Strategy for Social Cohesion, and the first part of

7 <http://www.mtsp.gov.mk/?ItemID=BD66FCC3A7FBCB47AB9150CBFECD2C96/24.09.2009>

the UN Millennium Development Goals to reduce poverty. This programme includes measures for the reduction of poverty and social exclusion, and the development of non-institutional methods to provide social security to vulnerable groups.

Comparing with the last year's PCA findings, the situation has worsened, as 60% of this year's respondents reported some or great difficulties in making ends meet in 2009 (see Figure 2.18), compared to 55% in 2008. Thus, the financial crisis has had a noticeable impact on people's standard of living. Across the country, the worst situation is in the Southeast region where 70% of households have difficulties making ends meet, while the Southwest is in a

Figure 2.18: Proportion of households who are able to make ends meet

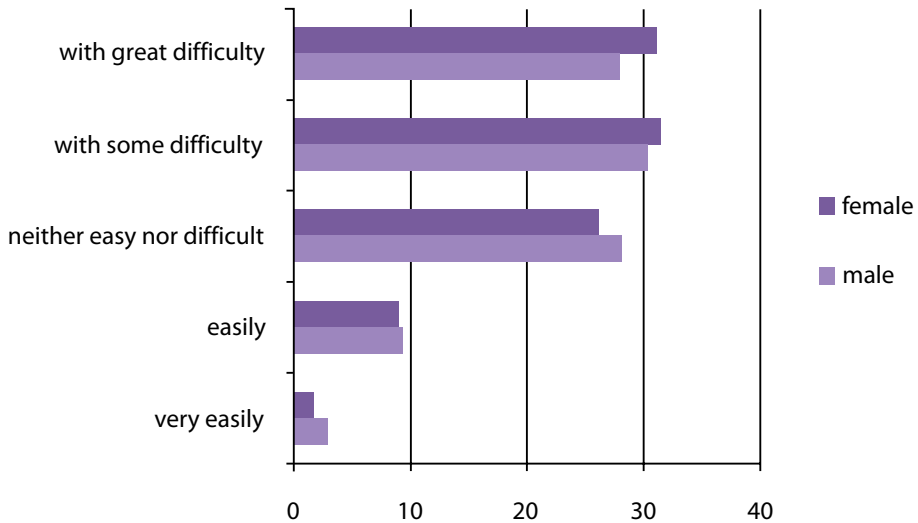


Source: PCA Household Survey September 2009

better situation with only one third reporting difficulties. Elderly people have the greatest difficulties in making ends meet, with 64% of the age group 55-64 reporting difficulties in realizing their objectives. This age group lives with minimum income, and is afflicted with problems of financial security.

Ethnic Albanians cope more easily with life problems than ethnic Macedonians (18% of the former and only 11% of the latter declared that are able to survive for a month with their income. Other minorities are in an even more unfavourable position in this respect (7%). Education also influences the ability to survive without an income (8% of those with primary education compared to 31% of those with higher education). Very few citizens (12%) had saved any money during the 12 months prior to the survey, although this differs among ethnic affiliations. About one quarter (26.5%) of respondents had borrowed money, almost twice as many as those who had saved any money.

Figure 2.19: Gender disaggregation on proportion of households who are able to make ends meet



Source: PCA Household Survey September 2009

Gender disaggregation shows that the difficulties faced by the households to make ends meet do not differ between gender perceptions. Female show greater difficulty (for about 3%) whereas male are responding that they make ends meet neither easy nor with difficulties.

The unemployment rate by gender is presented in the following table:

Unemployment rate		Reason for not working	
Female	31%	Male	Female
Male	32%	Responsible for housework	0 34%
Total	31.50%	Student/ pupil	11% 8%
		Unemployed, temporary	54% 37%
		Pensioner/ does not work	35% 21%

Source: PCA Household Survey September 2009

Labour Market

The unemployment rate in Republic of Macedonia in 2008 was one of the highest in Europe, at 35% of the labour force.⁸ According to our survey data, the unemployment rate by ethnic group is highest among the Roma community (75%). A large proportion of the ethnic Albanian population does not work due to household responsibilities (41.8%) (i.e. mainly women). Inactivity due to being a pensioner is highest among the ethnic Macedonians (34%). Many unemployed people are apparently not concerned to look for employment, suggesting that the apparently very high unemployment rate may be an over-estimate. Only two-fifths (40%) of the unemployed respondents are actively looking for a job. Among older people, aged between 55 and 64, who have difficulty to find a job because of their age, only one-fifth (21%) are actively looking for job. Ethnic Albanians (31%) are less interested in finding job than ethnic Macedonians (43%). They know that it is very hard to find job and many have become discouraged from applying for work, especially ethnic Albanian women. In addition, many ethnic Albanians have a relatively low level of education and find it harder to obtain employment in the public sector. Consequently, ethnic Albanians are more likely to substitute work in their own businesses, as business owners and entrepreneurs.

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		Unemployed, temporary	54% 37%
		Pensioner/ does not work	35% 21%

Source: PCA Household Survey September 2009

⁸ <http://www.stat.gov.mk/statistiki.asp?ss=07.01&rbs=1/20.12.2009>

According to this tables one can conclude that female are showing lower unemployment rate since they are more responsible for housework, which is also corresponding with higher percentage (34%) of responses that find it as a reason for not working i.e. not being in the labour force.

A very interesting finding is that less educated people are more pessimistic about finding a job than the highly educated, since the demand for labour is higher for those with a higher education degree and with specialized qualifications. Among both those unemployed people who are looking for a job (47%) and those who are not (53%), there are many who declare that they have great difficulties making ends meet. In addition, even among people who have paid work there are many (44%) who declared that they are not well paid. Ethnic Macedonians feel less well paid (47%) than ethnic Albanians (29%). People with only primary school education are much more dissatisfied with their incomes than well-educated respondents (60% : 30%).

Job security (being sure that one's job is permanent), is an important component of social inclusion. According to the survey, over two fifth (44%) of respondents are unsure whether they will keep their job, a remarkably high proportion. Inhabitants of rural areas, women, and ethnic Macedonians feel especially insecure in their job. Having a good job gives people an opportunity for advancement, but only a quarter of respondents claimed that their

Likelihood of losing a job in the next 6 months		
	Male	Female
Yes	41%	46%
No	59%	54%

Source: PCA Household Survey September 2009

job offers good prospects for career progression. Ethnic Albanians are more optimistic than ethnic Macedonians (46% against 23%) in this respect. There is also a difference regarding the gender disaggregation on the perception of the job security i.e. female are more pessimistic regarding this concern (46%) as shown in the table below:

Education and Training

Education is one of the most important social institutions, as it creates choices and opportunities, reduces the burden of poverty, and gives people a stronger voice in society (Marshall and Keough, 2004). Among the priorities

of a healthy society is to improve the quality and efficiency of basic education and to develop the necessary knowledge of students and skills for personal development, encouraging the continuation of education, taking into consideration students' abilities, gender, religious, national and regional affiliation and socio-economic status. One of the most frequently used sentences used by the Macedonian government in media is Bacon's dictum "knowledge is power". Education improves the chances of having better living conditions, and supports greater opportunities for social mobility. According to the National Statistical Office, the education of the household head also influences the risk of poverty. Over one half (57%) of poor people in the country live in households where the head of the household does not have, or has at most finished primary education. Over two thirds (68%) of our survey respondents with only primary school education declared that they could make ends meet only with difficulty, while only one tenth (9%) could do so easily.

There has been a significant debate on the need for a more multicultural approach to education in Republic of Macedonia. The multicultural approach envisages a system that sees diversity as a value, rather than a weakness. In 2009, reforms in primary education included compulsory lessons in the Macedonian language for Albanian and Turkish students, while students in the first grade study their native language as well as English as a foreign language. These changes have overloaded the first-grade programmes, and have created dissatisfaction among ethnic Albanians and other ethnicities since there was no consultation with parents' councils or school principals, nor was there any consultation with the local municipalities that have been expected to implement the programme. In adopting this approach, education increasingly segregates communities instead of unifying them. In contrast, a multicultural approach would promote a genuine decentralization of the system in which every member of the society would have his or her own role, and could be expected to bring improved values of tolerance and inter-ethnic understanding. The process of decentralization gives to the individual from the periphery an important role in decision-making. It brings privileges but also responsibilities. Multicultural theorists argue that a more decentralized education system is needed that would reflect the local context, rather than a "super curriculum" designed centrally by state officials. Instead, they argue for specific curricula for certain ethnicities, on the basis that each ethnicity has its own specific needs.

Among the important conditions for quality in education is the distance which pupils have to travel to their school. They survey findings show that more than one third of pupils in the country are over than 5 kilometres away from their school. Almost two thirds of households (62%) were unable to spend 1,000 denars (€14) on their children's education in the previous 12 months due to economic problems. Only 6% were able to spend 1,000-2,000 denars on

education in the previous 12 months (including tuition fees, textbooks, educational materials, transportation, and lodging). One third of respondents were unable to participate in decisions about their child's education. Only one third (35%) of respondents evaluated the condition of school buildings positively. This percentage increases at private universities, which have better buildings in order to attract more students.

Few Macedonian citizens know the English language: only 6.7% of respondents declared that speak English, and 60% claimed that they do neither speak nor understand it. The ability to speak English is lowest among the Roma community, 88% of whom do not have any knowledge of English at all. This is very negative having in mind that the government adopted the Action Plan for Roma Inclusion in 2004, which contains measures for the improvement of their education services. Social changes and processes of globalization have led to the spread of English language competence in our society, especially among young people, and as many as four-fifths of the 18-24 age group understand and speak English. The internet is also becoming an increasingly used technology for increasing knowledge in the society. This is especially so among young people, as a great majority of them (85%) make use of the internet, and half of them use the internet on a daily basis. People living in urban areas, and males, make use of the internet more often than people living in rural areas, suggesting that the government should do more to spread the internet especially in rural areas. From the tables below we can conclude that females are less skilled than males regarding the use of internet and English language (17.09% vs. 11.7% reported that sometimes use internet and 68% of female vs. 60% of male respond that they do not understand English language).

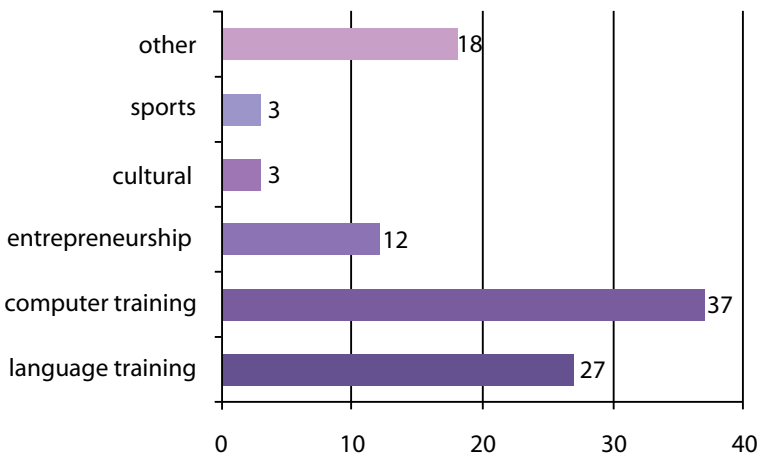
Understanding of english language			Using internet		
	Male	Female		Male	Female
very well	5.58	4.94	every day or almost	15.65	13.01
quite well	12.23	12.03	several times a week	7.19	5.44
not very well	21.22	14.99	sometimes	17.09	11.7
not at all	60.97	68.04	not at all	58.81	68.37

Source: PCA Household Survey September 2009

It is worrying that only 6% of respondents (no difference between gender) took an education or training course within the 12 months prior to the survey. Among the five EU benchmarks set for 2010 is to increase the EU average level of participation in lifelong learning to at least 12.5% of the adult working-age population (25 to 64 years old). It means that Republic of Macedonia will have to do much more to implement a strategy of lifelong learning.⁹ Moreover, relatively few older people aged 35 or above have taken a training course, and those who have, the far greater proportion are from among the non-poor rather than the poor sections of the population.

NGO's are more active in delivering training courses than are the municipal governments (9.1% against 8.7%). The main subjects of the courses are information technology, foreign languages and entrepreneurship (68%) (see Figure 2.18). People are following the tendencies of digital society and globalisation (using the internet, speaking English and engaging in self-employment).

Figure 2.20: Type of training course attended



Source: PCA Household Survey September 2009

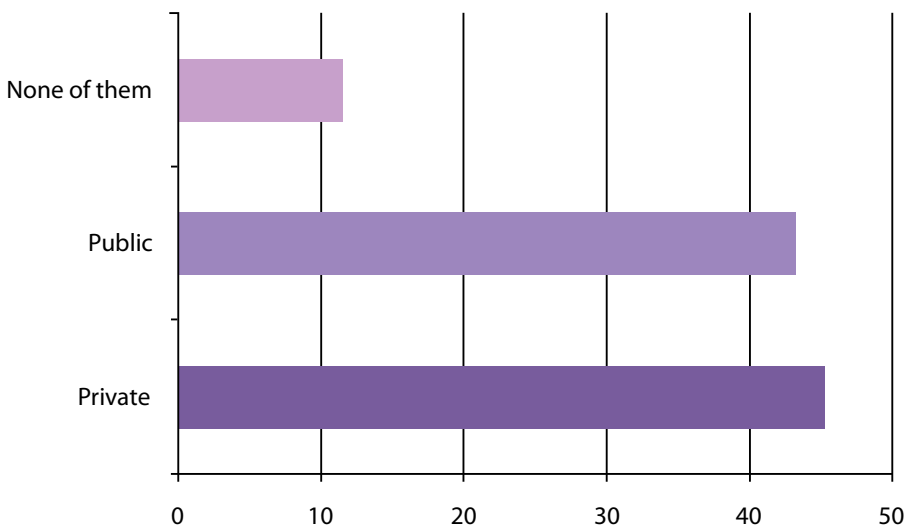
Course or training taken in the last 12 months		
	Male	Female
Yes	5%	5%
No	95%	95%

⁹ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Education_and_training_introduced

Access to Health Services

Most of the population (92%) are covered by social health insurance, and in 2009 a step was made towards providing health services free of charge for all, even for people without permanent residence in the country. However, despite the extensive coverage by health insurance, Figure 2.19 shows that people have greater trust in private hospitals where the most qualified experts in the respective fields of medicine work, than in the state medical institutions, even though the private health sector has been developed relatively recently. This is evidence that great changes must be carried out in the public health sector, especially in primary medical service, since many people live in poverty and are unable to pay for private health services.

Figure 2.21: Trust in health institutions



Source: PCA Survey 2009

Trust in private health institutions is most evident in Pelagonia (61%) than in other regions. A relatively high proportion of people living in Skopje and the Southern region trust the public health institutions (approximately 45% in each region). Willingness to use the private sector is closely related to affordability and ability to pay for the services. Older people aged 65 and over have greater trust in the state medical institutions, and only a third of them are willing to use private hospitals, mainly because most people cannot afford private treatment. A majority (52%) of well-educated people use private hospitals and medical centres. Three quarters of respondents with income above 60,000 de-

nars (about €1,000) choose to use the private sector. Ethnic Macedonians, the better educated and richer people have the greater trust in private medical institutions than other ethnicities, less educated and less wealthy people.

As most important problems in health area are buying medicines (29%), the cost of the service (18%), waiting to see doctor on day of appointment (12%), and distance (10%). The poor financial conditions are a serious problem in the sphere of health, since people have difficulty buying medicines, and often complain about the cost of the health services. People living in poor households are particularly vulnerable in this respect. The time taken to see a doctor and the travel distance to medical institutions are also issues that should be solved: first by increasing the number of doctors and second by increasing the number of health institutions in peripheral regions. The regions with most difficulties in relation to the travel distance to medical institution are the North-eastern and Eastern regions as well as rural areas in general. Almost three quarters (73%) of ethnic Albanians distrust the hospital emergency department, compared to just over one tenth of the ethnic Macedonian respondents (12.5%).

Many patients complain about the cleanness of hospitals (47%), but even more are dissatisfied with the hygiene of bathrooms (62%). This is very serious problem taking into consideration that lack of cleanliness in hospitals can be a source of medical complications and secondary infections. The Ministry of Health should take steps to improve this situation that discredits the image of hospitals and of the medical services in general. There are also significant complaints about the quality of food, with only about one third of respondents (35%) rating hospital food as good. Only just over one half of respondents (58%) declared that they are given enough information about their condition or the treatment given to them, and only three quarters reported that they received good care in hospital.

This bleak picture is not unique to Republic of Macedonia. A similar exit from publicly provided health services provided free at the point of delivery, towards private health services provided for a fee, has taken place in many transition economies. The quality of public health services has fallen in many transition countries, as government budgets have been tightened and the role of private health services has increased. The reduction in the level and quality of public health services has been one of the reasons why people in transition economies, such as Republic of Macedonia, are relatively less happy than people in more developed market economies (Guriev and Zhuravskaya 2009).

Policy Conclusions and Recommendations

The second phase of the EU's Social Agenda 2005-2010 has underlined "jobs and opportunities for all" but also calls for a "Social Europe", both of which are important policies for countries which are candidates for EU membership. Republic of Macedonia as one such candidate country, and as a country in transition, still suffers from many problems of social exclusion, which have only been made worse by the effects of the global economic crisis. Many people live in poverty while only one third of respondents claimed that they are satisfied with their standard of living. It is evident that there are significant weaknesses in social policies due to persisting high levels of relative poverty among all sections of society and among all ethnic groups, and there are also high levels of absolute poverty among the Roma. Most people perceive their quality of life as getting worse, and only a tenth of respondents claimed that there was a positive trend in their quality of life. The minority populations experience the lowest subjective well-being, especially so among the Roma population. Most income is spent on elementary needs such as food, housing, and clothes. There is a great deal of insecurity among the population as a whole, and about half of respondents are unsure whether they will keep their job.

One of the priorities for the government should therefore be to intensify the fight against social exclusion. The quality of social services is also experienced as a factor in reducing the quality of life in the country. There are many complaints in particular about the quality of publicly provided health services and people have greater trust in private health institutions than in public ones, and real reforms are needed to improve the provision of health services. Finally, it should be stressed that it is time for policymakers to change the focus of social policy away from the ethnic dimension to deal more directly with real social problems, to improve the standard of life, to increase the well-being, happiness of the people and the social cohesion in the society as part of European community.

Interethnic Relations



Conflicts between ethnic groups or between the states in which they reside present a serious and growing challenge to domestic and international security. Such conflicts are often brutal and violent (Gurr 1998), and as Horowitz (1985) noted, "ethnicity has fought and bled and burned its way into public consciousness". Moynihan (1993) observed that the interest in ethnicity has sprung not from rational analysis by armchair philosophers, but from the desperate search for solutions to end the acute ethnic conflicts which began with the end of the Cold War. In political theory, there are several explanations for ethno-political conflicts, which are sometimes called "internal conflicts". Some authors focus on security issues, in which fear and mistrust between ethnic groups can develop into armed conflict (Posen, 1983). Others emphasize the role of "domestic factors", such as the economy, the capacity of the state, nationalism, or the immaturity of the democratic process (Brown 1993). Yet others locate the basic reason for the outbreak of conflicts in the exclusion of minorities from accessing the instruments of power (Lijphart, 1984). We should also mention the socio-psychological approach, which draws attention to false history or myths that are transmitted from one generation to the next, because they play a significant role in the creation of ethnic identity (Horowitz, 1985). William Zartman (1995) summarized the problem of excluding minorities, saying that "national conflicts ... may be summed up in two related categories – negligence and discrimination, or problem of distribution and problem of identity."

In Republic of Macedonia, separatist ethno-territorial demands have been accommodated through the Ohrid Framework Agreement (OFA). The OFA was aimed at including ethnic Albanians and other minorities in the government through power-sharing, and at broadening their group and individual rights. Yet even now, after the eighth anniversary of the agreement, there are still many institutional gaps in the extent of decentralization of power in relation to curriculum reform in education, in improved social services to support social integration, in public debate over decisions that affect different ethnic groups and in many other areas. Moreover, according to the OFA principle of equitable representation, the percentage of ethnic Albanians employed in the public institutions should eventually reach over 25%, but as yet many institutions still do not fulfil this stipulation.

Macedonian society can be described as simultaneously a multiethnic, multinational, plural and multicultural young democracy. In such societies the risk of ethnic conflicts is especially high if the government neglects or discriminates against minority groups. In 2001 the country experienced an armed conflict between the central government and ethnic Albanian guerrilla fighters. The conflict ended in August 2001 with the signing of the Ohrid Framework Agreement (OFA). However, the internal relations between the ethnic Macedo-

nians, ethnic Albanians and other ethnic minorities have remained the most sensitive issue that affects the stability and security of the country, as well as its perspective for integration into the European Union. After the signing of the OFA, ethnic tensions diminished for a while. However, the laws for the use of the Albanian language, and the law for using national symbols have proved to be controversial. Many have argued that there is a greater need for public access to information, and for more public debate on these issues.

After a brief review of the structure of ethnic affiliation associated with the survey findings, the chapter will be organized around four interrelated factors. The first of these is the economic problems and discriminatory consequences of the economic system and the widening of the so-called frustration gap; the second is the redistribution of public resources and political power through equitable representation, decentralization and other non-discriminatory policies; the third is the role of political parties and leaders; and the fourth is the perception of interethnic relations through fear, mistrust, and prejudice.

Ethnic Affiliation

The distribution of respondents according to the ethnic affiliation in the sample broadly follows the distribution of ethnic affiliation in the society as a whole (see Table 3.1).¹

Table 3.1: Ethnic affiliation

Ethnic affiliation	Frequency	Percent
Ethnic Macedonians	637	67.5
Ethnic Albanians	210	22.2
Other*	96	10.2
Total	943	100.0

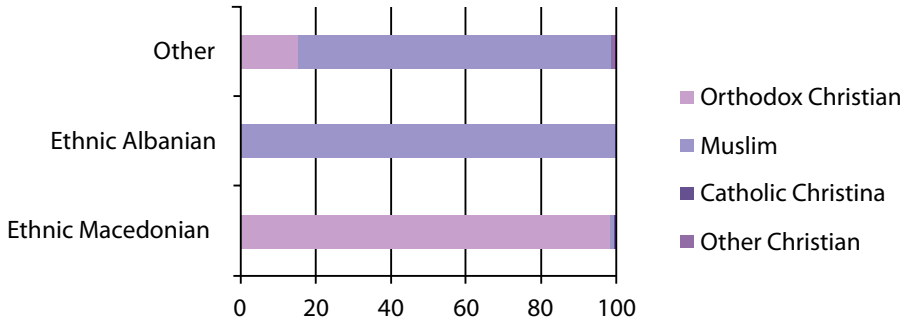
Source: PCA Household Survey September 2009

**"Other" includes: Turks-3.8%; Roma-3.7%; Serbs-1.3% and Vlachos-0.1%. In the analysis, we will especially focus on the socio-political exclusion of the Roma as the most disadvantaged minority. (The Roma sample, separated and calculated as a separate booster, has a frequency of 106.)*

¹ According to the 2002 census, Macedonia has a population of just over two million people. Broken down into ethnic groups: 64.2% (or 1,297,981) are ethnic Macedonians, 25.2% (or 509,083) are ethnic Albanians, 3.9% are Turks, 2.7% are Roma 1.8% are Serbs, 0.8% are Bosnians, 0.5% are Vlachs, and 1.0% are "others". The country's two major religions are Orthodox Christianity and Islam. There is a general correlation between ethnicity and religious affiliation – the majority of Orthodox believers are ethnic Macedonian, and the majority of Muslim believers are ethnic Albanians and Turks. Approximately 65% of the population is Macedonian Orthodox, and 32% is Muslim. Other groups include Roman Catholics, members of various Protestant denominations, and Jews.

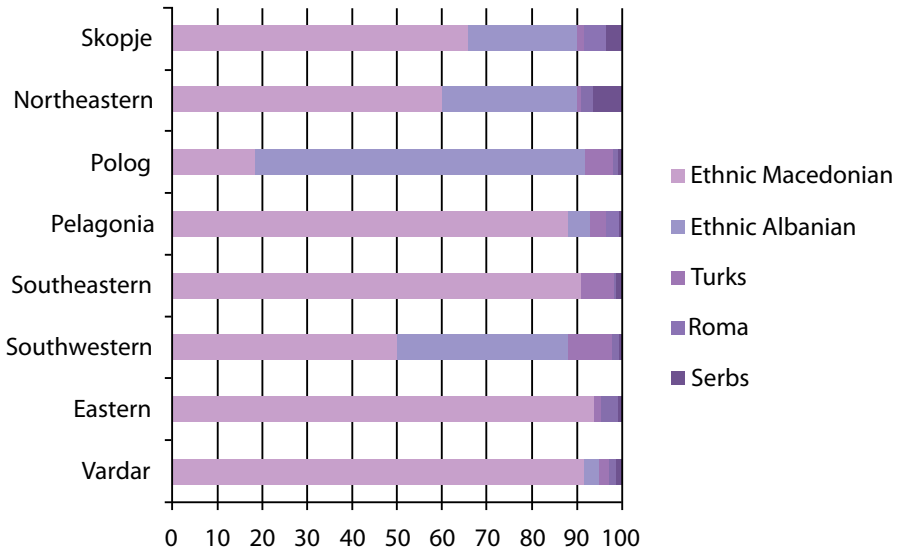
Religion is an important part of ethnic affiliation, and Figure 3.1 presents the breakdown of ethnicity by religion. There is a clear association between ethnicity and religious faith. Almost all the ethnic Macedonians in the sample hold the orthodox Christian faith, while all the ethnic Albanians in the sample hold the Muslim faith. Among other ethnic groups the majority declare their faith as Muslim.

Figure 3.1: Ethnicity by religious affiliation



Source: PCA Household Survey September 2009

Figure 3.2: Ethnicity by region



*Source: State Statistical Office.

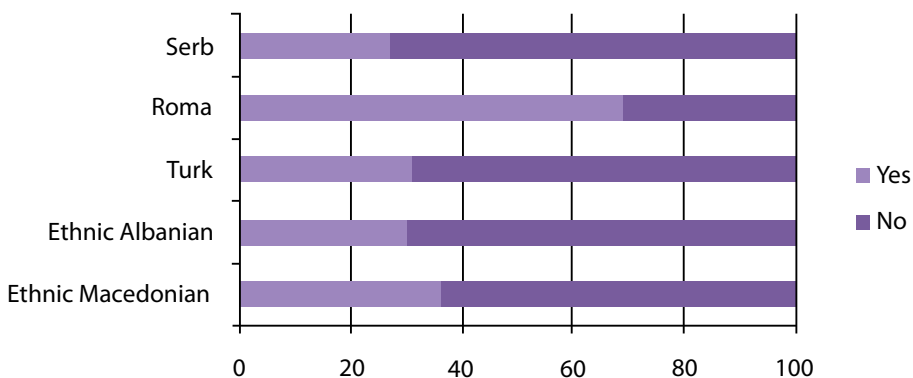
In terms of the regions they populate, ethnic Macedonians mostly inhabit the Vardar, Eastern, Southeastern, Pelagonia and Skopje regions. Ethnic Albanians are concentrated in the Polog region, and there are significant numbers in the Southwestern and Northeastern regions, as well as in the Skopje region. Turks mainly inhabit the Southwestern, Southeastern, Polog and Pelagonia regions. The largest Roma concentration is in the Skopje and Eastern regions, while Serbs are mostly concentrated in the Northeastern and Skopje regions (Figure 3.2).

The calculation does not include the 43,000 Vlachs, Bosniaks and others because of lack of data, but this does not effect on the breakdown of the listed groups by regions (Figure 3.2).

Frustration Gap

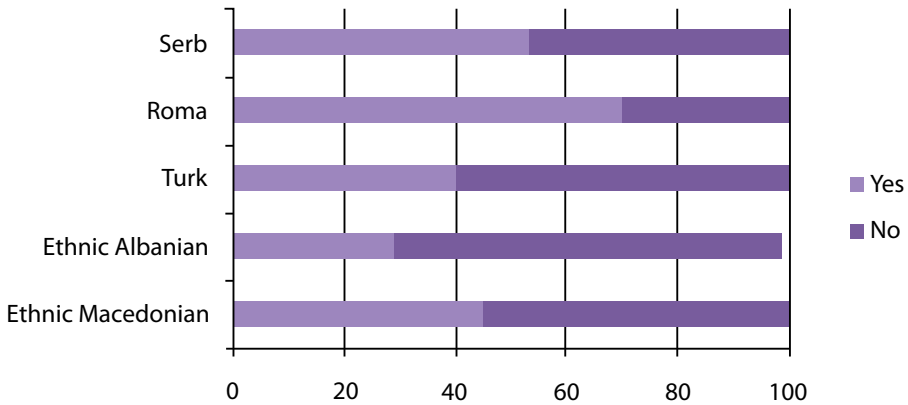
Ethnic conflicts are more likely to happen in plural societies in which there is a discrepancy between people's needs and the ability of the state to satisfy those needs through the provision of public services of various sorts. The starting point of this analysis is that mounting economic and social problems, income disparities and poverty, as well as people's low expectations, have created what can be called a frustration gap, which is a social as well as a psychological phenomenon. As shown elsewhere in this report, the Roma have the most severe level of poverty among all ethnic groups, while ethnic Macedonians have the least severe level. On the other side, ethnic Macedonians are the most unsatisfied, even the most frustrated group, as shown by the findings from this year's PCA survey concerning issues such as job security, incomes, and personal assessments of expectations about the future (see Chapter 2

Figure 3.3: Job search by ethnicity



Source: PCA Household Survey September 2009

Figure 3.4: Job insecurity: likelihood of losing one's job in the six months following the survey

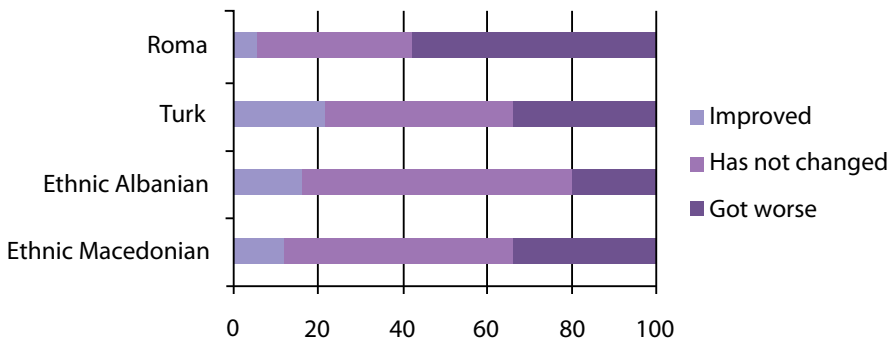


Source: PCA Household Survey September 2009

above). Figure 3.3, shows that more Roma people are looking for work than among other ethnicities. A greater proportion of ethnic Macedonians are looking for work compared to ethnic Albanians.

Insecurity is measured in Figure 3.4 by the likelihood of losing one's job in the six months following the survey. Over two thirds of Roma consider that there is a risk of losing their job, indicating that this ethnic group has the highest degree of economic insecurity. Just under a half of ethnic Macedonians respondents consider there is a chance of losing their job compared to over one quarter of ethnic Albanians. These data indicate that the ethnic Macedonian population experiences greater economic insecurity than the ethnic Albanian

Figure 3.5: How respondents' life had changed in the 12 months prior to the survey



Source: PCA Household Survey September 2009

population. Moreover, this conclusion is also supported by other findings from the survey. For example, over half of the Roma respondents (59%) consider that their life “got worse” over the twelve months prior to the survey, compared to one third (34%) of ethnic Macedonians and ethnic Turks (also 34%), while just one fifth (20%) of ethnic Albanians experienced a worsening of the life situation (see Figure 3.5).

Table 3.2 shows responses to the question “Thinking of your household’s total monthly income, is your household able to make ends meet”. It shows that over half of people from all ethnic groups are only able make ends meet with difficulty. As in other dimensions of economic insecurity the Roma stand out as being in the worst position, followed by ethnic Turks, ethnic Macedonians and ethnic Albanians respectively.

Table 3.2: Whether the household able to make ends meet

Ethnicity	Easily	Neither easy nor difficult	With difficulty
Ethnic Macedonians	11.1%	31.5%	57.3%
Ethnic Albanians	16.7%	29.9%	53.4%
Turks	14.3%	24.5%	61.2%
Roma	4.8%	6.7%	88.5%

Source: PCA Household Survey September 2009

The comparison of the data demonstrates that large proportions of people in all ethnic groups suffer from unemployment, economic insecurity, dissatisfaction with their personal lives, and difficulties in making ends meet. The most vulnerable and disadvantage group in this regards are the Roma. But in the in the context of interethnic relations, the situation of ethnic Macedonians should be stressed here. It is very dangerous when the minorities are discontented, but it is even more dangerous when the majority is discontented. The dissatisfaction among ethnic Macedonians comes from several sources: the loss of privileged status when most previously worked in the state-owned sector; the reform of the public sector where a large proportion of them also work (28% of ethnic Macedonians in comparison with 11.5% ethnic Albanians work in the public sector); the perception of ‘equitable representation’ as a zero-sum-game; the global economic crisis which has hit the larger companies, where ethnic Macedonians predominate (27% ethnic Macedonians work in large companies in comparison with just 13% of ethnic Albanians). At the same time, ethnic Macedonians are on average better educated than are members of other ethnic communities (45% of ethnic Macedonians have four-year

secondary education, in comparison with just 29% of ethnic Albanians); they are more likely to be skilled workers (31% of ethnic Macedonians are skilled manual workers, in comparison with just 15% of ethnic Albanians). Moreover, almost half of the ethnic Macedonians who are in work expected to lose their job in the six months following the survey (45%) and believed that they were not well paid for the work that they do (49% of ethnic Macedonians compared with 30.5% of ethnic Albanians). Such a high level of dissatisfaction of the majority ethnic group, despite the relatively favourable social position in terms of educations and skills might easily lead to political radicalisation. The next sections identify some indicators to justify the view that a social layer of ethnic Macedonians with higher education, and that are employed as skilled workers, feel badly paid and insecure. This “generation 300 Euro” (referring to the unrests in Greece, led by the so-called, “generation 700 Euro”) perceive inter-ethnic relations to be far worse than do members of other ethnic groups.

Power-sharing

There are many examples of countries in which social inequalities have divided disadvantaged minorities from advantaged or dominant groups. Building a modern national state at the expense of weaker and less fortunate social groups is a common phenomenon (Gurr, 1998). Republic of Macedonia is no exception in opting to build its own nation-state based on a fear for survival, in the context of the raging nationalisms that tore the Yugoslav federation apart along ethnic lines in the early 1990s. The OFA changed this course. The political model that was implemented through the constitutional amendments is based on power-sharing and the redistribution of public resources and political power between ethnic Macedonians and ethnic Albanians. The small minorities have also advanced their status, although grievances persist. The key provisions of the OFA were: the right to double majority voting (minority veto); a proportional electoral model; decentralization; equitable representation of citizens belonging to all communities in state bodies and other public institutions on all levels, as well as the constitutional guarantees of this, very much like a consociational or power-sharing arrangement. Apart from that, since 1991 the country has been ruled by coalition governments made up of both ethnic Macedonian and ethnic Albanian parties. Although the OFA placed the country on the right track, new problems have since appeared. Since we cannot analyze separately all political and institutional implications arising from OFA, we will turn to the policy that mostly affects people’s perceptions: equitable representation.

Equitable Representation

Equitable representation is an important instrument of political and social inclusion of minorities in the society. In the course of the last few years there has been a significant increase of equitable representation in the administration, army, police and judicial system, although the quota has not yet been reached.² According to the latest data on the ethnic composition, 22% of the professional army representatives are ethnic Albanians, 2.3% are Turks, 1.3% are Roma and 2.4% are Serbs (UNDP 2007: 59).

The slow pace of engagement of people from ethnic communities in the administration is due to a combination of factors including a lack of sufficiently educated candidates from the smaller minority communities, a reported lack of enthusiasm among the ruling majority, and the need to decrease the overall number of administrative workers due to economic crisis conditions. Currently, the public administration employs about 120,000 people, which is a large number compared to the neighbouring countries (Bulgaria, with a population of eight million employs 140,000 people in its administration).³ The pace of recruitment according to the principle of equitable representation in the public administration has been speeding up recently, but this has caused new problems. In October 2009, about 230 employees that were employed on the basis of equitable representation had been receiving salaries for three months, even though they had not actually been to work.⁴ Another 330 civil servants had received employment contracts on the same basis, and were due to start working in 2010. The most difficult issue is the “party-ization” of the state administration. According to the statement of a member of the European Court of Auditors, the failure of the European projects for institutional strengthening is due, among other things, to the “unstable administration”, i.e. party changes in the administration after each election.⁵

Nevertheless, the politics of equitable representation, decentralization, minority veto, and the power-sharing coalition government have all had positive effects on the perceptions of respondents concerning inter-ethnic tensions, which are perceived as less dangerous than the tensions between rich and poor, and the tensions between managers and workers (see Figure 3.6).

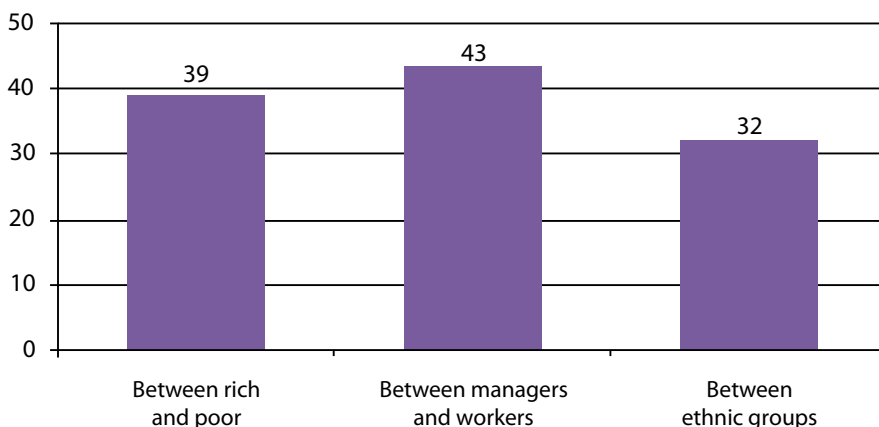
2 *Out of a total of 65,500 people employed in the state and public administration in 2006, the latest year for which data are available, as well as in the judiciary and court bodies, 84% are Macedonians and 10% are Albanians. Turks are represented with 1%, whereas Roma – with 0.7%. Out of 636 court presidents and judges, 82% are Macedonians, 15% are Albanians, 3% are Turks, and none are Roma. There are two thousand civil servants on the local level of which 82% are Macedonians, 13% are Albanians, 2% are Turks, 1% are Roma and 1% are Serbs.*

3 *Dnevnik, 8 October, 2009*

4 *Dnevnik, 15 October 2009*

5 *Dnevnik 10 October 2009*

Figure 3.6: 'A lot of tension' between the groups



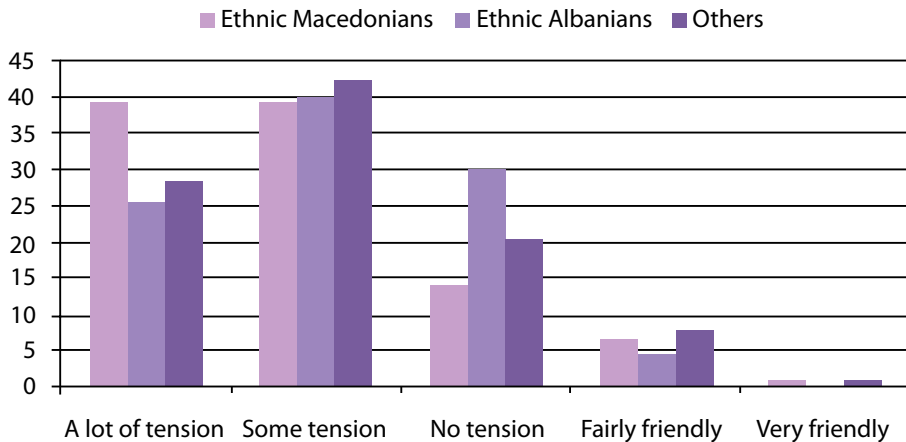
Source: PCA Household Survey September 2009

The small minorities (Turks, Roma) are mainly affected by the tensions between the rich and the poor, mainly due to their unfavourable socio-economic situation. Among the Roma, 48% estimate that the relations between rich and poor have a "lot of tensions"; just under a half of ethnic Macedonians (44%), and only a fifth of ethnic Albanians hold this view.

Figure 3.7 shows that ethnic Albanians and other minority ethnic groups are more optimistic concerning relations between the ethnic groups than the ethnic Macedonians. Almost two fifths of the latter group perceive that there is a lot of tension between ethnic groups, compared to just one quarter of ethnic Albanians. The explanation may be found in the implementation of the principles of equitable representation, minority veto, decentralization, power-sharing and other minority rights. On the other side, it seems that ethnic Macedonians still look upon those rights as "zero-sum-game". However, the fact that only very few respondents described interethnic relations as "fairly friendly" or "very friendly" is a source of concern.

From the aspect of the regions, the majority of respondents who consider that there are "a lot of tensions" between different ethnic groups are from Skopje region. This is probably a result of several factors: the density of the population, the ratio between the ethnic Macedonians who are a majority and ethnic Albanians who are a minority, as well as the fact that this region is the wealthiest and the struggle over the allocation of social resources is the fiercest. In addition, according to the findings of the previous survey the "Northeast and Skopje regions have the most highly vulnerable people (with 23% and 21% respectively of people living in these two regions meet 3-5 of the vulnerability criteria)" (UNDP, 2009: 40).

Figure 3.7: Quality of the relations between ethnic groups



Source: PCA Household Survey September 2009

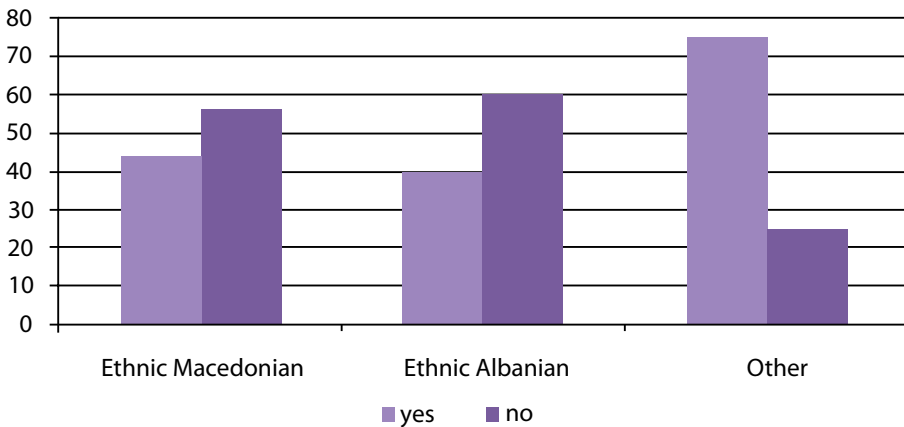
The data show a positive trend of decreasing tensions between the ethnic communities in the country, especially in comparison to the social tensions. Ethnic Albanians and other minorities are more satisfied with the social and political changes since 2001 than are ethnic Macedonians. However, if the general socio-economic situation of the population does not progress, the social tensions may turn into ethnic tensions, and even into ethnic conflicts. The statement of the president of the association of workers from bankrupt companies, given on 21 October 2009 on Radio Skopje, is indicative. Announcing upcoming protests, she stated that she was irritated by the fact that new civil servants are employed in the state administration according to the principle of equitable representation. "I am not against this principle, but why isn't anyone concerned about the workers from bankrupt companies? It turns out that only the ethnic Macedonians do not have rights in this country".

Political Parties and Their Leaders

The most serious criticism of the consociational arrangements, such as the OFA, is that the divisions in society become institutionalized, and that the political process is reduced to agreements between political elites (see Bieber 2008). What if they have a hidden agenda, opposite to that which they state publicly? The data from the survey confirm that the model favours ethnic voting, as about a half (51%) of respondents say they would not vote for a political candidate from another party, whereas only two fifths (40%) answer they would. Ethnic Macedonians from Pelagonia, urban males, young people between 25-34 years old with a paid job and higher education and an accept-

able standard of living, are more prepared to vote for a candidate from another ethnic community than the others from the same group (see Figures 3.8 and 3.9). Members of the small minorities (Turks, Roma, Vlachs and Serbs) show a greater readiness to bridge ethnic lines, as three quarters of respondents from these minorities would vote for a candidate from another ethnic community. This is understandable, because they must make a coalition with larger parties if they want to play role in the political system. The data regarding the behaviour of the voters at the local elections are similar to those for parliamentary elections.

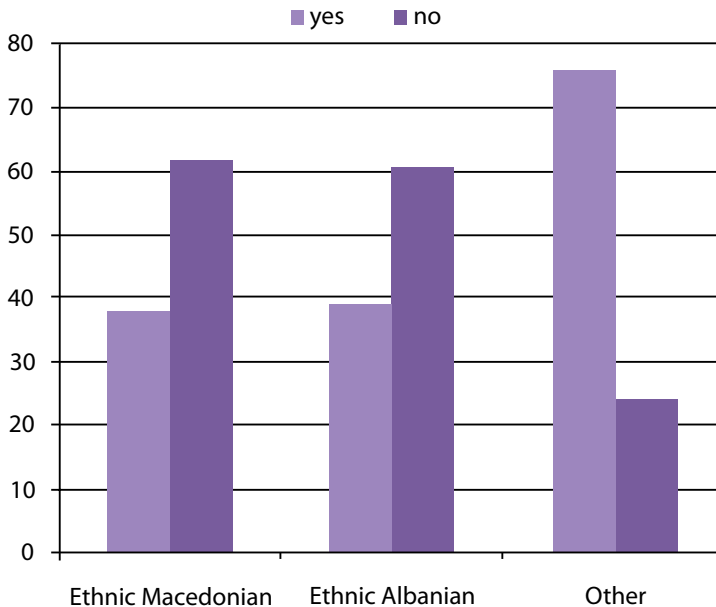
Figure 3.8: Whether respondent would vote for a candidate from a different ethnic group in local elections



Source: PCA Household Survey September 2009

The fact that most ethnic Macedonians and ethnic Albanians would not vote for the candidate from a different ethnic group is not simply a matter of prejudice or ethnocentrism, but is also due to the negative role of the party leaders in the political process. Power struggles among competing elites are the most common type of internally-driven, elite-triggered conflict (Brown, 1993). This is also confirmed by the experience that, usually, parties in opposition are much more radical than when they are in government. Their political leaders frequently use nationalistic rhetoric in order to attract votes. In the perception of the survey respondents, the political parties play an especially negative role in interethnic relations. Compared to previous surveys, this trend of negative perception is growing. In 2008, 44% of respondents perceived that politicians at all national levels worsen interethnic relations, whereas in 2009 this proportion increased to 71%. In contrast, at a local level only 51% of respondents consider that local politicians worsen interethnic relations. Compared to other

Figure 3.9: Whether respondent would vote for a candidate from a different ethnic group in parliamentary elections



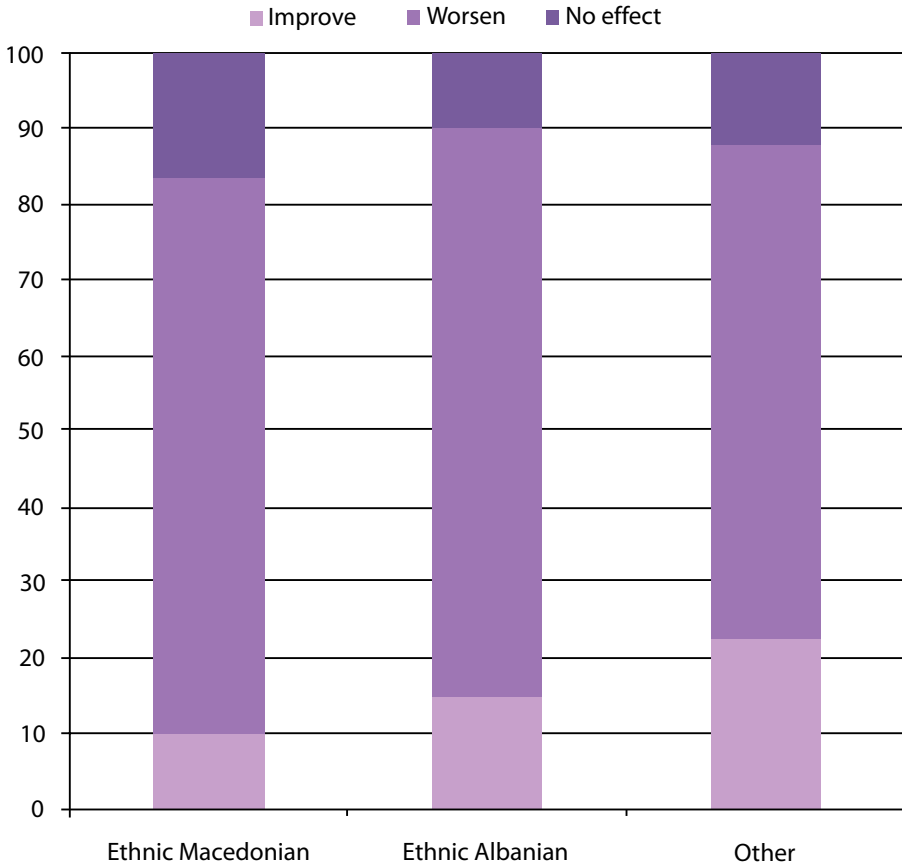
Source: PCA Household Survey September 2009

factors such as the media, schools, the family and the local mayor, the worst assessment is reserved for the effect of the political parties on interethnic relations. Ethnic Macedonians are much more critical in their assessments at both national and local level. Also highly critical are those between 45-64 years old, with higher education and a paid job and an income between 12,000-21,000 denars, whose household are able easier to make ends meet and with acceptable standard of living.

If the trend of perceiving political parties as a factor that worsens interethnic relations continues to increase, then the trend towards greater tolerance may begin to move in the opposite direction, so that even fewer people who would vote for a candidate of another ethnic party. In these circumstances, greater moderation in political rhetoric by national politicians could increase the confidence of ethnic groups. The party leaders are responsible for that, since their role is extremely influential in a situation in which democratic consolidation is still fragile.

Few respondents had given their views on social services, or on issues that affected them in the twelve months prior to the survey. Similarly very few had sent a letter about issues that concern them, or attended a meeting of their municipal council. It seems that few people engage in the institutions of local

Figure 3.10: How politicians at national level influence ethnic relations by ethnic group



Source: PCA Household Survey September 2009

governance, NGO's, trade unions or tenant associations, and this reduces the chances that people may meet in these institutions and social situations and build effective cooperation across ethnic lines.⁶ The low level of confidence that people have in politicians, as well as the widely held perception that politicians, especially at national level, tend to worsen interethnic relations, are probably among the principal reasons that most people are unwilling to vote for a candidate from another ethnic community.

⁶ More than 90% of the respondents are not member of any of the following organizations: municipal council, resident association, NGO's, any voluntary organization, business association, trade union and didn't attend any meeting of those organizations

Assessment of the Interethnic Relations

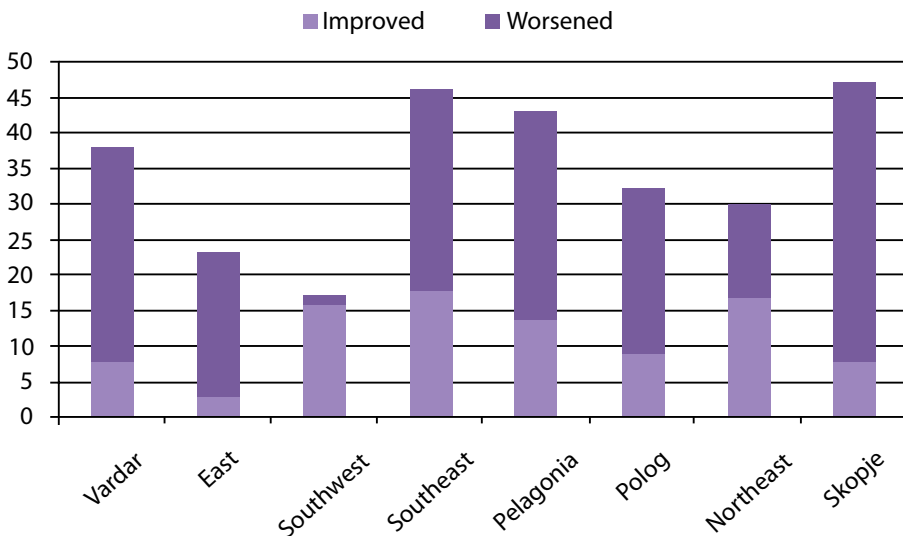
The majority of respondents (58%) saw no change in the state of the interethnic relations in the country over the 12 months prior to the survey, while about a quarter (26%) thought they had worsened, and a tenth (11%) though they had improved (see Table 3.3). If we also take into consideration the regions, over a third of the respondents from the Skopje region, where ethnic Macedonians predominate, consider the interethnic relations have worsened (39%).

Table 3.3: How do you assess the state of inter-ethnic relations in the country over the last 12 months?

Improvement	11.0%
No change	57.6%
Worsening	25.8%
Refuse to answer	5.6%

Source: PCA Household Survey September 2009

Figure 3.11: Quality of inter-ethnic relations over the twelve months prior to the survey



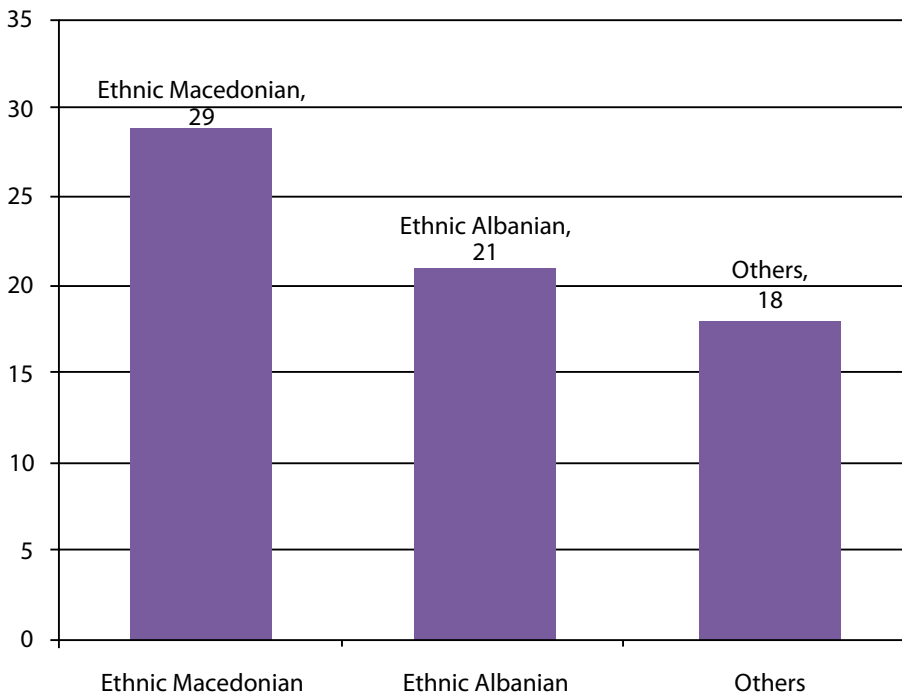
Source: PCA Household Survey September 2009

Assessment of inter-ethnic relations in the country

	Male	Female
Improvement	16.19	14.17
No change	47.3	51.24
Worsening	24.64	22.73
Refuse to answer	11.87	11.86

Ethnic Macedonians, more so than the ethnic Albanians or members of other ethnic groups, believe that the interethnic relations have deteriorated in the last 12 months (see Figure 3.12). Over a quarter of ethnic Macedonians perceive a worsening of ethnic relations compared to just one fifth of ethnic Albanians. In this respect when disaggregated by gender both male and female respond with higher percentage that there is no change on the interethnic relations.

Figure 3.12: Proportion who says ethnic relations have worsened in the previous six months by ethnicity



Source: PCA Household Survey September 2009

Who are those ethnic Macedonians who believe that ethnic relations in the country worsened over previous 12 months? Considering educational level, respondents with high school education most frequently considered that interethnic relations had worsened. In terms of age, younger as well as older people, think the same way, as do those with paid jobs whose income is between 12,000 and 21,000 denars, and those whose households barely make ends meet.

Asked how they assess the situation in the upcoming 12 months, half of the respondents answer that there will be no change, while almost a quarter (23%) consider that inter-ethnic relations will worsen and only 15% consider that there will be an improvement (see Table 3.4).

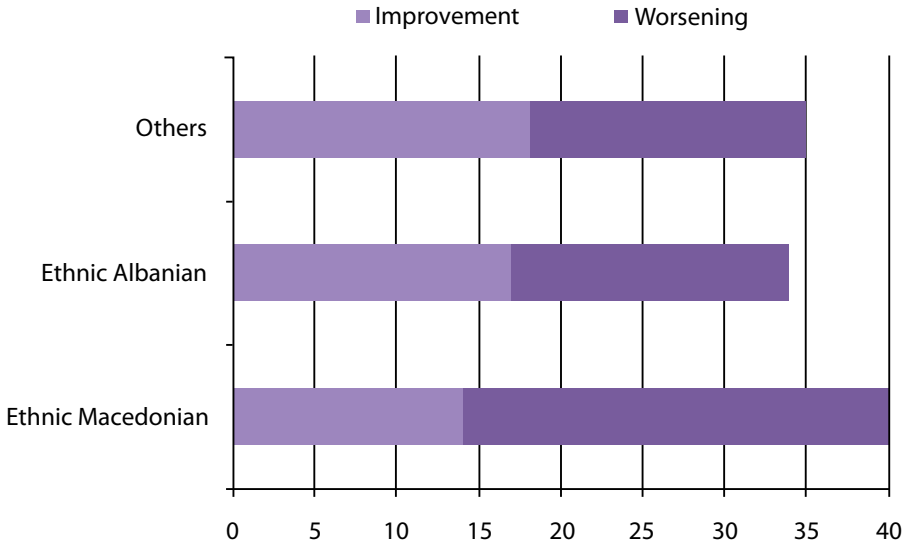
Table 3.4: How do you assess the state of inter-ethnic relations over the next 12 months?

Improvement	15.3%
No change	49.5%
Worsening	23.3%
Refuse to answer	11.9%

Source: PCA Household Survey September 2009

If we take into consideration the regions, again the majority of the respondents from the Skopje region, where ethnic Macedonians predominate, consider that the situation will worsen in the upcoming 12 months (33%). More than a quarter of ethnic Macedonians consider that ethnic relations would worsen over the twelve months following the survey, compared to just one sixth of ethnic Albanians and members of other ethnic groups (see Figure 3.13). Among the ethnic Macedonians who consider that the interethnic relations will worsen, the majority is again the same category of people with high school education, who have paid jobs, with an income between 12,001 and 21,000 denars, and whose families have difficulties making ends meet, and have a low standard of living.

Figure 3.13: Expectations of change
in inter-ethnic relations over the subsequent six months

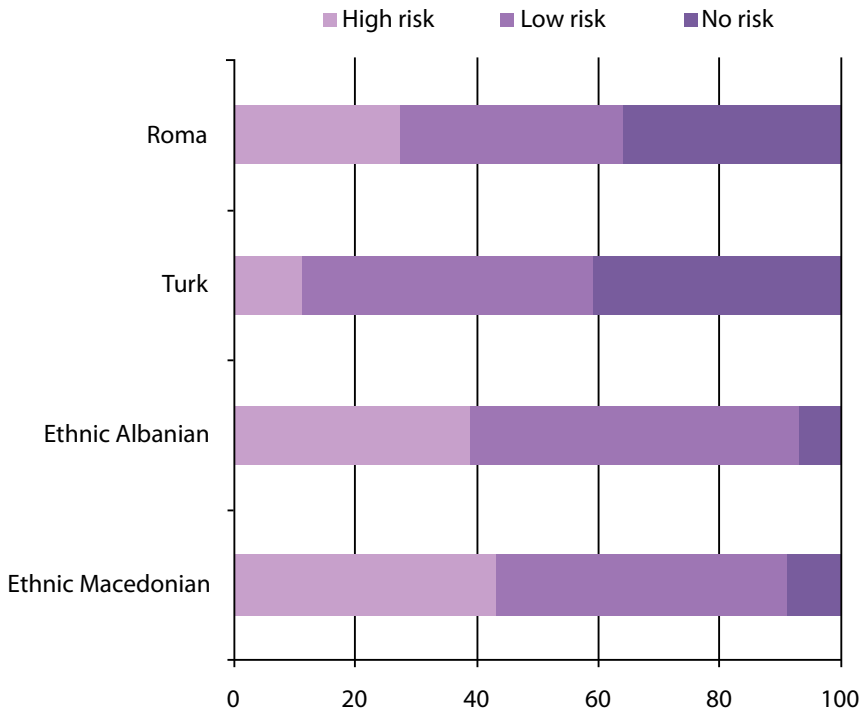


Source: PCA Household Survey September 2009

Assessment of Violent Ethnic Conflict

Asked how they assess the risk of violent ethnic conflict, most of the respondents answer that “there is no risk” (8.9%) or that the risk is low (45.5%). We were interested in the group that assessed that there was a “high risk” (35.3%). This proportion is far lower when the issue refers to assessment of the risk of violent ethnic conflict in the municipality. More than two fifths of ethnic Macedonians consider that there is a high risk of violent ethnic conflict. A similar, but slightly lower, proportion of ethnic Albanians hold the same assessment while among Roma and Turks relatively few hold this view.

Figure 3.14: Perceptions of the risk of violent ethnic conflict



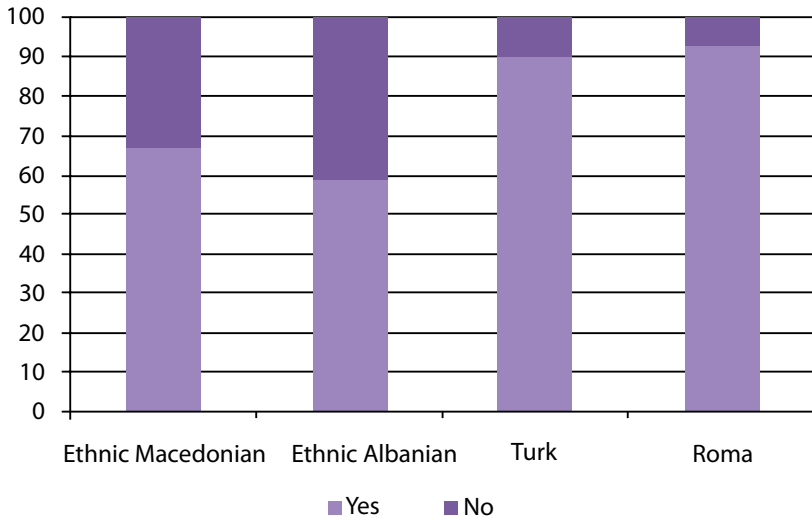
Source: PCA Household Survey September 2009

Almost half of the respondents (48%) in the Skopje region consider that the risk of violent ethnic conflict is high. The proportion that holds this view is far lower in the Southwest region (9%). Two-fifths of the urban population (40%) considers there is a high risk of ethnic conflict compared to less than one third of the rural population (30%). More men than women consider there is a high risk (37% against 34%). Those aged between 35-44, and those with a monthly income between 12,000 and 21,000, and those whose families find it difficult to make ends meet also assess the risk of violent ethnic conflict to be high.

Crossing Ethnic Bridges

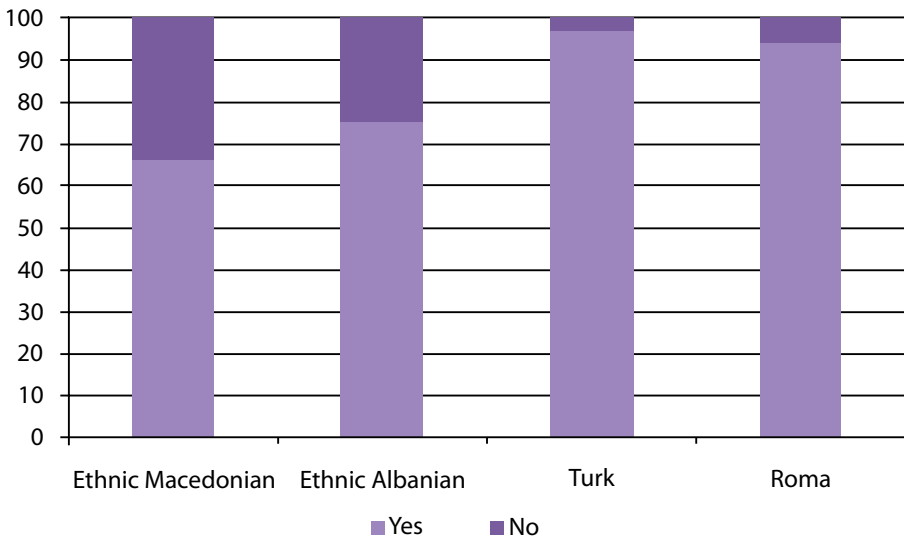
Some social relationships cut through ethnic divisions, such as friendly and professional contacts, participation in civic and non-governmental organizations, and membership of trade unions. Many people have friends from other nationalities, go to restaurants or coffee bars owned by people from other nationalities and have business contacts with members of other ethnic groups.

Figure 3.15: Whether respondent has friends from different ethnic groups, by ethnicity of respondent



Source: PCA Household Survey September 2009

Figure 3.16: Whether respondent shops in stores owned by members of different ethnic groups, by ethnicity of respondent

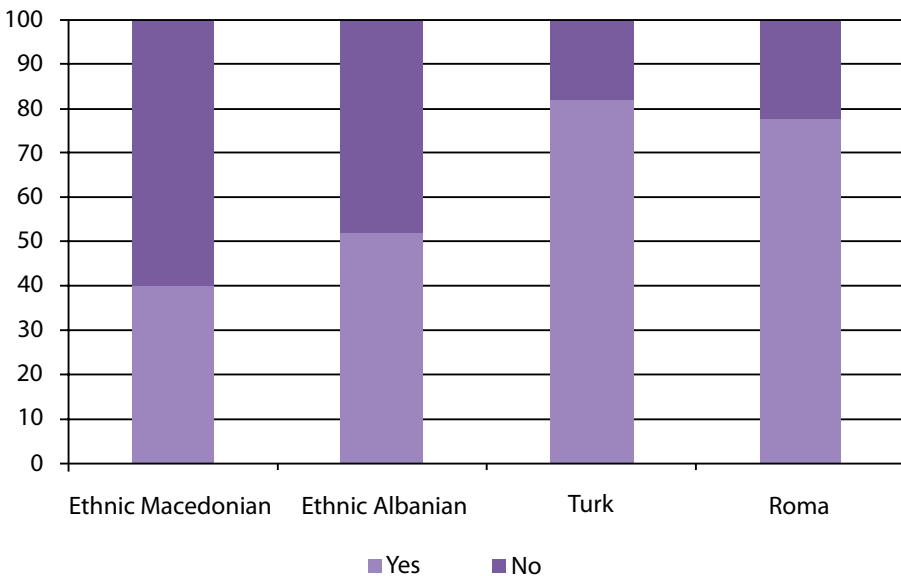


Source: PCA Household Survey September 2009

Most respondents who have answered that they have friends from another ethnic community come from the southwest region, from urban areas, are men with higher education, aged 18-24 and 55-64. These are people who have paid jobs and who have a good standard of living, with income of over 60,000 denars and between 21,001-30,000 denars. Almost three quarters (71%) of people frequents shops that are owned by people from another ethnic group.

About half of the respondents frequently go to restaurants or coffee bars owned by persons from a different ethnic group. The majority of those who do not do so are ethnic Macedonians (see Figure 3.17), live in rural areas, are older women (57%) with primary school education and with an income up to 6,000 denars, whose households barely make ends meet, who have “poor standard, dilapidated housing” (61%) and are from the East or Southeast region.

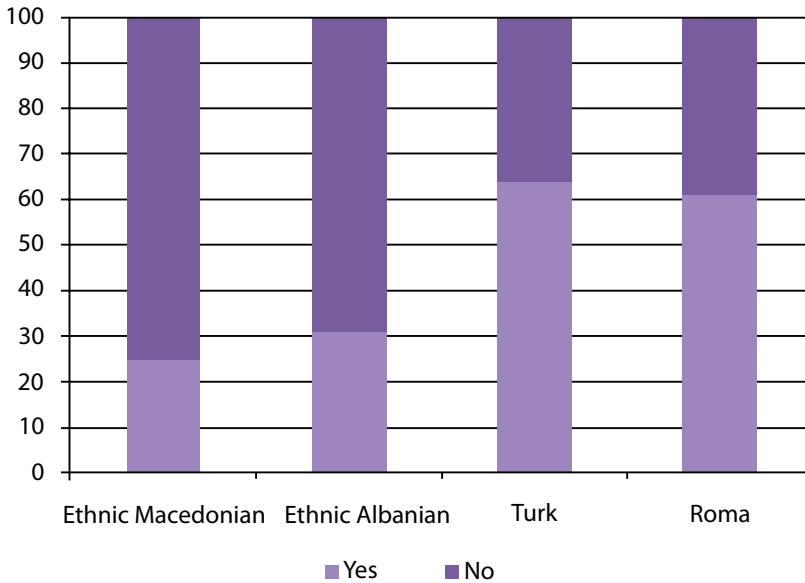
Figure 3.17: Whether respondent patronises restaurants owned by members of different ethnic groups, by ethnicity of respondent



Source: PCA Household Survey September 2009

The most problematic situation is the relative lack of business relations between members of different ethnic groups. Over two thirds (68%) of respondents do not have business relations with persons from a different ethnic group. The situation regarding ethnic groups is shown in Figure 3.18. On average, people of Albanian ethnicity are more likely to trade across ethnic groups than those of Macedonian ethnicity.

Figure 3.18: Whether respondent does business with members of different ethnic groups, by ethnicity of respondent



Source: PCA Household Survey September 2009

It is not surprising that there are no significant opportunities for business relations in the regions that are ethnically more homogeneous. For example, in the East region, where the majority are ethnic Macedonians, only 15% have business relations with members of other ethnic groups. In Polog, where the majority are Albanians, almost one third (32%) have business relations with members of other ethnic groups. In the Southwest, where the population is ethnically mixed, almost a half of respondents (48%) have business relations with people from another ethnic group.

The profile of those who have business relations with people from another ethnic community consists mainly of men from urban centres; younger people; members of the Turkish nationality; with higher education and income; who have paid jobs and whose families easily make ends meet and who consider they have a good standard of living.

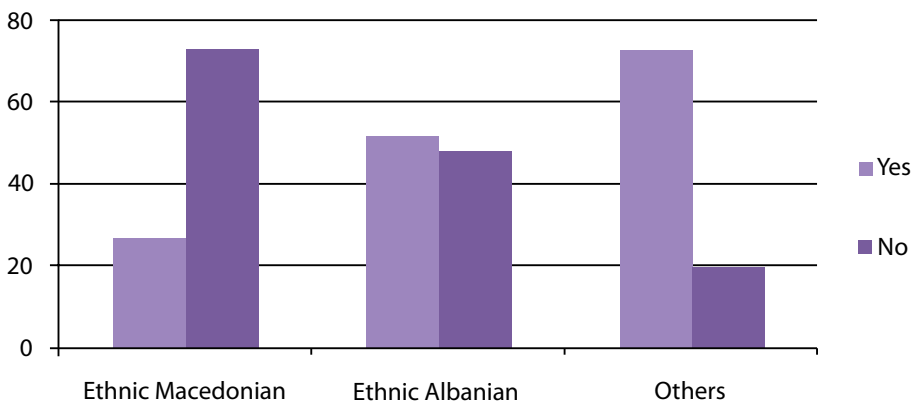
In short, the data show that gender, ethnicity, employment, education, living standard, and the place of residence affect perceptions of interethnic relations. People with higher education, with paid jobs, with better income, with better standard are more tolerant. It is understandable that these are mainly men from urban areas because rural Macedonian society is still a traditional society. The greatest source of concern is that inter-ethnic business relations

are not well developed, and they are mostly found in the southwest region, where there is a mixed ethnic population.

Prejudice

Ethnic prejudice is an antipathy based on beliefs of cultural superiority of one group over another. Well over one half of people (55%) would not send their children to a school where another ethnic group is in the majority.⁷ More ethnic Macedonians than ethnic Albanians, Turks, Roma, or Serbs hold this view. In comparison to the previous PCA report in 2008, it is encouraging that there has been a slight increase of the readiness to send children in school where another group is in the majority. At that time, well over two thirds (69%) of ethnic Macedonians said that they would not send their children to a school where another ethnic group is in the majority (see Figure 3.19).

Figure 3.19: Whether respondent would send children to a school where another ethnic group is in the majority, by ethnicity of respondent



Source: PCA Household Survey September 2009

The regions where more than half the respondents stated that they would not send their children to a school where children from another nationality are in the majority are those in which ethnic Macedonians predominate: Vardar, East, Southeast, Pelagonia and the Skopje region. Similar views are held by a majority of women, those aged between 35 and 44, as well as those above 63 years old, those with lower level of education, those employed, those with low income (up to 6,000 and 6,000-12,000 denars), those whose families have dif-

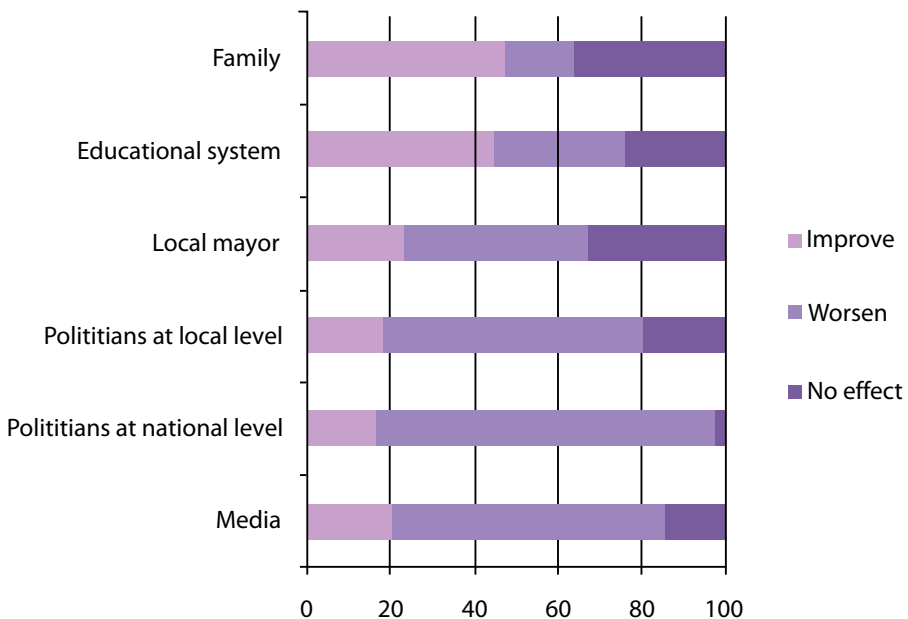
⁷ This data is taken from our survey findings

facilities making ends meet and those who live in dilapidated housing. On the other hand, the respondents who would send their children to school where the majority of the pupils are of another ethnic group are mostly in the South-east with mixed ethnic society, women with higher education, better income, whose families have a better standard.

The Effect of the Institutions on Ethnic Relations

The family and the education system are thought by a large proportion of people to be social institutions which are responsible for improved inter-ethnic relations (see Figure 3.20). Politicians at national level are considered to be responsible for worsening inter-ethnic relations by a large proportion of people, as are politicians at the local level and the media by slightly lower proportions.

Figure 3.20: Perceived effect of different institutions of ethnic relations



Source: PCA Household Survey September 2009

Among ethnic Albanians and the smaller minorities, education is considered to have a greater positive influence on inter-ethnic relations than is the case among ethnic Macedonians: almost a half (47%) of the ethnic Albanians consider that education improves the interethnic relations, while only just over one third (36%) of the smaller minorities, and just under one third (32%) of ethnic Macedonians hold the same view.

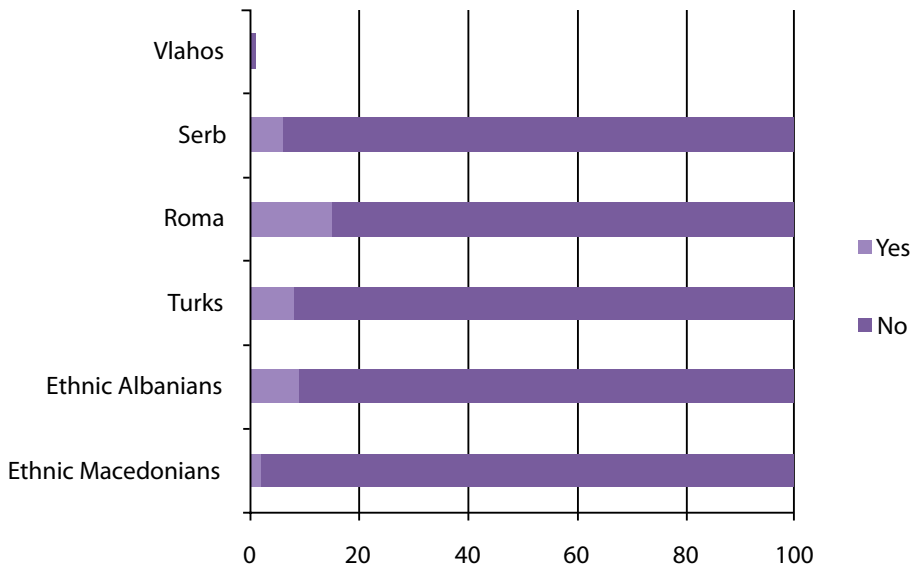
There are more positive views about the family among all ethnicities, with over one half of ethnic Albanians holding the view that the family is a factor in improving the inter-ethnic relations, and similarly among smaller minorities (53%), while among ethnic Macedonians just over two fifths (44%) consider that the family improves inter-ethnic relations.

Professional associations, union organizations, various non-governmental organizations and voluntary initiatives and activities contribute little to promoting social contacts of people from different ethnic communities. Social capital is weak in Republic of Macedonia and there is a parochial political culture. Most respondents (95%) do not participate in social groups such as tenants or resident associations, NGOs, voluntary organizations, business associations or trade unions. This creates a low level of confidence in the governing institutions, the media, and politicians. It turns out that the family is, above all, a shelter and the main place of social contacts.

Facing Discrimination

Discrimination, whether economic, political or cultural, is considered to be one of the basic reasons for ethnic conflict. It involves all types of exclusions, limitations or refusals of equal rights for all. Some more serious forms of institutionalized political and cultural discrimination have been greatly reduced through the parallel education in the Macedonian language and in the languages of the smaller communities. Other positive developments have been the use of Albanian as an official language in the state, and the use of the languages of the other minorities as official languages alongside Macedonian in communities where minority ethnic groups comprise more than 20% of the population. Equally the development of culture, journalism and publication in minority languages, as well as extending the political rights of the smaller communities, has had similarly positive effects. Most people (90%) consider that they are not discriminated as a result of their nationality and religion in employment, career advancement, changing the place of residence, when applying at educational institutions, when using social services or social insurance. The Roma face the greatest degree of discrimination as a result of religious affiliation or nationality during employment, career advancement, education or using social services (see Figure 3.21).

Figure 3.21: Whether experienced job discrimination based on ethnicity in the 12 months prior to the survey



Source: PCA Household Survey September 2009

Conclusions and Policy Recommendations

The most worrying finding from the above analysis is that the social capital of Macedonian society is very weak, and this affects social cohesion within the society and its political stability, as well as inter-ethnic relations. Few people belong to any civic, professional or union organizations, which create the network of social cohesion in society. As a result of the lack of engagement, people rarely address the competent institutions by sending letters or emails regarding their problems, nor do they go to meetings, and few of those who live in flats are not members of the Residents' Council. There is little civic tradition in the country, and there are few initiatives or networks of social or professional contacts. In such a social context it is difficult to change the organization of social life along ethnic lines. In brief, if people do not engage in civil life and in professional organizations, how they will meet each other and cooperate across ethnic lines?

The political culture is more parochial than participatory, and consequently most people have a high level of mistrust in the political institutions, the mayor, the local government and the media. Only the family and the education system enjoy a higher level of confidence as a factor that positively affects interethnic relations.

The decentralization of power, especially the law on new municipal borders, as a result of the OFA has localized the interethnic tensions in some municipalities, such as Struga. Weak local governance may incite latent interethnic conflicts. Even where minority ethnic groups run the local council, there are problems. For example, the respondents from Polog are the most dissatisfied, where 73% of the population are from the Albanian ethnic group.

There is a gap between the people and their political representatives, which is mainly filled with conflicting ethnic politics. Political parties are divided along ethnic lines, and their leaders compete for the distribution of privileges associated with their public functions. While some people say they would vote for politicians from another nationality, if the undemocratic behaviour of the parties continues, this trend will most likely go into reverse. Party affiliation in administration is a problem which is constantly referred to by those who monitor the domestic reform process. The parties in the opposition are always radical, inciting inter-ethnic intolerance to collect political points. Small wonder, then, that politicians are seen as a factor that worsens inter-ethnic relations the most.

The consociational institutional arrangements, as well as the minority rights, have enabled greater political stability in the country, and have improved inter-ethnic relations. It seems that this is the reason that most people do not consider that they are discriminated as a result of their nationality and religion. Among those who meet discrimination, are mainly Roma.

When asked to assess the most dangerous tensions, most people view inter-ethnic tensions as less dangerous than those between the rich and the poor, and between employees and managers. Most also consider that the inter-ethnic relations did not worsen in 2009, and they do not expect them to worsen in the future. Asked whether they expect a violent ethnic conflict, the majority answered that there was no such risk or that it is very low. Those who consider that the inter-ethnic relations have deteriorated and will deteriorate in the future are mostly ethnic Macedonians, who, according to age, education, income and standard belong to the middle or the lower middle class. Educated, but with low income, and insecure about the future, we can identify a "generation 300 Euros", who can become easily radicalized.

The friendships between ethnicities are increasing, and even the prejudices are smaller in comparison to the results from previous surveys. However, the fact that life is basically taking place in the frame of separate ethnic communities generates negative stereotypes and prejudices. Asked whether they would send their child to school where the majority of pupils belong to another nationality, the ethnic Macedonian women from the rural areas, with lower level education, with small income and low standard of life have more prejudices than others. Factors such as lower educational level, rural location, and low social-economic status are predictors of prejudices of all sorts.

It should be emphasized that the parallel educational system, which was introduced long ago in response to the needs of the smaller ethnic communities to learn using their mother tongue, has weakened social cohesion in the society. Now is the moment to promote projects that will strengthen the contacts between pupils from different nationalities, even more so since education has been assessed as a factor that has the most positive effects on interethnic relations. This conviction is especially widespread among ethnic Albanians and other smaller communities.

Mounting economic problems and inequality in incomes create a frustration gap which the country cannot easily deal with. The worsening economic situation, noticed in the previous reports, continues: 80% of the people felt that the situation has worsened since 1989, "a proportion higher than in any other transition country apart from Bosnia and Herzegovina, and a higher proportion even then in transition countries of Central Asia"(PCA, 2009, p.12). The inequality in revenues affects ethnic relations even more negatively, especially with regard to discrimination towards the Roma.

It should be stated that, from the aspect of interethnic relations, it is dangerous for social cohesion and stability of the country when the minority is dissatisfied, but it is even more dangerous when the majority is frustrated and dissatisfied. According to this research, that is the situation in Republic of Macedonia. The majority of Macedonians, who work in industry and in the public sector, are mostly affected by the two decades-long transition and the present economic crisis, and do not feel economically safe. What is worse is the feeling of lost hope that anything may change for the better. Dissatisfaction or pessimism among middle-lower class people can negatively affect inter-ethnic relations because this class group will instinctively demand a better status, more by pushing aside people from different ethnic backgrounds. Such people are susceptible to political manipulation. The feeling of social insecurity and frustration is a favourable environment for abusing national feelings. In such a situation, each social conflict can end up as an interethnic conflict.

To make the society more stable, cohesive and inclusive, to improve inter-ethnic relations and to lower the level of prejudice, intolerance and discrimination two-track strategy could help:

- Long-term efforts of the governmental policies, aimed at reducing the underlying conditions that make interethnic conflicts more likely, conditions such as the high level of unemployment, poverty, inequality and discrimination, especially against the Roma population. Policy-makers should be aware that the dissatisfaction or frustration of younger skilful people, who have high education qualifications but low income, in a situation of crisis could be misused or manipulated

by nationalists. Their dissatisfaction with the social situation can easily be transformed into enmity toward people from the other ethnic groups.

- To address the causes of ethnic conflicts, policy-makers, as well as activists from civil society, should affirm the stabilizing effects of implementing the OFA to create a more tolerant multiethnic society.
- Political parties and leaders are responsible for the atmosphere of tolerance in the society, but the most responsible for the functioning of a multiethnic society is the coalition government and the ruling party of the majority.
- Governmental policies, as well as the NGOs should focus on the improvement of the quality of public and private education, because education is seen by most people as a factor of ethnic cohesion more than any other social institution apart from the family.
- The parallel system of education has created separate communities of people who do not understand each other very well and therefore do not trust each other. State institutions should develop and support projects of common learning and activities as well as learning of the official languages and the languages of small minorities.
- Better overall knowledge of both the Albanian and Macedonian languages in the public administration is needed.
- The constitutional rule, according to which parties that provoke inter-ethnic hatred could be banned, should be made more effective.
- The development and sustainability of civil society, includes NGOs, trade unions and professional organizations, organised on the basis of the cooperation of ethnically mixed organizations, should be supported.
- Initiatives coming from Turkish and Roma communities for more equitable access to the instruments of power should be supported.

Quality of Social Services



In this chapter we discuss the quality of health services, education services, social services for families, elderly people and disabled people, vulnerable people, and deinstitutionalization. The aim is to develop a detailed understanding of peoples' perceptions of the quality of social services with which they come into contact. The main analysis is structured around the survey data on respondents' satisfaction with social services, choice of social services institutions ('exit'), participation in social service institutions and influence over social service delivery ('voice'), other experiences with local education and health services and other social services ('loyalty'). Moreover, in this paper we discuss choice, voice and loyalty in relation to the questions of social exclusion, vulnerability, and inter-ethnic relations

A relatively small proportion of people (16%) perceive the social services in general, at a national level, to be of good quality, while twice as many (34%) are dissatisfied with the quality of services provided, and perceive their quality to be poor. The situation is far better in relation to people's perceptions of the quality of social services in their locality, where more people see the social services as being of good quality compared to those who experience poor quality services (see Table 4.1). There is little variation with regards to income, education, locality, (urban or rural and region), age, gender or ethnicity. The significant finding is that almost twice as many people consider that the social services in their locality deliver good quality compared to social services in general. This is an indirect indicator of the success of the decentralization process and of the transfer of responsibilities from central to local government. Yet, there is still much to be done to improve the quality of the social services.

Table 4.1: Quality of social services

Proportion of respondents expressing their view on:	Good	Average	Poor
General quality of social services	16%	44%	34%
Quality of social services in the locality	31%	43%	22%

Source: PCA Household Survey September 2009

Trust in the Work of Local Government

Despite the extensive decentralization which has taken place since the implementation of the Ohrid Framework Agreement signed in August 2001, there is little satisfaction with local governing institutions, and only a small majority of respondents believe that the local administration makes their local area a better place to live. Most people believe their local government is neither efficient nor well run. Furthermore, two thirds of respondents do not believe their local government spends its money wisely. This indicates a belief that local policy making is ineffective and corrupt. Furthermore, many people believe their local government is remote and impersonal. Most people consider that their local government is not trustworthy which indicates that the communication of municipal authorities' policies with the people is inadequate.

Respondents largely feel alienated from their institutions of local self-government. More than two thirds of respondents do not believe very strongly that their local council involves residents when making decisions (see Table 4.2). The survey reveals that residents feel estranged from their local authorities and believe the local authorities are selfish and take care only of their interests neglecting the problems in the wider community. Thus for example, respondents do not believe in the fairness of the work of the local administration. However, almost two thirds of the respondents believe that the local council treats all types of people fairly.

Most people believe that their local representatives do not keep their promises. Only about a third of people believe that the local council does enough for people like them, the rest believe that the council does little or nothing for them. The general perception is that the local population does not have much trust in the municipal government, and that they consider the administration distant and selfish. These perceptions seem to be generally held views, as there are no significant variations among the respondents answering these questions with regards to their income, education, locality, age, gender or ethnicity.

Table 4.2: Trust in the work of the local government

Proportion of respondents who believe that the local council:	A great deal	To some extent	Both 'a great deal' and 'to some extent'	Not very much	Not at all	Both 'not very much' and 'not at all'
involves residents when making decisions	6%	25%	31%	34%	36%	69%
does enough for people like them	6%	26%	32%	37%	31%	68%
spends its money wisely	7%	28%	35%	35%	30%	65%
keeps its promises	8%	28%	36%	36%	29%	64%
treats all types of people fairly	9%	28%	37%	37%	26%	63%
is trustworthy	9%	32%	41%	35%	24%	59%
acts on the concerns of local residents	9%	33%	42%	35%	24%	58%
Is efficient	10%	38%	48%	35%	17%	52%
is remote and impersonal	17%	36%	53%	28%	19%	47%
makes a better place of their local area to live	10%	46%	56%	27%	16%	44%

Source: PCA Household Survey September 2009

These findings reflect a general pattern of low trust in the institutions of local government across the South East European region, although Republic of Macedonia stands out as the worst case. For example, one study carried out in 2002 showed that while local authorities in Republic of Macedonia had a trust rating of just 17%, the figures for the other countries were 19% in Serbia, 21% in Bosnia and Herzegovina, 22% in Croatia, 27% in Bulgaria, 31% in Montenegro, 50% in Romania, and 57% in Kosovo.¹

¹ During January and February 2002 the South Eastern Europe Democracy Support (SEEDS) network

Participation and 'Voice'

Local governments often have a monopoly in the provision of social services in a municipality, yet people cannot easily 'exit' their municipality in search of improved social services because opportunities to relocate to other municipalities are limited by the lack of employment opportunities. Exit, whether from one social service to another within a municipality, or from the municipality of residence altogether, is rarely a viable solution to Macedonian residents. Therefore, no matter how low the quality is, people have little choice but to use the social services provided by the local municipality in which they live. Their options are limited also because according to the law, students in primary education are paid for transport expenses only within a two kilometre radius.² In addition, the law allows children to enrol in schools outside their municipality only if there are free spaces available in these schools. Exit is also culturally speaking not an option, as Macedonians of all ethnicities tend to have strong ties with their place of origin. With little chances to go elsewhere, local people could utter their discontent directly to the municipal management. Hirschman (1972) calls this way of catching management's attention "voice".

Indeed, civic engagement plays an important role in ensuring that political institutions and leaders take the voices of residents into account when making decisions affecting their communities. Many scholars who study political behaviour define civic engagement as including activities that are explicitly political — such as voting, attending public hearings, and writing to elected officials — as well as activities related to voluntary participation in sectors of society that are outside the realm of politics, the family, and the market (Putnam, 2000; Verba, 1995). In Republic of Macedonia, people are generally not very interested in exercising their voice over social service delivery (see Table 4.3). A very small minority of people have given their views on social services, or on issues that affect them as a resident. Their participation in the 12 months prior to the survey, and therefore 'voice' over social service delivery, has been low with fewer than one in ten people participating at various civic activities.

conducted regional surveys involving a total of 10,000 face-to-face interviews in Serbia, Montenegro and Kosovo, and in Bosnia and Herzegovina (with a special survey for Republika Srpska), Croatia, Macedonia, Bulgaria and Romania. The results given are to the question "I will read you a list of local institutions. For each of them, please tell me how much you trust them."

2 See *Law on Primary Education, Articles 46, 61.*

Table 4.3: Mechanisms for voicing opinion

Proportion of respondents who in the past 12 months have:	%	Interest in the future to
Participated at meetings	6%	29%
Made a telephone call	6%	27%
Signed a petition	4%	22%
Filled a questionnaire	11%	33%
Participated in a focus group/telephone interview	4%	18%
Wrote a letter/send an email	3%	19%

Source: PCA Household Survey September 2009

Among the ethnic groups, Roma are least likely to express their opinions on social service delivery. While among other ethnic groups, although minimal, there is some interest in voicing their opinion. Among all respondents there is a much higher interest to voice their opinions in the future. Men have given their views on social services, or issues that affect them as residents, more often than women, and are more likely than women to express their views in the future. This is perhaps because of the patriarchal traditions in the country, and the status of women is low and their voice is rarely heard. Women are kept silent in the family, their employment is often in lower status positions, and it seems natural that they express fewer opinions on any social issues including opinions about social services. Although generally below the averages for ethnic groups, Roma people also express interest in voicing their opinion on social services in the future.

Involvement in community organizations is the hallmark of civic engagement in a democratic society. Yet, few people make their voice heard in relation to the delivery of social services. People are generally not engaged in civil society. Very few are members or attend meetings of civil society organizations, business associations, trade unions or resident associations (see Table 4.4). Such institutions generally protect the interests of their members, and this raises important issues for policy makers. Business associations, trade unions or nongovernmental organizations can be vehicles for pressuring the local authorities to improve their services. However, people have little interest in working with these types of organizations.

Table 4.4: Use of mechanisms for voicing opinion

Proportion of respondents who are:	NGO	Resident association	Any other voluntary organization	Business association	Trade Union
Members of	2%	3%	2%	1%	4%
Attending meetings of	3%	4%	2%	2%	3%

Source: PCA Household Survey September 2009

While scholars have been concerned about the overall decline in political and civic participation, it is also important to pay attention to inequalities in participation across different ethnic groups. People without an income are frequently involved as members of non-governmental organizations (NGOs) or have attended meetings. These people are looking for ways to find a solution to their disadvantaged position. There are many NGOs, and in some of them employees earn a decent living. For many people, participating at meetings, interning or becoming a volunteer in local NGOs might be the first step in getting a job, whether part time or permanent. The survey reveals that men are more likely than women to participate in the activities of various civil society organizations. Among those who are members of civil society organizations, men are more often members of tenants associations, business associations and trade unions, while there is an equal ratio of men and women in voluntary and non-governmental organizations.

Trust and Corruption

Various surveys carried out for the UNDP Early Warning Reports have shown the low level of trust in national institutions, such as the parliament, the judiciary, and the executive. The current survey shows that most people have little trust in the central or the local government (see Table 4.5). Three-fifths of respondents do not trust or have little trust in both central and local governments. Particularly, none of the ethnic Albanian respondents have high trust in the central government, and their level of trust in the municipal government is lower than the other ethnic communities.

Table 4.5: Trust in government

Proportion of respondents who have stated level of trust in government:	High level	Some	Little	No
Central	6	35	30	30
Local	7	35	28	30

Source: PCA Household Survey September 2009

Not only do majority of the respondents not trust central or local governments, but a great majority of respondents believe that corruption, the misuse of public funds or abuse of position in the public sector, exists in all public institutions. The respondents' perception of corruption is very high within the judiciary (91%), central government (89%), local self-government (86%), health institutions (85%), educational institutions and centres for social welfare (79%). The belief that the institutions are corrupt or that public misuse of funds exists is widespread. There are no significant variations with regards to income, education, locality, age, gender or ethnicity. The exceptions are the Roma who feel the police, the health services and the education system are the least corrupt. The Turks are also exceptional because they consider that the parliament and the judiciary are least corrupt.

Paradoxically, respondents believe that the central government would do the best job in providing education services, services for elderly, for children and for the disabled (see Table 4.6). These findings indicate people's low confidence in the capacity of the local government to provide social services. The survey findings should raise concerns among local governments throughout the country considering that, following the decentralization process, the provision of educational services has become a competence of the municipal authorities. In stating that they consider that the central government would do a better job in providing this service, respondents indicate that decentralization has not yet delivered an improved educational service. The education provided should be beneficial for the young generations in terms of content. It is also important to ensure that the teaching staff is academically qualified, and not employed due to party membership or family ties.

Table 4.6: Who do you consider would do the best job in providing the service?

Proportion of respondents who wish service to be provided by:	Education services	Services for the elderly	Services for children	Services for the disabled
Central government	69%	61%	63%	69%
Local government	28%	32%	30%	23%
Private providers	2%	2%	2%	2%
NGOs	1%	5%	5%	6%

Source: PCA Household Survey September 2009

What is more, respondents feel that the process of decentralization will not improve the quality of social services in their municipality. Almost two thirds (62%) believe that the quality will stay the same, one fifth believe that it will improve, and just under one fifth (18%) believe that it will deteriorate. Among the ethnic groups, more ethnic Albanians than other ethnicities consider that quality will improve as a result of the decentralization process (28% compared to the national average of 20%), while the Roma have the greatest fear that quality will deteriorate (35% of Roma think so compared to the national average of 18%). Still, most people from each ethnic group (62% on average) consider that quality will remain the same. This pessimistic view on the future of municipal service delivery should be of great concern to policy makers in relation to the decentralization process. They should work much harder to improve the delivery of municipal services, on influencing the general opinion that changes are expected, and that people are expected to voice their concerns in a constructive manner.

The financing of local government units is a major issue for many municipal leaders, as it can affect the quality of social services provided by local governments. In 2009 the Association of Local Municipalities (ZELS) demanded from the government that the proportion of Value Added Tax currently allocated to the municipalities should be raised from 3 per cent to 6 per cent, while the share of personal income tax allocated to the municipalities should be raised from 3 per cent to 30 per cent. The government has indicated a willingness to gradually increase the percentage of VAT allocations to the municipalities from 3 per cent to 4 per cent, until 2012, but has refused to change the

share of the personal income tax allocated to the local governments. A different approach for funding of social institutions could be introduced, based on the principal that funding should be allocated according to the number of users of a service. The aim would be to introduce a quasi-market in which providers are rewarded for attracting more clients on the basis of improved service quality (see Le Grand and Bartlett, 1993).

Trust in Various Local Social Services Providers

While people's trust in the work of the local administration is low, opinions differ concerning the work of local schools. Trust in local schools is high, much higher than the trust in the local government. Trust in schools is higher than the trust in local health care providers and in Centres for Social Welfare (see Table 4.7). While one third of people have little or no trust in local schools, as many as two fifths of people have little or no trust in local health services, and a majority of people (57%) have little or no trust in the Centres for Social Welfare.

Decentralization, and the changes in the Local Government Law that provide greater input of local communities and the Parents Boards in the management of municipal schools appear to have had a positive influence on the level of trust expressed in local schools. There is still much work to be done, however, as about a third of people has little or no trust in municipal schools. There are few significant variations with regard to income, education, locality, age, gender or ethnicity. One potential explanation could be that decentralization has been introduced relatively recently and has not had time to produce significant regional and other differences in opinion. As different local governments manage their municipalities more or less efficiently, we could expect more divergent opinions to emerge in the future.

Table 4.7: Trust in the Work of the Various Local Social Services Providers

Proportion of respondents who have stated level of trust in:	High	Some	Little	No
Local Schools	16%	50%	21%	13%
Local Health Services	13%	47%	24%	16%
Centres for Social Welfare	6%	37%	29%	28%

Source: PCA Household Survey September 2009

Furthermore, people are generally satisfied with their ability to 'voice' their concerns about the quality of education their child receives. Thus, those respondents who are parents of a child who attends primary or a high school feel that they are involved as much as they want to be in decisions about their child's education. About two-thirds of them (67%) said that they are involved in the decisions made, 33% stating otherwise. Among the various ethnic communities, Turks are least content, with half of them declaring that they are not involved in decisions made.

Most respondents (95%) consider that they can reach the teachers of their child and talk to them. A vast majority have never wanted to complain about the education their child receives (83%). Yet, there is inadequate knowledge on ways to voice their concerns about any perceived poor quality of education received by a child. Thus, only 40% of parents of children enrolled in schools consider that teaching staff have given them the information they need to complain about the education their child receives, and that they are not informed about how to complain through posters or leaflets, with only 9% stating that they have seen such material.

Quality of Education Services

As far as the quality of educational institutions is concerned, respondents have mixed feelings. Twice as many people consider that the education system provides good quality service than those who consider it provides poor quality, although the majority consider that it is of 'neither poor nor good quality' (see Table 4.8). There is greater satisfaction with the general conditions in the local primary schools, as a clear majority of those who answered the question described the conditions as being 'good.' Ethnic Albanian respondents are least satisfied with the conditions in the local primary school, compared to other ethnic groups. Furthermore, people are mainly satisfied with the services given in the local primary school. Ethnic Albanian respondents have the least favourable view on the services given in the local primary school, as the share of those not satisfied among them is the largest compared to the other ethnic groups.

A majority of people are also satisfied with the general conditions, as well as the services provided by the local high school. Ethnic Albanian respondents have least favourable view on the services given in the local high school. Overall, the respondents positively rate the quality of the education provided at the school attended by their children, but are less satisfied with the quality of the school buildings. There are no significant variations with regards to their income, education, locality, age, gender or ethnicity.

Only 10% of respondents have seen posters or a pamphlet that explain the possibility of complaining about their children's education, indicating the reality of the centralised education system which is not very open to construc-

Table 4.8: Satisfaction with the education system

Proportion of respondents who consider quality to be of stated level:	Good	Neither poor nor good quality	Poor
Education system	28%	54%	14%
General conditions in the local primary school	61%	23%	16%
Services given in the local primary school	65%	23%	12%
General conditions in the local high school	57%	30%	12%
Services given in the local high school	59%	30%	12%
Education provided at the school attended by their child (ren)	51%	42%	9%
School buildings	36%	45%	19%

Source: PCA Household Survey September 2009

tive criticism or ready to listen to parents' voice. As many as four-fifths (80%) of parents do not like to complain about their children's education. This may be due to traditional and cultural factors which do not encourage dissenting voices in social life, although ethnic Macedonians are more active in this respect. More than three quarters (78%) of the respondents with higher education have never wished to complain about the quality of the educational services they received. People living in urban areas are more sceptical about school teachers, and 16% do not trust teachers. Ethnic Macedonians, as well as richer people, are more active in complaining about teachers' performance. A quarter of the interviewees complain about class size, a proportion which is even higher among ethnic Albanians since the class sizes for this group are typically between 35 and 40 pupils, which is illegal and contrary to good pedagogical practice.³ Just over two fifths (44%) of respondents would like to have more involvement in decision-making in education.

³ (<http://lajmpress.com/opinion/1744.html>, <http://www.yllpress.com/1946/reformat-e-shkolles-evropiane-kerkojne-edhe-ligje-evropiane.html>. 11 november 2009)

It is worth observing that local primary schools are located close to most pupils' homes, and most children have easy access to their school. In fact, most pupils can easily walk to their primary school. The nearest primary school is less than a kilometre far away from home in three quarters of cases (74%), and is between one and three kilometres far in just over one fifth (22%) of cases. Very few children (less than 1%) have to travel more than five kilometres to attend a primary school. Since attendance of secondary school is now mandatory, an important question is how far the nearest high school is from home. For about half of children the distance is less than three kilometres. However, many have to travel a long distance to get to high school, with just under one third (31%) having to travel more than five kilometres to their secondary school. Just over one quarter (28%) of the respondents have primary school pupils in their household, while 15% have children attending attend high school, and 15% have children attending university. The survey shows that 74% of the respondents live less than one kilometre away from a primary school, while 22% of respondents live one to three kilometres away, indicating that distance to a primary school are not great for most people, and unlikely to cause significant dissatisfaction.

Moreover, respondents are able to choose which primary school any of their children attend. A great majority, just under three quarters, answered that they do have a choice (74%). Among the various ethnic communities, Turks have been least able to choose the primary school their children attend, which testifies to the lack of availability of Turkish language instruction in primary schools where members of this community live.

In general, respondents seem satisfied with the educational institutions in their locality. Almost all (94%) respondents have declared that they receive information about their children's progress at school, have confidence in the teachers at the school their children attend, and believe the class size is just right (see Table 4.9). Moreover, they have overwhelmingly (77%) answered that when they had important questions to ask a teacher, they got answers that they could understand and that they are treated with respect and dignity by teaching staff. Again, there are no significant variations with regards to their income, education, locality, age, gender or ethnicity.

Table 4.9: Communication with schools and teachers

Proportion of respondents who:	get information about their children's progress at school	have confidence in the teachers at the school their children attend	believe the class size is just right	get answers that you understand (when you have to ask teachers important questions)	get treated with respect and dignity by teaching staff
	94%	90%	77%	77%	88%

Source: PCA Household Survey September 2009

Quality of Health Services

A majority of respondents are satisfied with health services. Yet, the level of satisfaction with the health services is rather low on some dimensions. For example, it is shocking that more than one quarter of respondents feel that the general conditions in the local hospitals are poor (see Table 4.10). In addition, just under a quarter (23%) of respondents rate the services given in the local state hospital as poor. People living in urban areas are more dissatisfied than those in rural areas with the general conditions in the local hospitals (35% in cities compared to 25% in towns and 21% in villages), the local state hospital (31% in cities compared to 19% in towns and 20% in villages), the local primary medical centres (22% in cities compared to 11% in towns and 13% in villages). The most dissatisfied with the conditions and services in the local hospitals are from Pelagonia (44% and 40% compared to for example, 15% and 16% in the East region, or compared to 32% and 27% in the second most dissatisfied region of Polog). Interestingly, Pelagonia residents are not that dissatisfied with the conditions in the local primary centres whereas Polog residents are the most dissatisfied (23%).

Most people are satisfied with their general practitioner, 82% being very or moderately satisfied. People are more satisfied with the services provided in primary medical centres (62% very or moderately satisfied) than the services provided in the local hospitals (48% are very, and 46% are moderately satisfied). Although most people feel the services of and the general conditions in the local hospitals are good, the share of those respondents (54%) who feel they are poor or 'neither poor nor good' is larger. A comparison with the services and conditions in the local private hospitals shows that those who have used the local private hospitals value them better by about 20% than the ser-

vices and conditions in the local public hospitals (67% and 63% of respondents are very or moderately satisfied in the private hospitals)

About half of the respondents have used private local health care facilities. People of all social status and income levels have used the services of private hospital services. Further research is needed to see if those with lower incomes can afford more sophisticated and expensive medical treatments.

The survey reveals that it is not true that only richer people seek services from private health service providers. People who are not satisfied with the level of services and general conditions in the public hospitals are able to 'exit' from the public sector and seek such services in the private sector, even though private health providers have not been active for long. The costs of health services do not appear to be a major problem, as only 18% of respondents consider that the costs of the service create a problem in accessing health care providers. Not surprisingly then, the level of trust in private and public health care institutions is similar.

Table 4.10: Quality of health care services

Proportion of respondents who consider quality to be of stated level	Good	Neither poor nor good	Poor
Your general practitioner	83%	11%	6%
The general conditions in the local hospitals	45%	28%	26%
Services given in the local state hospital	48%	29%	23%
The services given in the primary medical centre.	62%	24%	14%
The general conditions in the local private hospital	58%	27%	15%
The services given in the local private hospital	63%	24%	14%

Source: PCA Household Survey September 2009

The great majority of people make use of health care institutions. Almost all respondents are registered in the office of the general practitioner (96%) and have health insurance (93%). Not all of these have used health care services in the last year. Almost half of people (46%) have received health services in a health institution in the 12 months prior to the survey. Very few people had any kind of problem in the access to health services is very small (see Table 4.11). Moreover, almost three quarters (73%) consider the length of time they were on the waiting list before their admission to hospital was acceptable. Costs of buying medicines are considered to be the most serious issue. The fact that the costs of buying medicines are mentioned as a problem reveals that patients could have difficulties purchasing medicines on the "positive list", i.e. medicines whose prices the government regulates and thus subsidizes

those with health insurance (that is almost all citizens of the country). Since the pharmacies are private, a problem could be that the system of supply of some medicines is deficient. If a medicine which is on a positive list is not available, people are forced to buy it privately.

Table 4.11: Problems in access to health care services

Proportion of respondents with specified problem	No problem	No need for health service	Distance from the doctor/hospital	Delay in getting an appointment	Waiting to see doctor on day of appointment	Cost of the service	Cost of buying medicines	Do not know
	48%	11%	10%	6%	12%	18%	29%	2%

Source: PCA Household Survey September 2009

Knowledge of Institutions

For obvious reasons, only a relatively small proportion of the population makes use of many of the institutionalised social services for people in special need, for example those which deal with people with physical and chronic mental illnesses. Such institutions are rarely used, and therefore people tend to know little about them. Thus, when asked whether they are satisfied with the general conditions in the in the foster homes, institutions for people with mental disabilities, or rehabilitation centres, over two thirds (70%) of respondents said that they 'do not know', indicating that they have not used the service. Similarly, almost three quarters (73%) have no knowledge about the general conditions in the day care centres for children living in the streets, and over half (52%) about the local kindergarten (52%). It could be expected that more respondents would use these services. For example, few respondents use the service of a nursery home. The fact that they do not indicates that much of the child care and care for the elderly is done within families. Such labour is unpaid and is often a burden for the women in the family. On the other hand, the data indicate that people find the services offered expensive. Focus group discussions would be needed to obtain specific information from the residents as to

why they do not use the mentioned services more often, and what the local authorities could do to improve the level of usage.

Those who use the service are mainly satisfied with the general conditions in the local kindergarten. Similar conclusion can be reached when one looks at the answers to the question regarding the quality of service of a kindergarten, since 56% of the respondents claim to 'not know'. The others are moderately satisfied with the services given in the local kindergarten. A majority of those respondents who answered the question are not satisfied with the general conditions in the day centres, foster homes, or the institutions for people with intellectual disabilities, or rehabilitation centres.

Table 4.12: Satisfaction with the conditions and services given in nursery homes, foster homes, day care centres, and rehabilitation centres

Proportion of respondents who have stated level of satisfaction with specified service	Satisfied	Neither	Not satisfied
The general conditions in day care centres for children living in the streets	30%	27%	43%
The general conditions in foster homes	29%	30%	41%
The institutions for people with mental disabilities, and rehabilitation centres.	30%	30%	40%
Services given in local kindergarten	54%	28%	19%
The general conditions in the local kindergarten	55%	29%	17%

Source: PCA Household Survey September 2009

Note: The percentages are from those who use the services, 'do not know' answers are disregarded, as relatively few respondents answered these questions.

Conclusions and Policy Recommendations

The survey findings reveal that people are more satisfied with the social services provided at a local level than those provided in general, but at the same time they have doubts that decentralization would improve the quality of services and they do not trust local decision makers. In fact, most people believe the quality of services will not change as a result of the decentralization process, and overall there is little trust in the whole decentralization exercise. Moreover, most people believe that the central government rather than local

government would do the best job in providing education services, the services for elderly, for children and for the disabled. These research findings indicate a low level of confidence in the capacity of the local government to provide social services. Improvements to the general conditions in day centres, foster homes, institutions for people with intellectual disabilities, and rehabilitation centres might go some way to increase the level of confidence in the capacity of the local government to provide effective social services.

A significant finding from the research is that almost twice as many respondents perceive that the quality of the social services provided in their locality is of a good standard, compared to the social services provided at a national level. This is an argument for further political reforms and the decentralization of financial resources to the local level.

Business associations, trade unions or NGOs can be vehicles for pressuring local authorities to improve their services, by exercising their 'voice'. Civil society in Republic of Macedonia has grown since independence into a formidable force with various organizations representing the interests of different sections of the population.⁴ There are numerous social enterprises throughout the country, even in rural areas. Yet, as the survey results reveal, people have little interest in working with these types of organizations. The role of social enterprises and NGOs could be instrumental in improving improved local governance, pressuring local authorities to improve their services. In addition, NGOs can play an important role in influencing people to participate in local decision making processes. International donors should consider introducing programmes that would offer grants or assistance to social enterprises and NGOs willing to undertake such projects.

More attention should be paid to the incentives to increase people's participation in the management and delivery of social services, since increased participation is an extremely important element in ensuring a successful devolution of power and improved local governance. Local authorities should therefore work to increase people's engagement in the decision making processes. A good example of this is provided by the project of the Association of Macedonian Local Government Units, ZELS, which has developed a programme for people's participation in local government decision making processes by holding discussions about the local government budget in public gatherings. Twelve municipalities have participated in this programme. Such public gatherings are designed to increase trust between the local communities and the authorities.

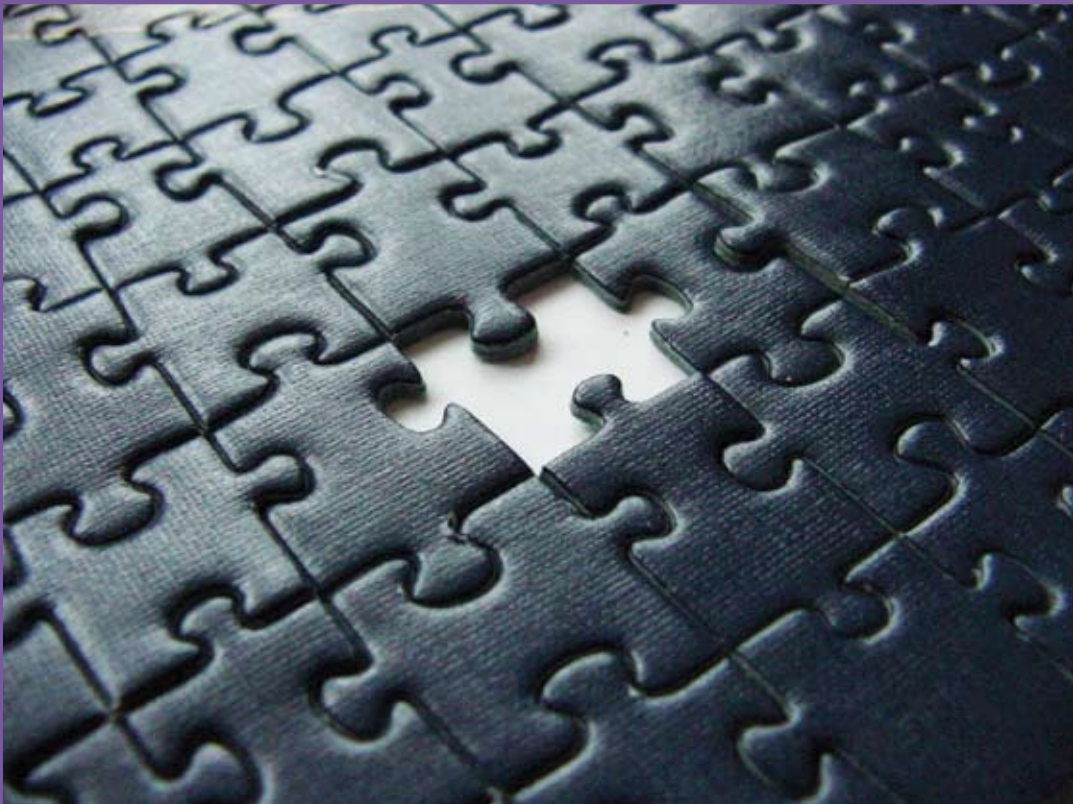
4 See for example the section on 'Civil Society' in Daskalovski Z. "Macedonia: a Country Report" in *Nations in Transit 2009: Democratization from Central Europe to Eurasia*, Jeannette Goehring, (ed.), Freedom House: New York, 2009.

It is also very important to improve communication about the work of the local governments. People on the whole tend to be rather passive in this regard, and few even express interest in the work of local government. The survey has shown that people do not have enough information on the work of the municipal authorities. Yet, well informed people are a prerequisite for sound policy making and development. Local governments should introduce greater transparency in their work, and should provide more and better information about the social services they provide. They need to find ways to better communicate their activities to the population to the public. Municipal authorities should consider using available alternative tools for providing social services at the local level, such as inter-municipal cooperation, or the outsourcing of service delivery.

In the field of education, local authorities need to ensure that the teaching staff is academically qualified to provide effective education services. Governmental efforts to increase participation rates in higher educational institutions will be worthless if the quality of students graduating from primary and secondary schools is low. Ethnic Albanian respondents have the least favourable view among all ethnic groups on conditions and services offered in the local primary school. Demography and long term planning in the provision of educational services must be a priority for local governments and the Ministry of Education since ethnic Albanians are demographically the youngest ethnic group in the country, along with the Roma. To a smaller extent the same issue is relevant to secondary education.

More than one quarter of people consider that the general conditions in the local hospitals are poor, and about quarter of people consider the services given in the local state hospital as poor. People from the cities are even more dissatisfied with these services than others, and their concerns should be further evaluated and necessary policy measures taken to improve the situation. Respondents from Pelagonia region express the highest level of dissatisfaction with the conditions and service provided in the local hospitals. An investigation of the reasons for this finding from the survey should be made through further research.

Conclusions and Policy Recommendations



Most people believe the quality of social services will not change as a result of the decentralisation process, while most also believe that the central government would do the best job in providing education services, the services for elderly, for children and for the disabled. These findings indicate a low level of confidence among the respondents in the capacity of the local government to provide social services. Improved conditions in day centres, foster homes, or institutions for vulnerable people, and in rehabilitation centres would increase confidence in the ability of local municipalities to provide effective and responsive social services. The parallel educational system has weakened social cohesion in the society.

When a social service client is dissatisfied with the quality of services that is provided, he or she may wish to search around for an alternative higher quality provider but will be unable to do so if the service has been monopolised by a single organisation. In the social services, such 'exit' is often not an option, as it is likely that there will only be a single provider in the neighbourhood, such as the local school, hospital or Centre for Social Welfare. In most cases therefore, it is not possible for clients to express their dissatisfaction with low quality of the social service through leaving the service provider and move to another one which provides a higher level of service quality. In order to increase the options for clients to select the best services, elements of competition should be introduced into publicly provided social service sectors. This might involve ensuring a greater range of providers by contracting out monopoly local social services to a range of private or not-for-profit providers, and giving the clients the right to choose which service provider with whom they would like to engage. Another approach is to alter the funding mechanism of the provider organisations, by introducing per-client payments, for example by funding schools according to the number of pupils which they attract. This type of 'formula funding' or payment by results' can be used within the public sector to create artificial competition through quasi-markets aiming to use the exit mechanism to drive up service quality.

The alternative to exit is the expression of dissatisfaction with the service through the mechanism of 'voice', which involves complaints or user involvement in decision making processes. However, as has been shown from the survey, this option is often also unavailable in publicly provided services. In theory, the decentralised provision of services should bring the providers of services closer to the users. However, if there is no mechanism through which the needs and preferences of the users can be voiced, then decentralisation is unlikely to lead to an improvement in quality. It is therefore very important to improve communication about the work of the local governments. People on the whole tend to be rather passive, and few even express interest in the work of local government. The survey has shown that they do not have enough in-

formation on the work of the municipal authorities. Yet, well informed people are a prerequisite for sound policy making and development. The local governments need to find ways to better communicate their activities to the population. It is not necessary for all users to exercise the voice option. Generally social service managers need to receive only a few complaints to obtain the information that is necessary for them to make appropriate changes to the service to bring it more in line with client needs and improve its quality. Loyalty is therefore a useful attribute, but without the addition of either 'exit' or 'voice' options, through increased competition or through better mechanisms of participation, it is unlikely that the quality of social services will improve greatly over time.

Decentralisation of social services has been carried out in a number of transition and developing countries, in recent decades. The aim of decentralisation has been to bring services closer to local people and their needs. However, decentralisation may be inappropriate for countries in which the mechanisms of political accountability are not well developed, where corruption is prevalent or where local governments are captured by local interest groups and local elites based on ethnic or other affiliations. In such cases resources may be siphoned off to the consumption of the local elite, rather than invested in improvement of the quality of social services for the local population. For these reasons, decentralisation should be accompanied by measures that strengthen local accountability, and ensure the participation of local people in the organisations which deliver the services (i.e. enhancing their 'voice' in service management and delivery). Central government, local municipalities, and providers of social services should all therefore work to ensure that service users can make their voice heard in the decision making processes either through the introduction of a complaints mechanism, regular public hearings on items of major local public expenditure. A good example of this is provided by the example of the project of the Association of Macedonian Local Government Units, ZELS, which has cooperated with the Swiss Agency for Development and Cooperation to fund a programme for participation in local government decision making processes through budgetary discussions in public gatherings. Twelve municipalities have participated in this program. Such public gatherings are designed to increase trust between the local communities and the authorities. In addition, efforts should be made to institutionalise client experience surveys, and to involve users actively in the management of the social services. An example of the way this has been achieved in practice is the institution of 'social cooperatives; which have been introduced on a wide scale in Italy. These institutions involve the users as members of the organisation and as such they have a direct say in the way the social services involved are organised and managed. It would be advisable for the authorities

in Macedonia to be more open to the experiences such as these and seek in this way to improve the exit and voice options available to social service users in local municipalities in order to support the improvement of the quality of social services, which as the survey has shown is greatly needed in order to improve peoples' quality of life in a country where there is great dissatisfaction with life, despair about the prospects for improvement, and where for a variety of reasons people are on the whole less happy than in most other countries in Europe.

Republic of Macedonia, as a country in transition, suffers from many problems of social exclusion. One fifth of the population lives in poverty, and only one third of people are satisfied with their standard of living. One of the priorities for the government should therefore be to intensify the fight against social exclusion. Most people perceive their quality of life as getting worse, while only one tenth of people see a positive trend in their quality of life. The minority ethnic groups experience the lowest subjective well-being, especially so among the Roma population. Most income is spent on elementary needs such as food, housing, and clothes, while about half of people in work are unsure whether they will keep their job.

One of the most worrying findings from the analysis of the household survey is that the social capital of Macedonian society is very weak, which may adversely affect social cohesion and political stability. Few people belong to any civic, professional or union organizations, which in other countries has been shown to improve social cohesion. People rarely address the competent institutions by sending letters or emails regarding their problems, nor do they go to meetings, and few of those who live in apartment blocks are members of the Residents' Council. There is little civic tradition in the country, and there are few initiatives or networks of social or professional contacts. If people do not engage in civil life and in professional organizations, it is unfortunately less likely that they will meet each other and cooperate across ethnic lines.

The political culture in the country tends to be more parochial than participatory, and consequently most people have a high level of mistrust in the political institutions, the mayor, the local government and the media. Only the family and the education system enjoy a higher level of confidence. Party affiliation is a commonplace in the public administration, which also serves to prevent the development of a more tolerant political culture. The decentralization of power, especially the law on new municipal borders, has localized interethnic tensions in some municipalities such as Struga. Political parties are divided along ethnic lines, and their leaders compete for the distribution of privileges associated with their public functions. While some people say they would vote for politicians from another nationality, if the political parties con-

tinue to mobilise support through ethnic rhetoric this trend will most likely go into reverse. Although friendships between ethnicities are increasing, and prejudices are less than before, the fact that life basically takes place within separate ethnic community generates negative stereotypes and prejudices.

Nevertheless, the achievement of consociational institutional arrangements, together with improved minority rights, have increased political stability in the country, and have improved inter-ethnic relations. Most people view inter-ethnic tensions as less dangerous than tensions between the rich and the poor, and between employees and managers. Most also consider that inter-ethnic relations did not worsen in 2009, and they do not expect them to worsen in the future. Those who consider that the inter-ethnic relations have deteriorated, and will deteriorate in the future, are mostly ethnic Macedonians, who, according to age, education, and income, belong to the middle or the lower middle class. We can identify a generation of young people who are well educated but have low incomes who can become easily radicalized.

Mounting economic problems and high income inequality create a frustration gap. The worsening the economic situation, noticed in the previous reports, continues: 80% of the people felt that the situation has worsened since 1989. Income inequality is dangerous for social cohesion and political stability when the minority is dissatisfied, but it is even more dangerous when the majority is frustrated and dissatisfied. The majority of Macedonians, who work in industry and in the public sector, have been most affected by the long period of economic transition and the present economic crisis, and do not feel economically secure. What is worse is the feeling of lost hope that anything may change for the better. Dissatisfaction or pessimism among middle-lower class people can negatively affect inter-ethnic relations because this class group will instinctively demand a better status, by pushing aside people from different ethnic background. Such people are susceptible to political manipulation. The feeling of social insecurity and frustration is a favourable environment for mobilising national feelings. In such a situation, social conflict can easily lead to inter-ethnic conflict.

To make the society more stable, cohesive and inclusive, to improve interethnic relations and to lower the level of prejudice, intolerance and discrimination, a two-track strategy should be adopted. Firstly, long-term policies should be aimed at reducing the conditions that make interethnic conflicts more likely, such as the high level of unemployment, poverty, inequality and discrimination, especially against the Roma population. Policy-makers should be aware that the dissatisfaction or frustration of young people, who have high education qualifications but low income, in a situation of crisis could be misused or manipulated by nationalists. Their dissatisfaction with the social

situation can easily be transformed into enmity toward people from the other ethnic groups.

Secondly, governmental policies, as well as the NGOs should focus on the improvement of the quality of public and private education, because the education is seen as a factor of ethnic cohesion more than any other institution apart from the family. The parallel system of education has created separate communities of people who do not understand each other very well and therefore do not trust each other. State institutions should develop and support projects of common learning, including learning both the official languages and the languages of small minorities. Better overall knowledge of both the Albanian and the Macedonian languages in the public administration is also needed. Knowledge of the English language is also of special importance. Now is the moment to promote projects that will strengthen the contacts between pupils from different nationalities, even more so since education has been assessed as a factor that has the most positive effects on the interethnic relations.

Improved quality of social services should be brought about by introducing benchmarking, quality assurance, and user involvement; outsourcing services to the private sector, with the public authorities becoming only regulators of competition and organisation; and developing public-private partnerships to complement public funding. In introducing these new approaches there should also be a greater role for the social economy sector, involving not-for-profit providers and social enterprises.

In addition measures should be introduced to strengthen local accountability, reduce the risks of corruption, improve the transparency of local government activities, and ensure the participation of local people in the organisations which deliver the services (i.e. enhancing their 'voice' in service management and delivery). This can be done by methods such as organising regular public hearings on items of major local public expenditure, setting up complaints systems, and effective public monitoring procedures, and institutionalising opinion polls and client experience surveys, and other similar methods of assessing the effectiveness of local social services.

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Website Links:

<http://www.gsdr.org/go/topic-guides/social-exclusion>

<http://www.scielo.br/pdf/rsp/v38s0/a02v38s0.pdf>

<http://www.gdrc.org/uem/qol-define.html>

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http://www.southeasteuropa.org/documents/macedonia_csp.pdf



Annex 1: Methodological Report

Anationally 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 was consisted of two sub-samples: nationally representative sample and boosters for three nationalities (Romans, Serbs, and Turks).

1. 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.
2. During the second stage, the achieved sampling plan consisted of 176 sampling points (144 sampling points in national representative sub-sample in 63 municipalities and 32 sampling points in 22 municipalities in booster sub-sample. Generally there were 6-7 respondents per sampling point unit throughout the whole country. 176 sampling points were located according to:
 - urban/rural split (type of settlement)
 - municipality size and respectively, the number of persons in the sample.
 - nationality distribution

Selection of households was based on random route method, whereby, in urban areas, every third household on the left-hand side of the street was selected. At junctions interviewers turned left and went back to the last crossing if they has reached a dead-end, and further proceeded at random but not along the branch they had been on. In a block-of-flats of up to four floors, every fifth household was selected, counting from the first on the left on the ground floor. In a block-of-flats of 5 floors and more, every tenth apartment was selected, counting them in the same manner.

3. In rural areas, where the houses are scattered over larger territory the wave-wise approach is applied and the selected household is every fourth inhabitable house/dwelling on both sides of the interviewer's route/track, counting from the first house on the left. In compounds

of several houses behind a common fence, the procedure instructs the interviewer to select the fourth one from the left (counting from the gate). If there are less than four houses behind a common fence, the interviewer goes out of the common yard, counting the houses as if they were along the street. In compact and well-structured villages the selection procedure follows the instructions for urban areas, selecting every fourth household.

This method includes names, gender, age and date of birth for each member of the household. Then the interviewer picks the respondent with nearest birthday.

4. At the final stage (defining the respondents' names/addresses in each sampling point) the "next birthday" method was used.

The achieved sample size was 1163 respondents of whom (unweighting base) 943 in national representative sub-sample and 220 in booster sub-sample.

The fieldwork took place between 19th of August till 3rd of September 2009 and was conducted by a team of 82 interviewers, of which 62 Macedonian and others and 20 Macedonian Albanians. There were 16 supervisors, of whom 14 were regional and 2 were from the BRIMA office.

Interviewers were recruited to choose the respondents randomly by "next birthday" method, which is added in each questionnaire so that checking can be made.

Refusals and General Background

Refusal rate stands at 245 cases and another 99 are non-contacted persons during the field period.

The distribution of these cases per regions stands as follows:

Most of the refusals are recorded in the first phase, during establishing of a contact. 125 were given on the grounds of 'having no time', 10 females alone at the time, 15 not being enough informed to answer the questions, 2 already have taken part in a similar survey, 3 coincides with family wedding/bereavement.

Most of the interviews were finished on the first visit 1062 (91.3 %), 88 (7.6%) interviews were finished on the second visit and the last 13 (1.1%) were finished on the third visit.

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

The data were processed in Skopje, by BRIMA. 6 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.

During the field work, 134 interviews (11.5%) were directly supervised, 188 (16.2%) by back-check method and 248 (21.3%) were phone checked by the supervisors.

Reactions and Comment from the Field

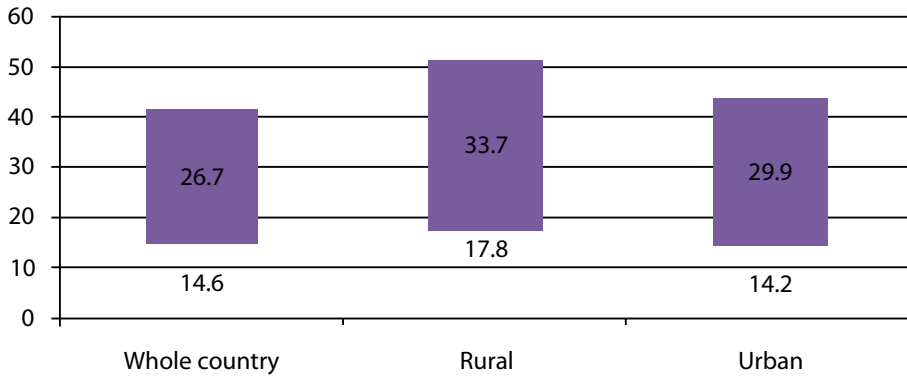
It should be noticed that there were no difficulties that we challenged while carrying out this survey from its start through the end. High number of contacts was established, and although the interviewers faced a number of refusals, it was quite a usual and expected thing that occurs in every public opinion survey. The only complain most of the respondents gave was due to the length of the questionnaire.

BRIMA Macedonian member of GALLUP International and Associate of Taylor Nelson Sofres

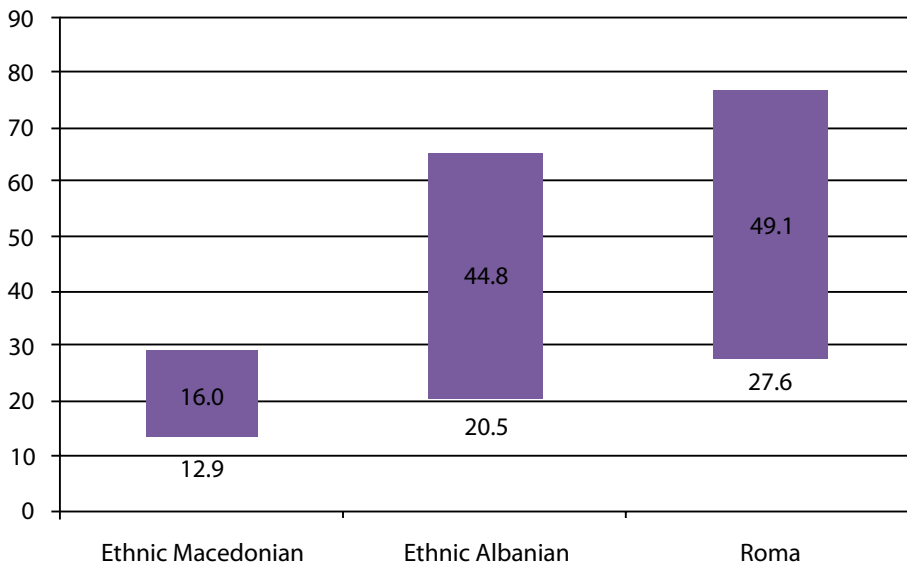
Skopje, 16.09.2009

Annex 2: Eu-Silc Indicators for Social Inclusion

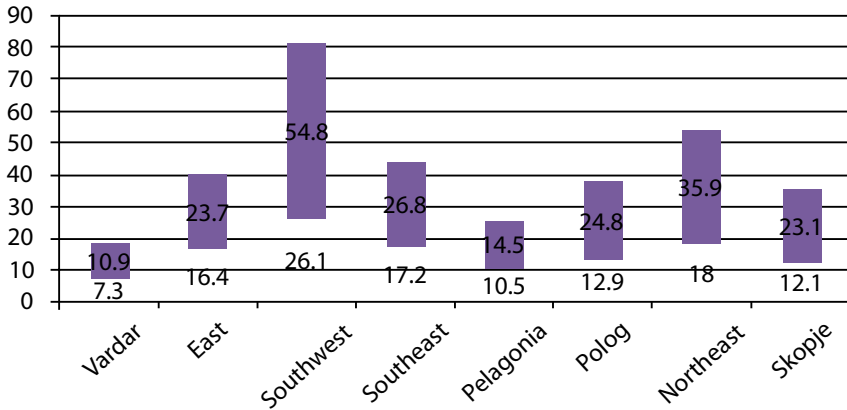
Expenditure based poverty headcount and poverty gap



Poverty Gap - the distance from axis to poverty headcount ■ Poverty headcount

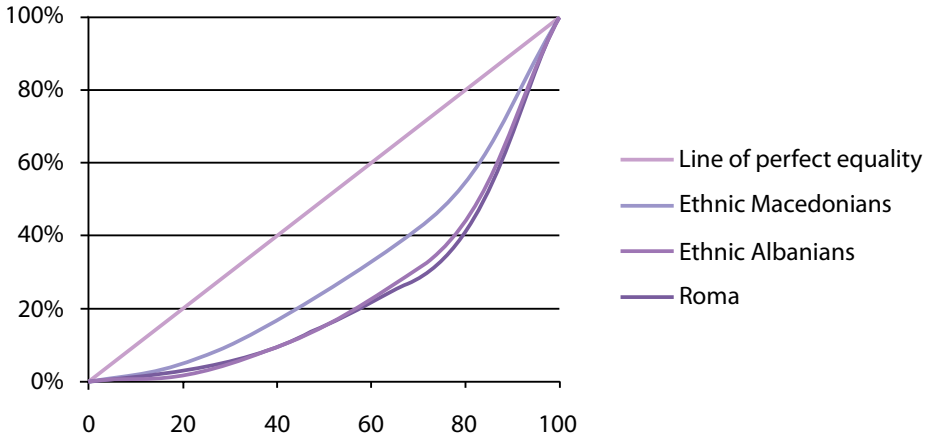


Poverty Gap - the distance from axis to poverty headcount ■ Poverty headcount

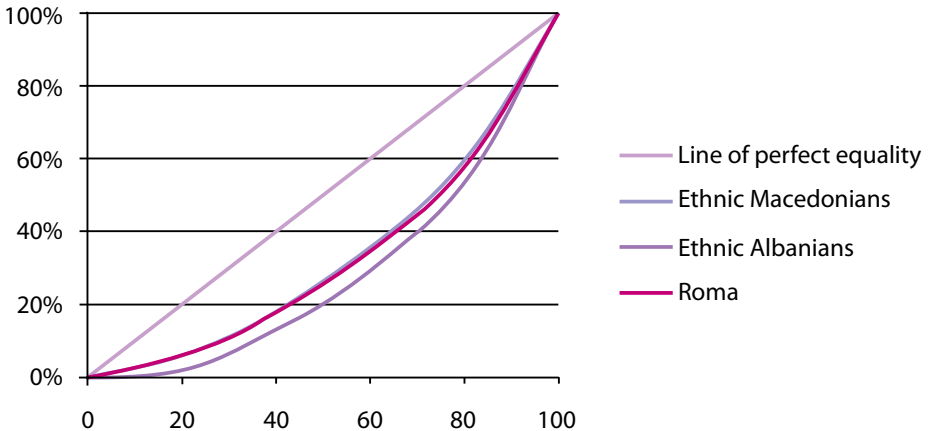


Poverty Gap - the distance from axis to poverty headcount ■ Poverty headcount

Lorenz curve for income



Lorenz curve for expenditure



Distribution of equivalized income

Quintile	Whole country	Rural	Urban	Ethnic Macedonians	Ethnic Albanians	Roma
1	4%	4%	3%	5%	2%	3%
2	10%	10%	9%	12%	8%	7%
3	15%	16%	15%	16%	13%	12%
4	22%	22%	22%	22%	21%	19%
5	49%	48%	50%	45%	56%	59%
	100%	100%	100%	100%	100%	100%
s80/s20	13	11	16	9	30	18

Distribution of equivalized expenditure

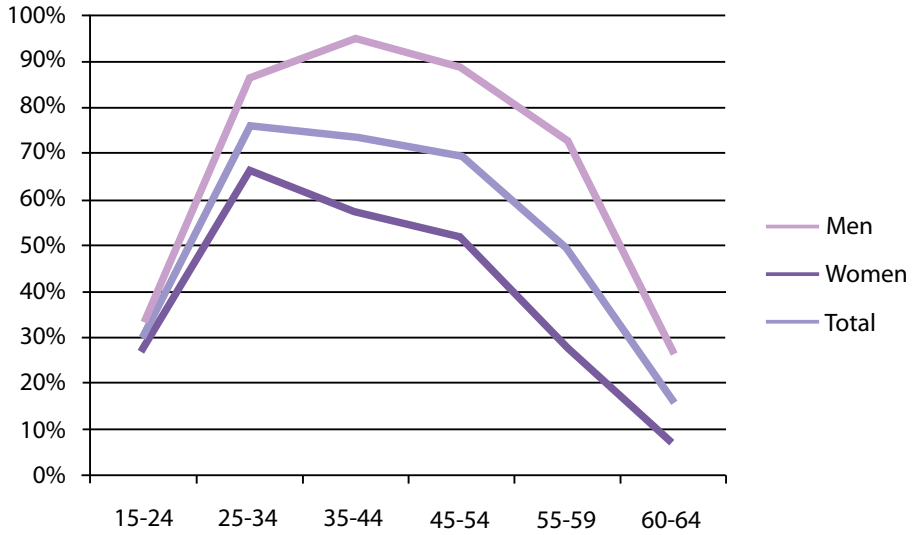
Quintile	Whole country	Rural	Urban	Ethnic Macedonians	Ethnic Albanians	Roma
1	5%	5%	5%	6%	2%	6%
2	11%	12%	11%	12%	11%	12%
3	17%	17%	18%	18%	17%	17
4	24%	24%	24%	24%	24%	23%
5	43%	43%	42%	40%	46%	43%
	100%	100%	100%	100%	100%	100%
s80/s20	9	9	8	7	20	8

GINI INDICATOR

Total	0.35
Ethnic Macedonian	0.34
Ethnic Albanian	0.35
Other	0.35
Rural	0.37
Urban	0.36
Skopje	0.32

Unemployment Rate

Activity rate

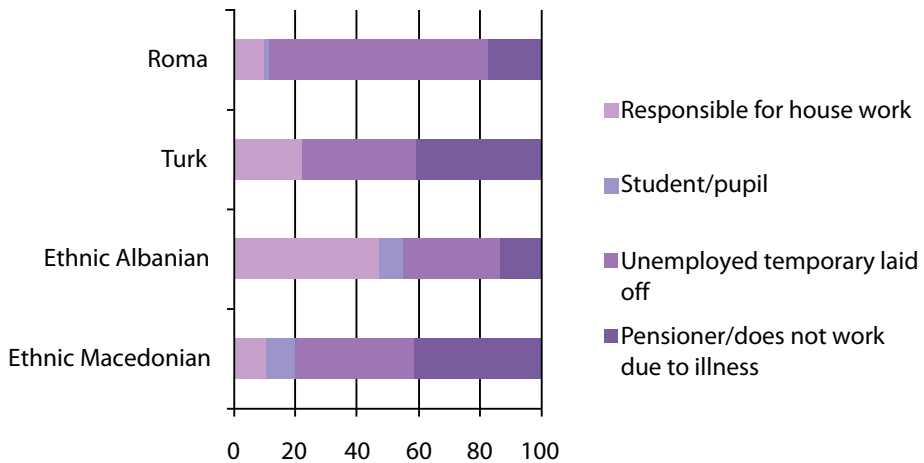


Activity rate	
non-active	52%
active	48%

Unemployment rate	
Female	31%
Male	32%
Total	31.50%

Likelihood of losing a job in the next 6 months		
	Male	Female
Yes	41%	46%
No	59%	54%

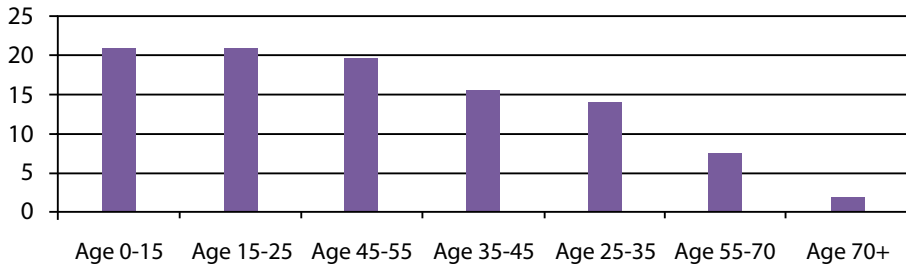
Reasons for not working



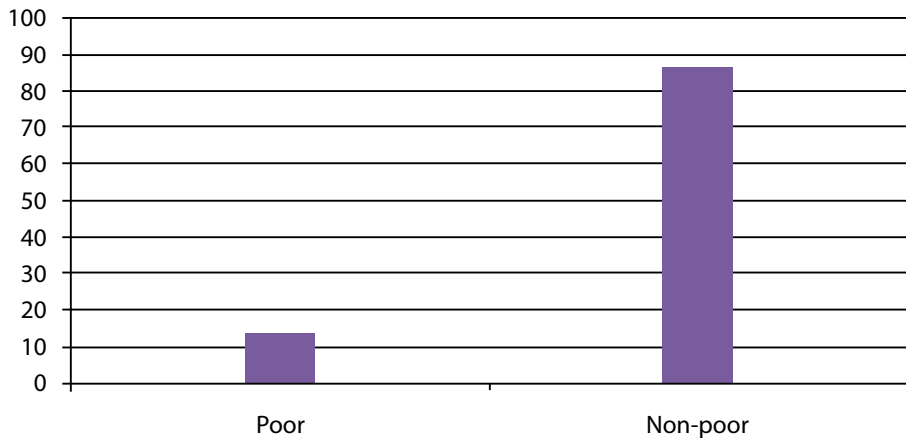
Education Gross Enrolment Rate

Primary education (7-14 years old)			
	boys	girls	total
non-poor	93%	93%	93%
poor	87%	87%	87%
total	90%	90%	90%
Secondary education (15-18 years old)			
	boys	girls	total
non-poor	90%	82%	86%
poor	85%	85%	85%
total	87%	84%	86%
Higher education (19-23 years old)			
	boys	girls	total
non-poor	56%	51%	53%
poor	33%	34%	33%
total	45%	43%	44%

Distribution of people that have taken an educational course or training in the last 12 months by age groups

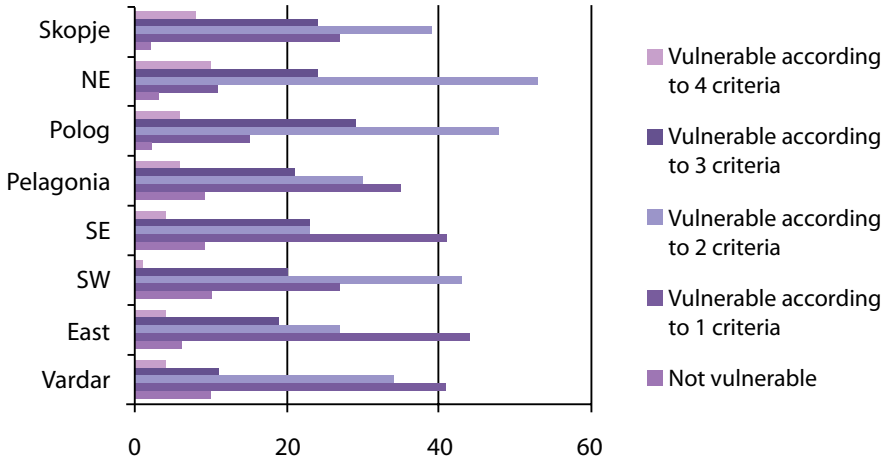


Distribution of people that have taken an educational course or training in the last 12 months by material status

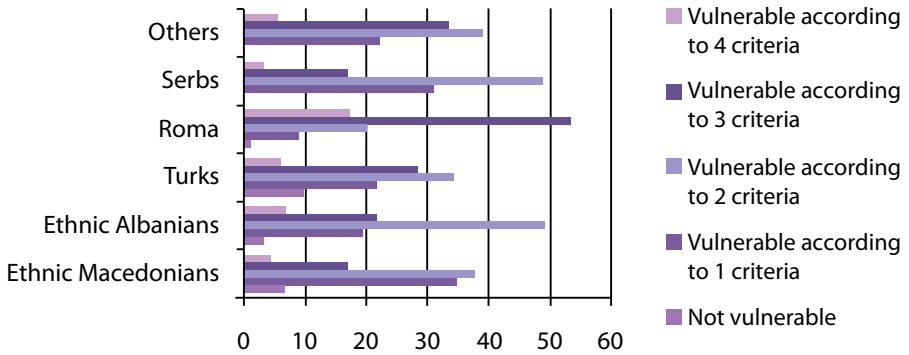


VULNERABILITY

Level of vulnerability	Income based	Expenditure based
Not vulnerable	5%	5%
Vulnerable according 1 criteria	27%	28%
Vulnerable according 2 criteria	38%	40%
Vulnerable according 3 criteria	22%	21%
Vulnerable according 4 criteria	6%	6%
Vulnerable according 5 criteria	0,2%	0,3%



Household vulnerability according to ethnical affiliation



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