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RELATIONS BETWEEN THE EUROPEAN UNION AND THE REPUBLIC OF MACEDONIA: THE ANALYSIS OF THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE

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INTRODUCTION

"The EU's enlargement policy makes Europe a safer and a more stable place; it allows us to grow stronger and to promote our values, and enables us to assume our roles as a global player on the world stage" stated the European Commissioner for Enlargement Štefan Füle. However, the enlargement of the European Union is no easy task, especially for countries like the Republic of Macedonia, that suffer socioeconomic disparities with European member states, have unsettled hostilities with neighbouring countries and bear limitations in the public administration's capacity. Indeed, the path towards the European Union will need the country not only to programme and adopt laws compatible to the EU standards, but also to practically implement them.

The scope of this thesis is to analyse the role of regional and international organizations present in the Republic of Macedonia in helping the country achieve its biggest aim: become a member state of the European Union. In particular, I will study the role of the European Union, which is the main external aid supply for the countries of Central and Eastern Europe, including the Republic of Macedonia, through an analysis of the Instrument for Pre-Accession (IPA) funds, a programme which assists candidate and potential candidate countries "in their progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis communautaire*, with a view to membership" (European Council, 2006).

The IPA assistance is very complex: it was created in order to produce

internal changes to these countries, with the purpose of bringing "political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership" (European Commission, 2014). How has IPA affected the Macedonian accession process? What are the main characteristics, and which of them turn into weaknesses? Did the European Union learn from its past mistakes during previous aid programmes? How will the scenario change with the new financial programme, IPA II? Will IPA II overcome the problems linked to IPA I or will the story repeat itself? I will also analyse the reasons why the Macedonian accession process towards the European Union is currently at an halt, being the Greek veto an additional reason and not the only one. I will try to give an answer to these questions in the following chapters.

Moreover, I will examine the other main international and regional organizations: what is their role in the Republic of Macedonia in helping with the accession process? Indeed, although the European Union is the main donor and the most involved, "the support of the international community and neighbouring countries is essential to facilitate the democratisation process of Macedonia and pave the way for its integration in the European Union and NATO, to which it aspires" (Parliamentary Assembly of the Council of Europe, 2013, pag. 36). In fact, most of the international organizations present in the country are actively involved, in different ways, in helping the country achieve its goal of becoming an European Union member state. The international and regional organizations which I will examine will be the United Nations (UN), the North Atlantic Treaty

Organization (NATO), the Organization for Security and Cooperation in Europe (OSCE), the Council of Europe, the World Trade Organization (WTO), the World Bank and the International Monetary Fund (IMF).

In the first chapter, I will examine in detail the European Union's relation to the Republic of Macedonia. Initially, I will briefly retrace the country's history from its independence in 1991, examining its complicated relations with Greece over the name, the Constitution and the flag (issues which will be fundamental to understand the relations nowadays especially with the EU, NATO and UN), and the momentary "ceasefire" given by the Interim Accord of 1995.

In the second paragraph I will begin to talk about the EU's interest in the country, analysing at first its role in security and defence, its initial involvement with the European Community Monitor Mission, how its tasks and responsibilities changed through two operations in the Republic of Macedonian, namely "EUFOR Concordia" and "EUFOR Proxima", in the background of the Ohrid Framework Agreement, which put an end to the hostilities between ethnic Albanians and Macedonians.

In the third paragraph, I will discuss the main steps that the Republic of Macedonia has taken in order to move closer to the accession in the European Union: the success of the Stabilization and Association Process, the recognition as candidate country in 2005, the first recommendation of the European Commission to open accession negotiations in 2009, the High Level Accession Dialogue which began in 2012. However, the five continuous recommendations of the European Commission have remained unanswered by the European Council.

In the fourth paragraph, I will introduce the topic of European Aid

Programmes, analysing at first the terminological difference between "project" and "programme", in order to clarify the area of discussion, then I will explore the main former aid programmes that have been implemented in the Western Balkans and specifically in the Republic of Macedonia, divided into three big phases: PHARE and OBNOVA programmes, CARDS and, last but not least, IPA, the Instrument for Pre-Accession, the real focus of this thesis. I will discuss them first in general terms, through their attempt to "Europeanize" the region, then in their specific application to the country, including the role of the European Agency for Reconstruction and the influence of the Kosovo crisis.

In the last paragraph of the first chapter, I will begin to examine the third and current phase of European aid programmes, the Instrument for Pre-Accession, specific for countries who wish to join the EU. In this chapter I will only discuss it in general terms, looking at what it is, the five components, who are the beneficiaries and what is the general framework for management and implementation, with an overview of the Copenhagen criteria and the *acquis communautaire*.

The second chapter is completely devoted to the Instrument for Pre Accession in the Republic of Macedonia and is the core of my analysis. It is a study of what is currently occurring in the country under IPA I (the first seven years of implementation from 2007 to 2013), in comparison to the future IPA II (2014-2020), with a focus on the major weaknesses of IPA in the Republic of Macedonia, which have emerged from interviews and from official documents, like the Interim evaluation of the Commission and Progress Reports, the Sigma Assessment, Analitytica's Analysis and various publications from the European

Policy Institute in Skopje.

So the first paragraph is about studying how IPA (2007-2013) is going, how it has been managed, how the shift from centralized management to Decentralized Implementation System (DIS) is going, what is the role of the EU bodies (at first the EAR and then the EU delegation) and national authorities, how they interact without overlapping and at what level of compliance to the *acquis* is the Republic of Macedonia (with an insight to the accession process).

In the second paragraph, I will divide the analysis of IPA I under three aspects: the programming of funds, the implementation of projects and the evaluation, after a project has been concluded. I will underline the main difficulties IPA has encountered under each aspect. In the third paragraph, using the same division, I will discuss about how those issues could be tackled under IPA II and try to answer the question if IPA II, as currently envisaged, could be a solution.

In the last paragraph, I will tackle three main problems of a more general nature that may be an obstacle to the Macedonian accession in the EU. What if the beneficiary country becomes compliant to IPA II only on paper? What about the name issue? And most importantly, is the European enlargement still desired by both Macedonians and Europeans? So in the end, is the Republic of Macedonia in the EU just a dream or a real possibility?

In the third and last chapter, I will analyse the main international organizations that are engaged in the Republic of Macedonia. I will start with a detailed analysis of the UN's relations to the Republic of Macedonia: firstly I will retrace the most important peacekeeping forces the UN established in the region

that touched the Republic of Macedonia's territory, namely UNPROFOR and UNPREDEP; I will examine the Resolution of the Security Council which permitted the country's entrance into the UN club, namely Resolution 817 (1993), the one that introduced for the first time the denomination "the former Yugoslav Republic of Macedonia", looking at its peculiarities, the difficulties and doubts it arose; finally, I will briefly describe the UN's involvement in the country today, the assistance towards the European Union, its successes and failures, through an analysis of the Interim Accord between Skopje and Athens and the still unresolved name issue.

The second paragraph deals with the relations between NATO and Skopje. First, I will examine the three NATO operations in the Macedonian territory: "Operation Essential Harvest", "Operation Amber Fox", "Operation Allied Harmony" and "NATO Liaison Office Skopje". Then, I will continue with Skopje's road to accession, through the participation in the Partnership for Peace (PfP) programme, in the Euro-Atlantic Partnership Council (EAPC) and in the Membership Action Plan (MAP). However, differently from the UN, the Republic of Macedonia is still not a NATO member state: in the last paragraph, I will analyze Greece's veto to Skopje's accession to NATO, in light of the International Court of Justice (ICJ) judgment of 2011, which recognized it as a violation of the 1995 Interim Accord.

I will conclude the third chapter with the analysis of five other international actors involved in the Macedonian borders. The first one is OSCE, with its long-lasting Spillover Monitoring Mission in Skopje, then the Council of Europe, the WTO and the Free Trade Agreement partners with the Macedonians, the World

Bank and its management of funds (also IPA funds from component V) and the IMF with its Article IV and third Post–Program Monitoring mission, Skopje. After all the difficulties highlighted with the ongoing IPA I and the possible way out through the future IPA II, after all the help from regional and international organizations, is the Republic of Macedonia in the European Union just a dream or a real possibility?

It is essential to underline that the following chapters do not claim to express opinions on the Macedonian question, on the existence of a Macedonian identity, or on the cohabitation of different nationalities, neither does it demand to enable closure on the controversial topic of the name issue. Any reference to these matters is purely academic, used as a tool to understand the current situation, especially regarding the use of IPA funds, and the relations between the country in question and the international organizations, and is not in any way intended to be a political judgement. As this is an extensive and consuming topic, I will leave this debate to others or to another time. Nevertheless, for practical reasons I will refer to the country as "Republic of Macedonia" rather than "former Yugoslav Republic of Macedonia" or FYROM, since many countries, in their bilateral relations with the country in question, have recognized it under this denomination, although I acknowledge that the official term used by international organizations is the latter.

1. THE EUROPEAN UNION'S INVOLVEMENT IN THE REPUBLIC OF MACEDONIA

It is fundamental to know what happened yesterday in order to understand what is going on today: an initial historic overview from the Republic of Macedonian's independence to the search for international recognition, passing through the hostilities with Greece and the European Union's initial role in the country, is fundamental to understand what is going on today between this country and the EU, for which the Skopje is working hard in terms of fulfilling certain conditions that would enable it to reach, one day, the status of European member state. However, the European Council has not pronounced itself on opening of the negotiations and the Macedonian accession process is at an halt. Is this background, what is the role and the weight of the European aid programmes, such as the current one, the Instrument for Pre-Accession?

1.1 A historical introduction

1.1.1 Towards independence

The Macedonian question is nothing new: it has split the Balkans since the middle of the 1850s. It is about the recognition of a Macedonian identity, nation and state. Who holds the legitimate "rights" over Macedonia? Is FYROM/Republic of Macedonia the rightful transporter of the name

“Macedonia”? Or does the name belong to Greece’s glorious past? Who can call himself/herself “Macedonian”? People living in the territory of the Republic, or Greeks and Bulgarians who recognize themselves as Macedonians, but without identifying themselves as a nation? Or people from other ethnicities living in the territory of the Republic? Is the Republic of Macedonia the lawful heir of ancient and famous kings like Philip II and Alexander the Great? (Cowan, 2000).

Macedonia was recognized as one of the federal republics of Yugoslavia in 1944, while Macedonians were acclaimed as a constituent “people”. Membership in the federation offered the Republic protection against hostile confining states such as Bulgaria, Greece and Albania, and against unfriendly partners inside Yugoslavia, such as Serbia, although it had the supremacy in being the poorest of the republics, with an average GDP per capita two-thirds lower than the one in the rest of Yugoslavia (Cowan, 2000).

When, in 1991 the Yugoslav national army attacked Slovenia and Croatia, Macedonians in charge had to accept the end of Yugoslavia. What would happen now to the small country? There were different possibilities: the first one was to incorporate Macedonia into a new “reduced” Yugoslavia, without Slovenia and Croatia; this would have meant a very weak state. The second option was to split the territory among the bordering countries, which would have certainly given rise to another international war. The third was to create an independent state: it seemed like the less bloody solution, as well as the only acceptable one to the totality of the Macedonian parties (Rossos, 2006).

After an intense diplomatic work, the independent Republic of Macedonia was democratically decided by almost 95% of the citizens that voted in the

referendum of 8 September 1991, with a turnout of nearly 76% (Cvetkovski, C., n.d.). A few days later the Assembly adopted a Declaration which publicly stated the results of the referendum and, consequently, officially constituted the Republic, underlining also the fundamental doctrines in international relations of the Macedonian state. In November, the Assembly approved the first Constitution of the Republic of Macedonia. The progression towards becoming an independent state was concluded. So the country stopped participating in the federal organs of the Socialist Federal Republic of Yugoslavia, which dissolved as a federation and was forced to agree that the Yugoslav army would have left the Macedonian territory in one year. Ever since it became independent, more or less the same actors have dominated the political scenario: the centre right wing VMRO–DPMNE (the Internal Macedonian Revolutionary Organisation), the centre-left Social Democratic Alliance of Macedonia, SDSM and other minor parties, representative of the Albanian ethnicity (Cvetkovski, C., n.d.).

1.1.2 Seeking international recognition

The following step was to seek international recognition. All the Balkan states were against its independence, as they perceived it as a threat to past achievements and future ambitions in Macedonia's territory. In particular, the well-known "name issue" was always seen as an obstacle to the recognition of this territory as a state. It all started when Tito called the territory in question "Socialist Republic of Macedonia" in December 1944, creating chaos in Northern Greece and putting fear on the Greeks for a possible willingness of absorbing the rest of the peninsula in his Communist design. After its independence, when the

former Yugoslav republic decided to call itself "Republic of Macedonia", its recognition and sovereignty was put into question first of all by Greece (Rossos, 2006).

From 1992 to 1995 Greece was busy in an energetic campaign, with strong internal encouragement, against the name "Macedonia" designating a territory other than the one in Northern Greece and against the existence of the Macedonians as a nation. Greece was also against two articles of the constitution[1], interpreting them as interference in Greek's domestic affairs and in its territory. This was also one of the reasons that brought the Badinter Commission to oppose the Macedonian request to join the EC on 19 December 1991 (Rossos, 2008). The Declaration of the EC on Yugoslavia was very clear: "The Community and its Member States also require a Yugoslav Republic to commit itself, prior to recognition, to adopt constitutional and political guarantees ensuring that it has no territorial claims towards a neighbouring Community State and that it will conduct no hostile propaganda activities versus a neighbouring Community State, including the use of a denomination which implies territorial claims" (Rich, 1993). So in 1992 Skopje amended its Constitution, adding crucial sentences such as "the Republic of Macedonia has no territorial pretensions towards any neighbouring state" (Amendment 1 to article 3) and "In the exercise of this concern the Republic will not interfere in the sovereign rights of other states or in their internal affairs" (Amendment 2 to article 49).

[1] Article 3 stated that the frontiers ''may be changed only in accordance with the Constitution,'' and Greece had doubts that it was the outcome of irredentism. Article 49 declared that''The Republic cares for the status and rights of those persons belonging to the Macedonian people in neighbouring countries": Athens thought that Skopje meant to get involved in Greece's domestic politics.

Another element for discussion was the new flag that Macedonian adopted in August 1992 as a substitute to the Communist one: a red background with a stylised yellow sun at the centre, composed of sixteen rays (eight major and eight secondary), all conveying into a central spot. It was the Vergina Star, symbol of the Argead dynasty of Philip II and Alexander the Great, symbol, for the Greeks, of the legacy between ancient Macedonia and modern Greece. They saw this flag as an expression of extraterritorial ambitions (Rossos, 2008).

Despite the constitutional and symbolic modifications, in 1992 the European Community refused to recognize the Republic of Macedonia as an applicant for membership, and the US decided to deny recognition as well, until a future moment in which the quarrel between Skopje and Athens would be resolved. By the end of 1992 only eight countries had recognized the newly formed state: Bulgaria (even though not accepting the Macedonian nation), Bosnia-Herzegovina, Croatia, Russia (although not sending ambassadors yet) Slovenia, Turkey, Lithuania and the Philippines (Rich, 1993).

1.1.3 A momentary "ceasefire"

However, a future war over Macedonia would have meant an international war, which might have pulled in the recently created states of the former Yugoslavia, all of Macedonia's neighbouring countries and maybe Turkey. The situation had to be mitigated, especially because many wars had already burst out all over the Balkans. So on 8 April 1993 the Former Yugoslav Republic of Macedonia was allowed to join the UN (Rossos, 2006). After prolonged negotiations, in September 1995 the Interim Accord between Athens and Skopje

was endorsed (see Chapter 3). The former demanded guarantees that Macedonia would have no aspiration on any Greek territory, especially in Northern Greece, that it would have not interfered in domestic affairs of any other country with the intention of defending "Macedonians" living abroad and that it would change its flag; the latter wanted Greece to lift the trade embargo it had imposed a few years earlier. So while Greece lifted the embargo which had caused Macedonia economic damage, the Republic of Macedonia changed its flag into a stylised yellow sun with eight rays extending from the centre to the edge of a red setting (Cowan, 2000).

For what concerned the name issue, as Skopje was immovable on the invariability of the constitutional name "Republic of Macedonia", while Athens insisted on a mutually acceptable name, they momentarily put aside the name issue, leaving it for future diplomatic efforts of external negotiators. Greece continued to use the denomination FYROM, "Former Yugoslav Republic of Macedonia", whereas other countries called it "Republic of Macedonia". (Rich, 1993). In the same year, Macedonia joined the Organization for Security and Cooperation in Europe (OSCE), the Council of Europe and NATO's Partnership for Peace Program.

1.2 The new role of the EU in Security and Defence

1.2.1. The Ohrid Framework Agreement: the end of a "missed" civil war

During the first years of the twenty-first century, the European Union was involved in the territory of the Republic of Macedonia in two missions, one

military and one civilian. Only at the beginning of the 1990s, in July 1991, the EU established another mission, the European Community Monitor Mission, (later in 2000 renamed European Union Monitoring Mission) financed by the European Commission and composed of seventy-five field specialists. The headquarter was in the Croatian capital, but it was extended in Bosnia and Herzegovina, Serbia, Montenegro, Albania and the Republic of Macedonia. The mission was temporarily suspended in January 1992, when two helicopters containing five observers were shot down (Wood 1996).

A part from this monitoring mission, the EU was engaged in two important ones. After the Bosnia and Kosovo crisis, it was essential to stem a new possible catastrophe. In fact in 2001 the republic of Macedonia gave way to the burdens originated from accumulated and unsettled ethnical conflicts. In February the National Liberation Army (NLA) who was composed of both Albanians who had fought in Kosovo and Macedonian-born Albanians, launched armed raids in the Macedonian territory, near the Kosovo border, assaulting the police and the military. They declared to fight for the rights for the Albanians living in Macedonia. A senior commander declared in an interview: "We do not want to endanger the stability and the territorial integrity of Macedonia, but we will fight a guerrilla war until we have won our basic rights, until we are accepted as an equal people inside Macedonia." (Wood, 2001). The rebellion stretched out into the Northern and Western part of Macedonia.

Mediation from the United States, the EU and NATO was necessary in order to reach the ceasefire in July. Thanks to this international intervention, the leaders of both Macedonian and Albanian factions managed to strike a deal on 8

August: the Ohrid Framework Agreement. The Agreement demanded for more constitutionally recognized rights for the ethnic minorities living in the Macedonian border, such as a major representation of civil servants, police officers, soldiers from other minorities (the "equitable representation" principle); the official use of the Albanian language in areas lived by a majority of Albanians; a more solid and well-organized self-government through the practice of administrative decentralisation, which could have occurred only thanks to the monetary instruments indispensable for the implementation of its new powers and responsibilities. The constitution was changed on the 16 November 2001 (Cvetkovski, n.d.).

However, there were still reasons to be alarmed: some border-area territories under the Albanian authority were not kept in check by the law, neighbourhoods were put in danger by organized crime and large amounts of artillery, suspicion among different communities was tangible, policemen and the inhabitants felt in jeopardy, and all the security bodies were still inadequately organized and dependent on out-of-age schemes (Gligorov, 2001). There was the real need of cooperation among the international organizations to help the government tackle these problems.

The Ohrid Framework Agreement also envisaged the deployment of NATO soldiers to neutralize the power of the rebels. So NATO acted through three different missions(better described in Chapter 3). The first one was "Operation Essential Harvest" that began on 27 August and ended on 26 September 2001, which had the aim of demolishing armaments of the ethnic Albanian groups. The following ones were "Operation Amber Fox", requested by the President of

Macedonia Trajkovski, and “Operation Allied Harmony” to assure the protection of international monitors from the EU and OSCE controlling the implementation of the Ohrid Framework Agreement and to direct the Government in acquiring the ownership of security throughout the territory. NATO’s intervention finished in March 2003.

1.2.2. “EUFOR Concordia”

On the same day of the end of the NATO involvement in the former Yugoslav Republic of Macedonia, it devolved the mission to the EU. “The EU will continue the job that NATO started and NATO will stay engaged in support of the EU-led force and as an advisor in security matters” stated NATO Secretary General Lord Robertson during the ceremony that represented the changeover from NATO to EU, on 31 March 2003. This date would represent a turning point in the European Security and Defence Policy (ESDP), a new and original scenario in European security was opened: it would mean that the EU was resolute and eager to play a major role in the security of the Western Balkan states in view of their future incorporation (Yusufi, 2004).

On 13 March 2003 the EU started, in the territory of the former Yugoslav Republic of Macedonia, the first ever EU sponsored military operation, known as EUFOR Concordia, which had an initial six months deadline, then extended until the 15 December of the same year. The mission was necessary for two main reasons: to ensure a lasting and safe situation after the quasi-civil war that afflicted the country in 2001 and to help the government with the accomplishment of the Ohrid Framework Agreement (Solana, 2003a).

Thanks to this operation, the government of Skopje was able to focus on diplomatic matters such as the negotiations on the ratification of the Stabilization and Association Agreement and on other reforms. Macedonia's President Trajkovski portrayed this mission as an emblem of the country's goal to set up firm links with the EU under as many aspects as possible, together with membership in the Union. "Our ambition is full membership in the Union, and I would like to see this mission, and our joint efforts in promoting stability, as a step in that direction. The more of EU we have in Macedonia, the more of Macedonia there will be in the EU." (Council of the European Union, 2003). The mission was possible thanks to the NATO supplies, which the EU was able to use through the "Berlin Plus" agreements, and to other civilian bodies, such as the European Agency for Reconstruction. The element of continuity between NATO's intervention and the EU's was found in Admiral Feist, both operational commander of the European Union Force and NATO's Deputy Supreme Allied Commander Europe.

1.2.3 "EUPOL Proxima"

Nevertheless, as the EU High Representative for Common Foreign and Security Policy Jalier Solana stated during the ceremony of the termination of the European military operation, "the end of Operation Concordia is in no way the end of the EU engagement in this country. But as the main threat to stability is no longer armed conflict but criminality, the emphasis of our support must be police and not military." The EU demonstrated spirit of adaptation to the new circumstances in which the Balkans were in, as the region was shifting from a

situation of post-war rebuilding to one of growth and hope for a future accession in the European Union.

In fact, on the 15 December 2003, the same day of the end of operation Concordia, the second ever EU police mission Proxima (EUPOL Proxima) began, in order to provide for the police reforms made mandatory by the articles of the Ohrid Framework Agreement (Council of the European Union General Secretariat, 2003). In particular, it was thought to support the Ministry of Interior in supervising the national policemen, to assist them in the battle against organized crime, to create a border police, to develop collaboration with confining states, to strengthen the population's trust in these bodies, to raise them to the standards of policing set by the European Union. It was composed of around 200 international personnel, both military and civilian (Yusufi, 2004).

Without doubt, a major obstacle to a better governability in the Republic of Macedonia was the surplus of power held by the defence bodies even in internal affairs. For example, an element completely opposite to the main European principles was that the army - not the police - was in charge of Macedonia's state line. It was a military notion driven by a typical Cold War logic: the border had only a defensive and military use. On the contrary, today borders are very important instruments for commerce and for the exchange of goods and people (yusufi, 2004). Proxima helped the government reach consensus in the adoption of a new national strategy on border management. It also had important repercussions in terms of the decentralization of the police control and its conferral of power to local governments.

In conclusion, the mission had the greater aim of helping Macedonia make a

step closer to the accession in the European Union. It ended on 14 December 2005. Before the end of this mission, the government of Skopje, in accordance with Brussels, decided to give birth to a new mission which would serve as a connection between the conclusion of EUPOL Proxima and the beginning of a technical assistance project funded by CARDS in the police area: EUPAT: European Union Police Advisory Team (Serwer, 2003).

1.2.4. EU missions as instruments for Europeanization

It is not always true that military and police missions actually manage to bring to positive changes inside a country. However, it is true for Macedonia's case that EU missions facilitated the Europeanization of the country, renovating its defence, police and political conditions, bringing them closer to the European criteria (Yusufi, 2004). Already after the signature of the Ohrid Framework Agreement the Republic of Macedonia showed that it was ready to secure a stable democracy, rule of law, respect of human rights and ethnic identity. Skopje starred as a guide for the other Balkan countries in tackling these issues. Guaranteeing the military and institutional solidity of a country opens the road for economic expansion. Furthermore, the fact that it was Macedonia to invite the EU to initiate the missions shows even more eagerness and enthusiasm in changing in view of a greater future in the EU, adapting itself to different parameters, rules, and generally to a diverse way of thinking.

For the European Union it was not only a possibility of strengthening EU's success in the region (the so called "Europeanization"), but it was most importantly a chance to demonstrate the credibility of the European Security and

Defence Policy and of its operational forces. Even though both missions were initially meant for the stabilization of the region, it is true that they had greater objectives: indeed, one possible element of success of the EU was that it considered the Balkan countries not as a remote region that had to be stabilized, but as a near territory into which the EU planned to spread (Serwer, 2003). Certainly, it was not only the military and police missions that helped the Macedonians face their challenges, but it was a complex mechanism composed of a combination of other tools, such as political and economic renovation, that played the role of a "pre-accession" instrument to move the Republic of Macedonia a step closer to the European accession.

1.3 Steps towards European accession

1.3.1 The Stabilization and Association Process

Already in 1992, just after its independence, diplomatic contacts between the Republic of Macedonia and the European Union began. Since then, the relations between Skopje and the European Union have expanded and still continue to develop, reaching the highest point in 2005 with the recognition of the Republic of Macedonia as a candidate country for European membership.

In order to set up an institutional construction in compliance with the European legislation, in 1995 dialogue began on the Cooperation Agreement and the Transportation Agreement between the Republic of Macedonia and the European Communities, which was endorsed on 20 June 1996. So contractual contacts with the European Communities began. In March 1998, the first meeting of the newly established Common Cooperation Council was held in Skopje. The

Council was meant to control the implementation of the Agreement, the accomplishments and progresses of the structural reforms and to suggest solutions to particular problems (European Commission, 2013c).

In 1998 the EU opened the EC Office in Macedonia (since 2000 the EC Delegation). In 1999, while the Commission was busy defining its *regional approach* with the South and Eastern European countries, the Republic of Macedonia and the Commission together created an innovative model of relations, which merged into a paper that initiated the Stabilisation and Association Process (SAP) for Southern Eastern Europe countries. It was the first step towards a possible European future membership. In the meanwhile the Commission suggested directions to the European Council regarding the development of the collaboration with Skopje and recommended the opening of the negotiations for accession, bringing the relations between the two to a higher level (Difi report, 2010).

The Stabilisation and Association Process (SAP) is the EU's strategy towards the Western Balkans, in view of the future accession of these countries. After three cycles of core negotiations and five meetings of experts, the initial paper ended in April 2001 with the signing of the Stabilisation and Association Agreement (SAA), which entered into force in April 2004. Simultaneously the Interim Agreement on Trade and Trade-related Matters was signed, and it entered into force a few months later, on 1 June 2001 (Gligorov, 2004).

The SAA is the main pillar regulating the relations between Skopje and Brussels. It represents the legal and institutional skeleton for discussion with the European Commission. It is composed of a part on liberalization of commerce,

another which enhances regional cooperation, a part on the Copenhagen criteria and a detailed one that mirrors the post-conflict nature of the Western Balkans (for example, mutual aid with the International Criminal Tribunal for the Former Yugoslavia is declared).

These Agreements are based on individual consultation with each country. The Republic of Macedonia was the first to sign the agreement and the first country in which it entered into force. As stated in article 1 of the SAA, the aims of the agreement are: to grant a proper structure for political discussion; to sustain the former Yugoslav Republic of Macedonia in its attempts to develop economic and international cooperation, especially through the alignment of its legislation to the European one; to encourage congruent economic relations and gradually create a free trade area between the Community and the country; to promote regional cooperation in all the fields enclosed in the Agreement (Popovski, 2014).

The main bodies of SAA are the Parliamentary Committee for Stabilisation and Association, the Council for Stabilisation and Association, which is the top forum for dialogue, the SAA Committee, where decisions are implemented, and seven sub-committees divided per area, in which there are also representatives from the State Secretaries of the different ministries. The Secretariat for European Affairs (SEA) has the main role in organizing meetings among the different bodies Its framework and its common working bodies have established frequent political and economic exchange of information between Skpoje and Brussels, intensifying the collaboration (Szemlér, 2008).

In June 2003 in the “Thessaloniki Agenda for Western Balkans” the Heads of State or Government of the member States of the European Union agreed that

the future of the Balkan countries is inside the European Union. This document identified that EU had to execute the role of "anchor" for the innovation of the Balkan region. The Stabilization and Accession Process was strengthened: according to the agenda, these countries will reach accession, using the SAP as the main framework and instrument. Essentially, the SAP consists of the Stabilization and Association Agreement and its realization, while the accession procedure is a separate one and dominates the scene only later. So it presents the Western Balkans with a perception of becoming an EU member state, but without giving them a pre-accession position (Ristevska Jordanova, 2012).

1.3.2. Towards the opening of negotiations

On 22 March 2004, during a formal ceremony in Ireland, the Republic of Macedonia presented its application for membership in the European Union, adopting also the National Strategy for European Integration. As demanded by Article 49 of the Treaty on the European Union[2], the Council of Ministers asked the Commission to present its Opinion on the application. In November of the following year, the European Commission issued the opinion on the submission of the Republic of Macedonia for European Union membership, recommending to concede Skopje a candidate status for EU membership.

[2] Art. 49, TUE: "Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union. The European Parliament and national Parliaments shall be notified of this application. The applicant State shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members. The conditions of admission and the adjustments to the Treaties on which the Union is founded, which such admission entails, shall be the subject of an agreement between the Member States and the applicant State. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements. The conditions of eligibility agreed upon by the European Council shall be taken into account."

"In the light of these considerations, and taking into account, in particular, the substantial progress made by the country in completing the legislative framework related to the Ohrid Framework Agreement of 2001, and following four years of implementation of the Stabilisation and Association Agreement (including the application of its trade related provisions in the form of an Interim Agreement) the Commission recommends that the Council should grant the status of candidate country to the former Yugoslav Republic of Macedonia. This status is a political recognition of a closer relationship between the EU and the former Yugoslav Republic of Macedonia on its way towards membership."

European Commission, (2005) opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union.

On December 17, 2005 the Presidency of European Council decided to grant the Former Yugoslav Republic of Macedonia a candidate status to becoming a member state of the European Union. After the promotion of the country to a candidate one, the dialogue has become more intense than ever. During the same month the EU publicized the initiation of the European Partnership with the Western Balkans, including a catalogue of steps the countries must take in order to proceed in view of the European accession (Ristevska Jordanova, 2012).

In Februray 2008 the Council adopted the Accession Partnership, an instrument to enable the Commission to track the country's advancements in terms of EU accession through Progress Reports fixed annually, for which the Commission set eight priorities as reference points. After the publication of the Progress Reports, the Council of Ministers of the EU draws conclusions on them. Subsequently, in the December Summit, on the basis of these documents, the European Council makes decisions on the level of the accession of the country in

question.

Subsequent to the significant steps forward made regarding SAA, the accomplishments in terms of political criteria and the *acquis communautaire*, including advancements in the visa liberalization dialogue, in October 2009, in its annual Enlargement Strategy Papers, the Commission recommended to the European Council to formally open negotiations with Skopje.

"*The former Yugoslav Republic of Macedonia has substantially addressed the key priorities of the accession partnership. On this basis, and in view of the overall progress of reforms, the Commission considers that the country sufficiently fulfils the political criteria set by the Copenhagen European Council in 1993 and the Stabilisation and Association Process. The country has moved closer towards becoming a functioning market economy and has made progress in a number of areas linked to its ability to take on the obligations of membership. In the light of the above considerations and taking into account the European Council conclusions of December 2005 and December 2006, the Commission recommends that negotiations for accession to the European Union should be opened with the former Yugoslav Republic of Macedonia*."

European Commission, (2009) Communication To The European Parliament And The Council Enlargement Strategy and Main Challenges 2009-2010.

The Commission also recommended to move to the second phase of SAA implementation, under article 5 of the SAA. The article states that "The Association shall be fully realised over a transitional period of a maximum of ten years divided into two successive stages" in order to have a progressive accomplishment of the conditions of the Agreement. In fact SAA has been put into practice over a five-year period, and was concluded in 2009. These

recommendations have been repeated for three years, but the Council still has not decided to open negotiations with Macedonia.

At the beginning of 2009 the government of Skopje fixed three main objectives concerning the European accession process: the conclusion of the visa liberalization, the decentralized management to Macedonian institutions of the Instrument for Pre-accession Assistance (IPA) and the accomplishment of certain standards set by the Commission in order to begin negotiations for accession. During the same year, after noteworthy developments in justice, defence and freedom, Macedonian citizens achieved visa liberalisation in the Schengen area in December 2009. It also applied DIS (Decentralized Implementation System) and received the recommendation for the opening of negotiations. However, the government didn't manage to implement the proposals of the Commission, having as a consequence nevertheless the non-opening of negotiations (Sigma, 2012).

On 15 March 2012 a High Level Accession Dialogue (HLAD) was inaugurated in Skopje. It was directed by the Macedonian Prime Minister Nikola Gruevski and the Commissioner for enlargement Stefan Füle. The scope of the HLAD is to reinforce trust and to strengthen the European perception of the state, offering a new impetus to the process of reforms for European accession. As Commissioner Füle stated, "with it we are building a bridge which will lead us to the accession negotiations" (Europa Press Releases Database, 2012). The main aim is to try to achieve concrete actions with the assistance of the European Commission in five areas, to help the social and economic growth of the country: freedom of expression and professional standards, rule of law and fundamental rights, public administration and electoral reform, increasing the market economy.

Until now, four summits have been held. The year 2012, despite the political crisis that afflicted the country, was useful for the adoption of laws and action plans linked to the HLAD. Some aims have been accomplished, for example the decriminalization of insult, the introduction of methodical authentication of declarations of interest, and progress of laws on the interceptions. In the last two years the emphasis has been put on the implementation of these acts and of the other goals.

1.3.3 The accession process at an halt

As commissioner Füle stated at the press conference in Skopje on 15 March 2012, "I am convinced that your future lies within the European family. Together we want to make it sure that real, tangible and visible progress can be achieved on the path towards European integration." However, the Council has not yet made a decision on the basis of the Commission's fifth recommendation (European Commission, 2014), mainly due to the Greek veto, which has now been joined by the Bulgarian one. For what concerns the unsolved name issue, discussions continue, while both neighbouring countries are trying to maintain friendly relations, under the patronage of the United Nations, guided by the United Nations Secretary General's Personal Envoy Matthew Nimetz. Greek and Macedonian experts are bringing advantageous cooperation on different topics, such as commerce, defence, police and customs, and this type of communication has produced considerable outcomes. Moreover, frequent discussions are held at numerous levels and on many topics, including European matters. For example meetings have been held in both countries between representatives of the Ministry

of Foreign Affairs on matters like environmental protection, sectoral teamwork and the sharing of EU know-how through, for instance, twinning. Also the two Chambers of Commerce are building a strong relationship on trade and cross-border matters, such as collaboration on transport, incluing Corridor X and discussions on possible supplementary state line crossing sites. Tourism and commerce between the two countries (especially imports from Greece) are improving,

However, in spite of these positive aspects, Greece has been continuously vetoing Macedonia's accession to the EU since 2005, year of the assumption of candidate status, although the European Commission has reiterated recommendations on the opening of negotiations with Skopje. In conclusion, the enlargement process is stalled as a result of the Greek veto, and the Republic of Macedonia is still expecting a date for the start of negotiations (Abazi, A., Cuculoska, K., Gjorgjievski, M., Iseni, D., Ismani, A., Jovanoski, A., Ristevska Jordanova, M., Stojanoska, B., 2012). However, as we will see in the following chapters, this is not the only reason why the Macedonian accession process is at an halt.

1.4 Former European Aid Programmes in the Western Balkans

1.4.1 Difference between "Projects" and "Programmes"

Before starting to analyse the aid programmes that the European Union set up in the Balkan region and in particularly in the Republic of Macedonia, some terminological clarifications must be made. Most importantly, we must make a distinction between what is a programme and what is a project, seeing that

sometimes they are wrongly used as if they were interchangeable. On the contrary, they are two very different things. According to the Dictionary of Project Management Terms, their definitions are as follows.

"Program: group of related projects managed in a coordinated way to obtain benefits not available from managing the projects individually; may include an element of ongoing activities or tasks that are not within the scope of the individual projects but that contribute to the program's indeded benefit."

"Project: Temporary undertaking to create a unique product or service. A project has a defined start and end point and specific objectives that, when attained, signify completion."

(Ward, 2008).

Therefore, the programme is the bigger framework, the umbrella under which a multiplicity of smaller projects is allocated, each one programmed and managed through the same procedures, each one headed towards the same greater aim. Projects are temporary, created with the intention of providing a precise product; programmes are long-term, they light up the way that must be followed, they are intended to bring more abstract advantages, such as transformation of ways of thinking and working. Projects are pre-defined and not flexible, programmes are expected to adapt if circumstances change. So, in this chapter we will focus on the major European programmes that have been implemented in the Western Balkans, especially in the Republic of Macedonia.

1.4.2 Europeanization of Western Balkans through aid programmes

For some decades the European Union has granted candidate and potential candidate countries a variety of aid programmes, in order to provide them with the

chance of becoming suitable for complying with the *acquis communautaire* and for the alignment with the European standards, having the final aim of allowing them to join the European Union. According to Professor Claudio Radaelli (2003), Europeanization refers to: "Processes of (a) construction (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things' and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies".

So how does the EU construct, diffuse and institutionalise its "way of doing things"? Some scholars have tried to make a list of the instruments the EU uses. For example according to Heather Grabbe (2003) among the five "mechanisms of Europeanisation" there is money, offered through aid and technical assistance. In fact, the EU is the main external supply of aid for the countries of Central and Eastern Europe, offering money deriving from the European Commission or from single member states through bilateral assistance. These aid programmes are surely not capable of changing completely the internal nature of a country - neither do they have the aim of doing so - but they can definitely help in positively affecting the institutional and administrative bodies, where there is need, in order to bring them closer to the EU standards.

For example, the Former Yugoslav Republic of Macedonia has been the beneficiary of different programmes, such as ECHO, PHARE, Obnova and the Emergency Response Programme. In 2001, CARDS began to concentrate on political, institutional and financial change. In the Republic of Macedonia, just as in Serbia, Montenegro and Kosovo, these assistance programmes have been

administered most of the time by the European Agency for Reconstruction (with the exclusion in Skopje of three years, from 1999 to 2002), which has competently supplied a considerable sum of aid, adding up to €327 million (Communication department of the European Commission, 2014). In Skopje it became operational in 2002, after only three years of national management of funds, taking over the control of previously initiated programmes and managing the functioning of CARDS. In other countries such as Turkey, Albania, Bosnia and Herzegovina and Croatia, these instruments have been managed by the Delegations. We will analyse how these programmes worked.

To more easily understand European aid programmes in the Western Balkan region, we will split them into three different phases (Szemlér, 2008):

1) '90s: at the beginning, the aid programmes were only ad hoc interventions, a response to a clear and specific need: after the wars, the countries needed to be reconstructed;

2) 2000 – 2006: aid programmes became more and more structured under CARDS;

3) 2007 – nowadays: they evolved into IPA's general configuration, creating a strictly well-framed path for the EU to follow together with the countries wishing to join the EU.

Table 1: European aid programmes in the Western Balkans from 1990 to 2013.[3]

[3]Source: http://www.academia.edu/1683622/EU_economic_reconstruction_and_aid_policy_for_the_Western_Balkans

	1st phase			2nd phase	3rd phase
Instrument	ECHO	OBNOVA	PHARE	CARDS	IPA
Period	1990-2000	1996-2000	1990-2000	2000-2006	2007-2013
Beneficiaries	Bosnia and Herzegovina; Albania; Macedonia	Bosnia and Herzegovina, Albania, Macedonia, Croatia, Serbia and Montenegro, Kosovo	Bosnia and Herzegovina, Albania, Macedonia, Croatia, Serbia and Montenegro, Kosovo	Bosnia and Herzegovina, Albania, Macedonia, Croatia, Serbia and Montenegro, Kosovo	Croatia, Macedonia, Montenegro, Turkey, Bosnia and Herzegovina, Serbia, Kosovo, Albania
Amount	1.184 bln €	1.476 bln €	2.196 bln €	5.385 bln €	11.5 bln € (exlcuding Turkey)
	Total: 4.856 bln €				
Primary focus	Post-conflict Reconstruction			Development and Stabilization	Institution Building and acquis compliance
Management	Centralized			Differentiated methods	Progressive decentralization

1.4.3 First phase of EU programmes in Western Balkans: PHARE and OBNOVA (1990-2000)

The European Union has been the major donor of the Western Balkans and the Republic of Macedonia since its independence. Indeed, the whole sum of EU aid programmes towards the Republic of Macedonia since 1992 totals to around 800 million euro (European Commission Decision, 2007). Soon enough, it was obvious that the EU was not negotiating with the old advanced Yugoslavia, but with newly born, unstable states, with which it had to create a new coherent structure of relationships from scratch. It was hard for the EU to keep on with the changes occurring in the region, in fact its initial main scope was to help the new countries re-emerge from instability, the continuous wars etc., having no structured design whatsoever. Indeed, there is a lack of strategic documents from the EU's side, especially no country strategy paper: there is only a Multi-Annual

Indicative Programme from 1996, containing a very little amount of practical investigation, not referring at all to the ethnic difficulties and political situation of the country. Evaluators have come to the conclusion that "all annual programming in the period 1996-2001 has been prepared without reference to any written country strategy" (Investment Development Consultancy, 2001) but only on the basis of the Stabilisation and Association Process. European support to the region from 1991 to 1999 added up to 4.4 billion euro, of which around 364 million were addressed to Skopje. At the beginning, in 1992, this assistance was offered via the European Community Humanitarian Office (ECHO). Then, in 1996 it joined the countries that obtained direct help for reforms by the European Union, because of the signing of the PHARE financial agreement.

Created in 1989 with the initial aim of encouraging the political and economic reform in Poland and Hungary, ("Poland and Hungary: Assistance for Restructuring their Economies - PHARE) the PHARE Programme became a pre-accession tool, an instrument with which the European Community financially and technically cooperated with the countries of Central and Eastern Europe through the form of grants, leading ultimately to their accession in the EU. It was then extended also to the Western Balkan region. It had two main concerns: to assist the national administrations of the beneficiary countries to become acquainted with EU main aims and procedures, in that way obtaining the ability to align themselves to the *acquis*; to support candidate countries in activating the necessary investments in order to let lift up their businesses and infrastructures to EU criteria, especially in fields like environment, transportation, manufacturing, quality of manufactured goods, working conditions etc., in which the EU is very

challenging.

In 2000 some changes occurred: the PHARE programme was renovated, with a major focus on the *acquis* implementation, on enlarging projects and decentralizing their management to beneficiaries. Moreover, it was progressively transformed into a structural fund planned to promote economic growth. At the beginning of the shift, PHARE was concentrated on offering experience, technical and humanitarian assistance. After a while, the request for technical assistance dropped, while the need for investment assistance augmented. As the role of PHARE changed in terms of help for countries to join the EU, from 2000 to 2006 it was accompanied by two more instruments: the Instrument for Structural Policies for Pre-Accession (ISPA) and the Special Accession Programme for Agriculture and Rural Development (SAPARD).

Table 2: Total PHARE commitments, contracts and payments, 1990-1999, in million EUR in the Republic of Macedonia[4]

	Commitments	Contracts	Payments
PHARE	189.01	132.74	110.29

The Republic of Macedonia was a PHARE beneficiary from 1996 until the year 2000, when the European assistance in the country was replaced by CARDS. In 1999 the decentralized management of the programme was introduced in Skopje. It meant that at the national level bodies had to be created, with the

[4] Source: The Phare Programme – Annual Report 1999 [Online] Available at: <http://www.esiweb.org/enlargement/wp-content/uploads/2009/02/ec-phare-annual-report-1999.pdf> [Accessed 27 June 2014].

capacity of administering the assistance, assuming all the responsibilities for the programming and the implementation of funds. These structures were unique, in the sense that they were different to the ones used for the implementation of the Structural and Cohesion Funds, but they were also different to the DIS that is present today in Skopje with the IPA funds. The decentralization introduced with PHARE lasted until 2002, when the EAR's competence was stretched out to comprehend also Skopje (Council Regulation EC n. 2415/2001) so that ownership was relocated to the European side again.

When the Republic of Macedonia became a PHARE receiver, in 1996 it also became beneficiary of the OBNOVA programme, a form of European support for the rebuilding also of Bosnia and Croatia. It was the first European programme created especially for the Western Balkans. It was aimed at fostering regional teamwork and good neighbourly relations, reconstructing facilities ruined throughout the conflict, taking care of the homecoming and reintegration of those forced to escape the war, re-absorbing soldiers into labour, developing democracy and the economic revival of the private and public sector, intensifying both governmental and non-governmental organizations. The OBNOVA funds were limited, so its results could have only been likewise.

In 1999 both European aid programmes, OBNOVA and PHARE, had to face a difficult situation: the Kosovo crisis's spillover effects in the Republic of Macedonia. One of the main problems was the flow of Kosovo refugees in the Macedonian borders, having strong social impacts and changing the ethnic balances. Moreover, investments decreased and commercial exchange saw a slow down, as exports-imports between the Republic of Macedonia and the Federal

Republic of Yugoslavia were damaged. In 1999, in order to alleviated the difficulties deriving from the Kosovo crisis and to help the financial and social renovation, PHARE assigned €15 million and OBNOVA €25 million to Kosovo's neighbouring state. ECHO was resurrected with the aim of supplying refugees and Macedonians with emergency assistance. Both programmes, OBNOVA and PHARE lasted until they were replaced by the new aid programme which entered into the scenario as the new millennium arrived: CARDS.

1.4.4 Second phase: CARDS (2000-2006)

The second phase, stretching for a period of 7 years, from 2000 to 2006, was characterized by the CARDS programme. Community Assistance for Reconstruction, Development and Stability in the Balkans, was a programme launched in 1999 and established in the year 2000 (Council Regulation EC No 2666/2000). As soon as it was adopted, it revoked the OBNOVA regulation and it changed the PHARE one, setting up a distinct structure for assistance in Albania, Bosnia and Herzegovina, Croatia, the then Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia. So while before there were different rules regulating the assistance, with CARDS there was a single legal construction, composed of Country Strategy Papers, articulated for each beneficiary, a Regional Strategy Paper, which both provided for the wider SAP and Multi-annual Indicative Programmes. CARDS was clearly more structured than previous programmes, comprising both two-sided cooperation, taking care of the particular needs of each country, and regional cooperation. It was the most

significant supplier of monetary and technical aids for the renovation of the Western Balkans.

Table 3: CARDS Programme Allocation in the Republic of Macedonia for 2000-2006, in € millions[5]

	2000	2001	2002	2003	2004	2005	2006	Total
Macedonia	13.0	56.2	41.5	43.5	59.0	45.0	40.0	298.2

CARDS had the initial aim of encouraging the process of reconstruction after the Kosovo war. In particular, it was meant for the reconstruction for the homecoming of refugees, for the building of an institutional and legislative background to foster democracy, the rule of law, protection of human rights, settlement of civil society, an free media, for the struggle against organized crime, for the progressive adoption of a market economy, for social growth and gender equality, for the improvement of relations and cooperation among beneficiary countries and between them and the EU. The more general aim of this new aid was to assist the implementation and progress of the SAA's in the beneficiary countries (Investment Development Consultancy, 2001).

It is true that the Republic of Macedonia was the first country to sign a Stabilisation and Association Agreement in 2001, but it is also true that with the outburst of the conflict with the ethnic Albanians during the same year, as we have seen earlier, the reform process took a step in reverse instead of heading forwards. So the challenge of CARDS in Macedonia after the singing of the Ohrid Framework Agreement was to tackle instability and return to the reforms decided

[5] Source: [Online] Available at: <http://ec.europa.eu/enlargement/archives/seerecon/gen/eu-see.htm[Accessed 27 June 2014].

before the crisis, the main one being the decentralization process and the promotion of local government. It also sustained the institution of a capable public administration, the intervention in justice and home affairs, and had the aim of helping the government strengthen the representation of minorities in the public administration.

The EAR continued to function also under the this programme. However, there was a dual implementation model: the EAR managed CARDS in Macedonia, Serbia, Montenegro and Kosovo, while in Albania, Bosnia-Herzegovina and Croatia, the funds were managed by EC Delegations. This created a diverse modality of implementation for each country, which, however, did not result in important differences in the functioning of the Delegations and EAR. On the contrary, nearly all funds managed by both were contracted and distributed. The only difference was in the effectiveness of the implementation, depending on the countries in question. For example EAR's work in the Republic of Macedonia was judged as positive. From time to time there was a delay in the implementation of projects compared to the planned starting date, and protracted bureaucratic procedures did slow down the delivery, nevertheless the EAR dealt with all the obstacles effectively (Aigner, D., O'Connor, S., Kacapor-Dzihic, Z., 2013). Aid programmes in Macedonia were managed by EAR until 2008, when it was closed and substituted by the EU Delegation, which controlled the phase of stipulation of the residual contracts and implementation of the last projects (159), taking the lead also on IPA funds. In 2009, when all CARDS projects were shut down, almost all the 2004 projects were completed.

An evaluation was completed on the implementation of the CARDS

programme in the Republic of Macedonia from 2000 to 2006, concentrating on the sectors that received the biggest amount of finances: Economic and Social Development, Justice and Home Affairs, and Local and Municipal Development (MIDP, 2011-2013). From this assessment, it turned out that the weight and the influence of the programme in question were adequate, while it was effective for some elements, less effective for others. It was successful in helping the decentralization become closer to European criteria, in developing transportations and buildings, in investing in the environment. Nevertheless, the effectiveness could have been ameliorated: the programme in FYROM had some important weaknesses.

The CARDS programme was less effective because, first of all, during the programming phase, targets have not been clearly identified and prioritized, and projects have not been always chosen on the basis of how effective they could be, given a certain amount of money: sometimes CARDS designers were too ambitious. Secondly, the participation of the beneficiary institutions in the discussions on the use of the funds had not been frequent, as they have not always been invited in the consultation process and consequently they have not been adequately questioned on their point of view on the analysis of needs linked to the available resources. This had a number of chained consequences: it turned out into a lack of ownership, which resulted into an insufficient political encouragement and dedication to the European cause. The political difficulties, in some cases, delayed the beginning of the implementation phase, consequently postponing also the delivery of the designed outcome. (Aigner, D., O'Connor, S., Kacapor-Dzihic, Z., 2013, p. 27). Furthermore, the connection between the aid programme and

national objectives was weak, turning out to insufficient absorption capacities of the beneficiary. Thirdly, not all projects have been backed by quantifiable impact indicators. This often resulted in unsustainability of the projects, especially projects on institution building and reforms (MIDP, 2011-2013).

From 2007 onwards, all these programmes have been substituted by one single framework: the Instrument for Pre-Accession assistance (IPA). Now that the EU had gained experience in offering assistance to the Western Balkan countries, IPA's path was already paved, it was just a matter of fixing the broken floor tiles and better defining the destination. Nevertheless, was the successor of CARDS up to it? Did the European Union actually learn from its past mistakes? Were the weaknesses turned into strengths? Moreover, apart from these main European programmes aimed at the reconstruction or pre-accession of the Western Balkan countries, in particularly, in our case, of the Republic of Macedonia, there are also other funding opportunities, such as Seventh Research Framework Programme, Progress, Competitiveness and Innovation Programme, Culture, Europe for Citizens, Fiscalis 2013, Customs 2013, the Intelligent Energy Europe Programme. On its behalf, did the Republic of Macedonia learn how to effectively use these funds? Did it create an operational institutional, legislative, administrative system able to fruitfully manage all these funds? I will try to give an answer to these questions in the following chapter.

1.5 Current European Aid Programme: IPA I (2007-2013)

1.5.1 Third phase: IPA I

With Council Regulation (EC) No 1085/2006 of 17 July 2006 we enter the

third and final phase of the European aid programmes in the Western Balkans: the establishment of the Instrument for Pre-Accession Assistance (IPA), replacing former European financial aid programmes like PHARE, ISPA, SAPARD and CARDS, (including the financial instrument for Turkey, which was not covered by this thesis). IPA funds help countries who wish to join the European Union construct their own competences to embrace and implement European principles, the main ones being democracy and the rule of law, public administration reform, economic reforms, respect for human rights, especially the ones linked to protection of minorities and gender equality, growth of civil society, regional cooperation, reduction of poverty (European Commission, (Directorate-General for Communication, 2013).

IPA is made up of five different components:

1) *Transition Assistance and Institution Building (TAIB)*: finances capacity and institution building with the aim of reinforcing democracy, rule of law, protection of human rights and fundamental freedoms (such as minority rights, gender equality and non-discrimination), promoting the reform of the public administration, including the creation of a decentralized management system, development of the economy, civil society, social inclusion and confidence-building, with major scope of adopting and implementing the *acquis communautaire* (art 8 and art. 2). This component is destined to expire once the beneficiary becomes part of the EU.

2) *Cross-Border Co-operation (CBC)*: supports cross-border, transnational and interregional cooperation, among beneficiary countries and between them and EU member states, encourages good neughbourgly relations, stability, safety and

growth in reciprocal interests of those involved (art. 9).

3) *Regional Development*: supports candidate countries in their preparation for the implementation of the Community's cohesion policy, and in particular for the European Regional Development Fund and the Cohesion Fund once they become member states. (art. 10).

4) *Human Resources Development:* its main aim it to create employment, offer education and training, strengthen human capital, combating exclusion. It also helps candidate countries prepare for the future policy development, application and management of the European Development Fund and Cohesion Fund (art. 11).

5) *Rural Development*: helps candidates prepare for the Common Agricultural Policy and related policies, such as food safety, veterinary and phytosanitary, and for the European Agricultural Fund for Rural Development (EAFRD) (art. 12). Above all, it seeks to improve agriculture in order to reach the EU standards and increase the employment rate and profits in rural areas.

These five components shall help candidate countries achieve "the adoption and implementation of the full *acquis communautaire*, and compliance with the accession criteria" (Commission Regulation (EC) 718/2007).

Twenty years ago, just after the end of the bipolar world, after the dissolution of the Soviet Union and of the Yugoslav Republic, many states were born, some were democratic from the beginning while others had to face some challenges. However, Europe had to cope with the idea that new states might have joined the Union, so in Copenhagen in 1993, the European Council deposited the laws that must be endorsed in order to become a member state: the so called

Copenhagen criteria, which today are at the basis of the enlargement policy of the EU. Every country who wishes to join the EU must fulfill these three conditions: 1) political criteria: require Member states to have stable institutions that assure democracy, rule of law, protection of fundamental rights and minority rights; 2) economic criteria: oblige member states to ensure an effective market economy in order to permit competition; 3) administrative and institutional capacity to implement the full body of EU rules and regulations known as the *acquis communautaire* and the capacity to assume the obligations deriving from membership in the EU.

The *acquis* is composed of the main rights and obligations which the European member states are obliged to respect. It includes the essence of the Treaties, all the legislation, declarations and resolutions, the case law of the European Court of Justice, international treaties signed by the EU. The level of compliance of a country to the *acquis* is "measurable" through its chapters, thirty five steps that bring a country closer and closer to the EU: candidate countries are obliged to adjust in accordance to the administrative, institutional and legislative standards required by the EU legislation in a different area, which each chapter describes. The EU evaluates them separately and closes them when the requirement needed is reached (European Commission, n.d.).

The EU has the final say on when a country has fulfilled the three Copenhagen conditions and when its time has come to join the EU. While in 1993 these criteria were thought for the countries of Central and Eastern Europe, today they are essential for the accession of the Western Balkans and Turkey. They function as a precaution for quality, intensifying the reliability of the whole EU

enlargement procedure. It is a warranty both for the member states, who have to be reassured that their union will not be put at stake by the entrance of a country which is not ready, and for the candidate country, which will have to prepare the programming, management and implementation of EU Cohesion, Structural and Rural Development Funds after accession, and will grow to be, from receiver, to contributor of the EU budget.

IPA was set up as one single tool and legal framework, creating a general structure for pre-accession aid, but intended as flexible in order to make practical distinctions on the basis of each beneficiary's progress and needs, according to evaluations drafted by the Commission and strategy papers. In fact it is also stated in art. 6 of the Council Regulation in question that "Assistance shall cover the priorities and overall strategy resulting from a regular analysis of the situation in each country and on which preparations for accession must concentrate".

It is important to underline that I have tried to simplify the whole framework, as it very entangled and complex. As stated by article 15 of Council Regulation No 1085/2006, IPA assistance shall "finance investments, procurement contracts, grants including interest rate subsidies, special loans, loan guarantees and financial assistance, budgetary support, and other specific forms of budgetary aid, and the contribution to the capital of international financial institutions or the regional development banks." Beneficiaries are prohibited to use IPA funds to pay taxes, obligations or charges pressed against them. The funds for the period 2007-2013 total to around 11.5 billion euros.

Table 4: Total allocation of IPA 2007-2013[6]

	2007	2008	2009	2010	2011	2012	2013
Total country programmes	1,109,427,000	1,308,600,006	1,303,900,000	1,395,818,321	1,543,046,687	1,680,667,622	1,749,395.497
Grand Total	1,263,200,000	1,496,250,006	1,517,603,000	1,592,700,000	1,796,800,000	1,935,700,000	2,023,800,000

*Grand Total: includes the total country programmes, the multi-beneficiary programmes and the support expenditure.

Table 5: **Breakdown of IPA 2007-2013 into allocations per component for the Republic of Macedonia**[7]

	2007	2008	2009	2010	2011	2012	2013
TAIB	41,641,613	41,122,001	39,328,499	36,317,068	28,804,410	28,207,479	27,941,228
CBC	4,158,387	4,077,999	4,371,501	5,067,526	5,124,876	5,183,373	5,234,041
Reg. D	7,400,000	12,300,000	20,800,000	29,400,000	39,300,000	42,300,000	51,800,000
HRD	3,200,000	6,000,000	7,100,000	8,400,000	8,800,000	10,380,000	11,200,000
RD	2,100,000	6,700,000	10,200,000	12,500,000	16,000,000	19,000,000	21,028,000
TOTAL	**58,500,000**	**70,200,000**	**81,800,000**	**91,684,594**	**98,028,286**	**105,070,852**	**117,212,269**

1.5.2 Who are the beneficiaries?

As mentioned above, there is a distinction to be made, because IPA beneficiary countries are split into two categories:

1. Candidate countries (Annex I of the Regulation): the Former Yugoslav Republic of Macedonia, Turkey and the now Member State Croatia;

2. Potential candidate countries (Annex II): Albania, Bosnia-Herzegovina, Montenegro, Serbia, and Kosovo[8] (under UN Security Council Resolution

[6] Source: European Commission, 2009. Communication From The Commission To The Council And The European Parliament Instrument For Pre-Accession Assistance (IPA) Multi-Annual Indicative Financial Framework For 2011-2013.
[7] Source: European Commission, 2009. Communication From The Commission To The Council And The European Parliament Instrument For Pre-Accession Assistance (IPA) Multi-Annual Indicative Financial Framework For 2011-2013.
[8] UN SC Res 1244/99 states that the Security Council "17. Welcomes the work in hand in the European Union and other international organizations to develop a comprehensive approach to the

1244/99).

The annexes will be amended when a country's status will vary, after a Council decision adopted by qualified majority on the basis of a proposal from the Commission. For candidates assistance is offered on the basis of the Accession Partnerships, while for potential candidates, on the basis of the European Partnerships. According to Council Regulation (EC) No 1085/2006, IPA should support both categories of countries in order to "strengthen democratic institutions and the rule of law, reform public administration, carry out economic reforms, respect human as well as minority rights, promote gender equality, support the development of civil society and advance regional cooperation as well as reconciliation and reconstruction, and contribute to sustainable development and poverty reduction in these countries, and it should therefore be targeted at supporting a wide range of institution-building measures."

The main distinction between the two categories is that while candidate countries are eligible for all five components, because the assistance should also "focus on the adoption and implementation of the full acquis communautaire, and in particular prepare candidate countries for the implementation of the Community's agricultural and cohesion policy", potential candidates are eligible only for the first two components, since the scope of the aid "may include some alignment with the *acquis communautaire*, as well as support for investment projects, aiming in particular at building management capacity in the areas of regional, human resources and rural development." This brings to different

economic development and stabilization of the region affected by the Kosovo crisis, including the implementation of a Stability Pact for South Eastern Europe with broad international participation in order to further the promotion of democracy, economic prosperity, stability and regional cooperation".

implementation methods: candidate countries must prepare themselves to directly manage the European funds in a decentralized way. That is why one of the core aspects that must be achieved by beneficiary countries is DIS (Decentralized Implementation System), to which many projects are dedicated.

1.5.3 General Framework for Management and Implementation

IPA's management and implementation framework is supplied by Commission Regulation (EC) 718/2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA), as amended by Commission Regulation (EC) 80/2010 and Commission Regulation (EC) 1292/2011. IPA funds are designed on the basis of the Commission's enlargement strategy, a "set of documents presented each year to the Council and the European Parliament by the Commission, the strategic and political part of which consists of the revisions, where appropriate, of the accession partnerships and the European partnerships, the regular reports established by country and the Commission's strategy paper. A multi-annual indicative financial framework completes the package" (art. 2.2 Commission Regulation (EC) 718/2007).

The whole process begins with the Commission's Multi-annual Indicative Financial Framework (MIFF), a table including the Commission's proposals on the distribution of funds for the following three years, divided per beneficiary and component, depending on the necessities and the absorption capacities of the countries in question, and their fulfillment of the Copenhagen criteria. The MIFFs become the reference structure for the drafting of the Multi-annual Indicative Planning Documents (MIPDs), one per beneficiary, which are also drafted on a

three-year basis. They shall ensure the adequate logic and complementarity between the IPA components for a certain beneficiary. Their aim is to define the distribution of money for the main EU priorities in the beneficiary country under each IPA component, on the basis of the requirements of the country itself, as stated in its Accession Partnership, in the latest Commission's progress report and in the country's own strategy report, taking into consideration also the National Plan for Adopting the Acquis. For the first years the Commission drafted the MIPDs, then it was the government's task, after a consultation with national stakeholders, EU member states and other contributors.

On the basis of the MIFF and the MIPD, annual or multi-annual programmes per country and per component are adopted by national bodies or by the Commission. For example the CBC Component envisages joint multi annual programmes between beneficiary countries or between a beneficiary and a Member State. Another example is the National Programme for Component I, which in Skopje is drafted by the Secretariat of European Affairs: it was annual till 2012, when it became bi-annual (2012-2013). The Government then proposes its National Programme to the Commission, who must approve it. Programmes are subdivided into priority axes that describe the aims, which will be translated into practice through operations, which include a single project or a set of projects. There is also the possibility of implementing regional and horizontal programmes.

As we have seen so far, IPA has introduced a multi-year planning system. It is not easy for a country who is used to planning the budget yearly to change its habits and prepare it on a multi-year basis. It requires reforms, more work and

commitment, higher costs. In the case of Skopje, one of the reasons why it has had difficulties in implementing the multi-annual planning, is that it has not been able to properly manage the shift from a planned economy, where the state had power over the market and consequently could evaluate the exact amounts of income and outcome, to a free market economy, in which the state has no longer control and certainties on all the aspects of the economy. However, reforms have been implemented and more are on its way, especially with the upcoming of IPA II, which requires an even more long-term vision.

Once the programme is endorsed, a Financing Agreement between the EU and the country in question is established (Commission Regulation (EC) 718/2007). For example for the Republic of Macedonia it is signed by the Deputy Prime Minister in charge for EU affairs. The Commission and the beneficiary must also sign a Framework Agreement which is valid for all five components of IPA, stating the basic principles on which the cooperation between the two is based. Sometimes they might opt for a Sectoral Agreement to specify principles for a specific component. IPA funds may only be contracted if the beneficiary has concluded the Framework and Sectoral Agreement and it has entered into force. For instance the Republic of Macedonia was the first enabled to receive IPA funding because it signed both Financial Agreement for 2007 and Framework Agreement on October 30th, 2007.

For implementing the assistance, it is essential for the beneficiary to have a decentralized management system. In fact European funds, including IPA, could be implemented through four management modes: by centralized, decentralized, shared or joint management (art. 53-57, Regulation (EC, Euratom) No

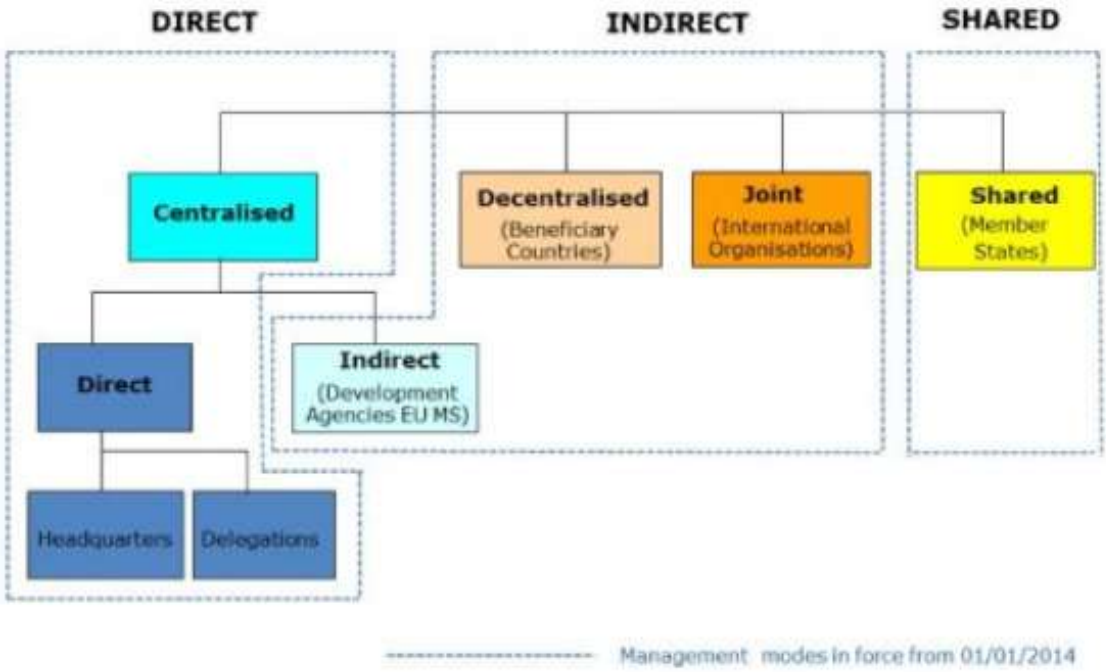
1605/2002).

When components are centrally managed, it means that the Commission has responsibility for management, monitoring, evaluation and reporting. The Commission, acting either directly or indirectly through its delegating bodies, guarantees that the defending methods of the European money are put into practice and is not able to delegate any discretionary function regarding implementation of the budget to any public body. In a decentralized system, the Commission confers to the national bodies of third countries, in this case the beneficiary country, at least the running of tendering, contracting and payments, while keeping for itself the overall responsibility for general budget implementation. While the beneficiaries must draft *ex post* documents annually, in order to show the conformity of their use of European funds with the European legislation and desires of the Commission, the Commission, on the other hand, shall perform only *ex-ante* control over the management process.

In case of shared management, the implementation functions shall be delegated to Member States, which should control the systems. They shall obtain all the legislative, regulatory and administrative actions needed against the waist and misuse of European funds. Shared government under IPA may be used only for component II (CBC). There might also be the case of joint management, (only under the TAIB component, for what concerns the Republic of Macedonia) when certain implementation tasks are delegated to international organizations. These organizations shall take care of the inspection, internal monitoring and supply of funds, ensuring internationally accepted guarantees. Just as the beneficiaries, international organizations shall also draft annual *ex post* publications on funding.

However, with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 and with its applicative methods stated in Commission Delegated Regulation (EU) No 1268/2012, the whole system of management of projects changed. From the 1st of January 2014 the previous for "management modes" (Europe Aid, 2014) have been simplified into three, direct, indirect and shared, although for some time there will be an overlap between the two systems.

Figure 1: Comparison between former and current "management modes"[9]



In the direct mode, the Commission, either through its departments, EU executive agencies or through the EU Delegations, controls how the EU budget is executed and functions as contracting authority, deciding for the beneficiary.

[9] Source: http://ec.europa.eu/europeaid/prag/document.do?chapterId=2.2.&id=221

Through the indirect system, the Commission hands over budgetary executions to either countries, international organizations, or other bodies. In the first case of countries, there could be an indirect management with an *ex-ante* or an *ex-post* control. In both cases, the country in question functions as contracting authority, acting either on the basis of the Commission's approval or without its prior approval. Shared management is less used for the execution of European external actions, utilized on in cases of joint programmes or cross-border ones.

2. THE INSTRUMENT FOR PRE-ACCESSION IN THE REPUBLIC OF MACEDONIA

2.1 At what point is it?

2.1.1 Implementation: from Centralized Management to Decentralized Implementation System (DIS)

Sooner or later, the beneficiary country must be able to manage by itself the IPA funds, so that one day, in prospect of joining the Union, it will be able to manage the funds that appertain to Member states: Cohesion, Structural and Rural Development Funds. Consequently, one of the procedural aims of IPA is to implement the DIS, Decentralized Implementation System, in order to increase the ownership of the beneficiaries of the aid programme. Under DIS, the Commission gives the administration of definite actions to the beneficiary institutions, while keeping for itself the ultimate accountability for the implementation of the funds. According to the Commission regulation, while components I and II can be centrally managed at least in the initial phase, the following three need to be implemented by DIS (European Commission, 2007b).

Conferral of decentralization is a step-by-step process: the Commission decides when to confer management authority and for which component. Before conferring powers, the Commission checks the accreditation process, the *modus*

operandi of the beneficiary institutions and how they are organized. When the Commission decides to grant the DIS, it must perform an *ex-ante* control over some actions like the tendering, the opening of calls for proposals and contracting, until it believes that the country is ready for decentralization without an *ex-ante* control.

From the beneficiary's point of view, legal, institutional and inter-institutional adjustments are made in order to reach the ultimate aim: to eliminated also the *ex-ante* approvals. The course of action for setting up decentralized management for all five components of IPA in Skopje began in October 2005, when the Macedonian administration chose decentralization: all the main decentralizing bodies (that we will see in the following subchapter) were either established or nominated between the very end of 2005 and 2006. In 2007 a report on the difficulties existing in the Macedonian background to correctly implement IPA was sent to the Commission, in view of fulfilling the requirements of the novel IPA Implementing Regulation. The gaps began to be filled in 2007 and 2008. The system was then officially approved, conferral of management for components III-V was conceded in 2009. For what concerns the TAIB component, there was a delay in decentralized management, as the European Commission thought it was better to keep for itself the control of it until the national bodies were ready. The Minister of Finance applied for conferral of management in 2009 and it was granted in December 2010. (Teseva, 2012, pag.11). Component V is the only one implemented through decentralization without ex-ante controls, while the Cross-Border one (component II) is the only one to be managed centrally by the EU Delegation. In fact the decentralized

construction that should put into operation component II is still not nationally qualified. Gaps still need to be filled through deep studies, legislative modifications regarding the CBC institutional arrangement.

To recap, Components I, III and IV are under the responsibility of the Central Financing and Contracting Department - CFCD, (which will be analyzed shortly) with the exception of civil society grants and the program for information and communication of Component I, which are managed by the EU Delegation. Component II is also managed by the EUD, except for border programmes with Bulgaria. Component V is under the Agency for Financial Support of Agriculture and Rural Development. According to the table below, CFCD manages the 56% of the total amount of funds (€125.750.30), then comes the EU Delegation with 38% (Kacarska, S., Ristevska Jordanova, M., 2013, pag. 13). This is to underline the importance of the national body in question and its essential role for the improvement of the use of the IPA funds.

Table 6: Structure of contracted funds (in euro) for IPA components I-V according to the type of contracting authority[10]

	Central Financing and Contracting Department	Agency for Financial Support of Agriculture and Rural Development	EU Delegation	Managing body for projects under CBC with Bulgaria
TAIB	39.158.662		67.284.119	
CBC			15.256.722	6.541.514
Reg. D	71.397.836			
HRD	15.194.132			
RD		5.687.182		
Programme for Info & Comm.			3.627.803	
TOTAL	**125.750.630**	**5.687.182**	**86.168.644**	**6.541.514**

2.1.2. The Delegation of the European Union in Skopje

When the Lisbon Treaty entered into force on 1 December 2009, the former "Commission Delegations" were replaced by the "Union delegations". According to the new article 221 of the Consolidated Version of the Treaty on European Union:

"1. *Union delegations in third countries and at international organisations shall represent the Union.*

2. Union delegations shall be placed under the authority of the High Representative of the Union for Foreign Affairs and Security Policy. They shall act in close cooperation with Member States' diplomatic and consular missions."

(Treaty of the European Union)

So the EU delegations (one hundred and thirty throughout the world) have the role of representing the European Union and carrying out the Union's benefits

[10] Source: Kacarska, S., Ristevska Jordanova, M., 2013. Analysis of the Use of IPA funds. Skopje: European Policy Institute, pag. 13.

all over the globe. The EU Delegation in Skopje became formally functional in March 2000. It functions as the link between the Union and national institutions. From the moment the EU institutions granted candidate status to the Republic of Macedonia, the EUD's role was concentrated in controlling the situation, reporting back to the Commission the country's conformity to the Copenhagen criteria and fulfillment of the acquis, and its ability to put into practice these lessons. It also updates local institutions, any type of news, civil society and the population on the European Union's main procedures and documents, on the institutions and on the road that brings a country to European membership. The EUD has functioned and functions as contracting authority for more than two hundred and fifty projects (Delegation of the European Union, 2014), and is currently monitoring national implementation bodies, especially the contracting authority inside the Ministry of Finance (the CFCD), on how they implement decentralization.

There have been many changes also from the European side. In fact it was subject to a shift from the European Agency for Reconstruction (EAR) to the EU Delegation. As already mentioned in the first chapter, the Republic of Macedonia had its short chance to nationally manage European funds from 1999, under the PHARE programme, to 2002, when the management of CARDS funds was taken over by the EAR. As a continuation of this habit deriving from the CARDS programme, the programming and running of IPA funds were also performed by EAR, with technical contribution from the governmental bodies, the soon-to-be direct receiver of the funds. There were benefits and weaknesses linked to EAR's functions: on one side, the use of European funds managed under EAR was very

elevated and numerous capacity-building projects have been made operational; on the other side, if the beneficiary had the direct responsibility for the funds, the government would have been forced to be more involved and develop capacities of its own. Anyhow, between 2008 and 2009 there was a shift: competences were to be transferred from the EAR to the EC, now EU, Delegation (EUD). Before, with EAR, the European Union had only a political role in the beneficiary country; when the EAR changed to EUD, the EUD was not only a political structure, but also an implementing one. The shift, however, was not too difficult. The Agency was closed and all the files were transferred to the EUD, part of the staff of the EAR was also employed in the EUD, while more were employed in order to cover all the portfolios the EUD managed under centralization. There was real continuation in the work of the two. It was a low transfer in terms of financial allocations: the Agency was able to finalize all the programmes from 2001 to 2005. The EUD was left with few programmes under 2006. As asserted by Katerina Kus-Ivanova, a representative of the EU Delegation in Skopje, during an interview, the transfer from EAR to EUD was an interesting exercise, easy and smooth, everything was concluded in a matter of a few months.

The EUD's role is changing also with the shift from centralized to decentralized management. However, as one might suppose at a first glance, the Delegation's importance is not decreasing with the increase of the functions of the national authorities. The tasks of the EUD will remain because it will continue to deal with the financial implementation of EU funds. Even when the funds are granted to the country to be managed, the EUD has to serve as an "open eye on the country" (Kus-Ivanonva). The Delegation's role could diminish only when the

country will be ready to cope with the change from *ex-ante* approvals of the Delegation (for which now the EUD has to follow forty-nine steps), to one hundred percent *ex-post* approvals, meaning that the country is truly ready for accession. Decentralization without ex-ante approvals is happening with the fifth component for Rural Development IPARD, in which the Delegation deals very little with its activities, having only a role in monitoring, in financial information and reporting, leaving the actual work for an ex-post analysis. Moreover, with IPA II approaching, the EUD will have more work in terms of following up key political areas, like economic governance, public financial management and budget support. So the European Delegation's role in Skopje, although the implementation of decentralization and the imminent IPA II, is far away from decreasing.

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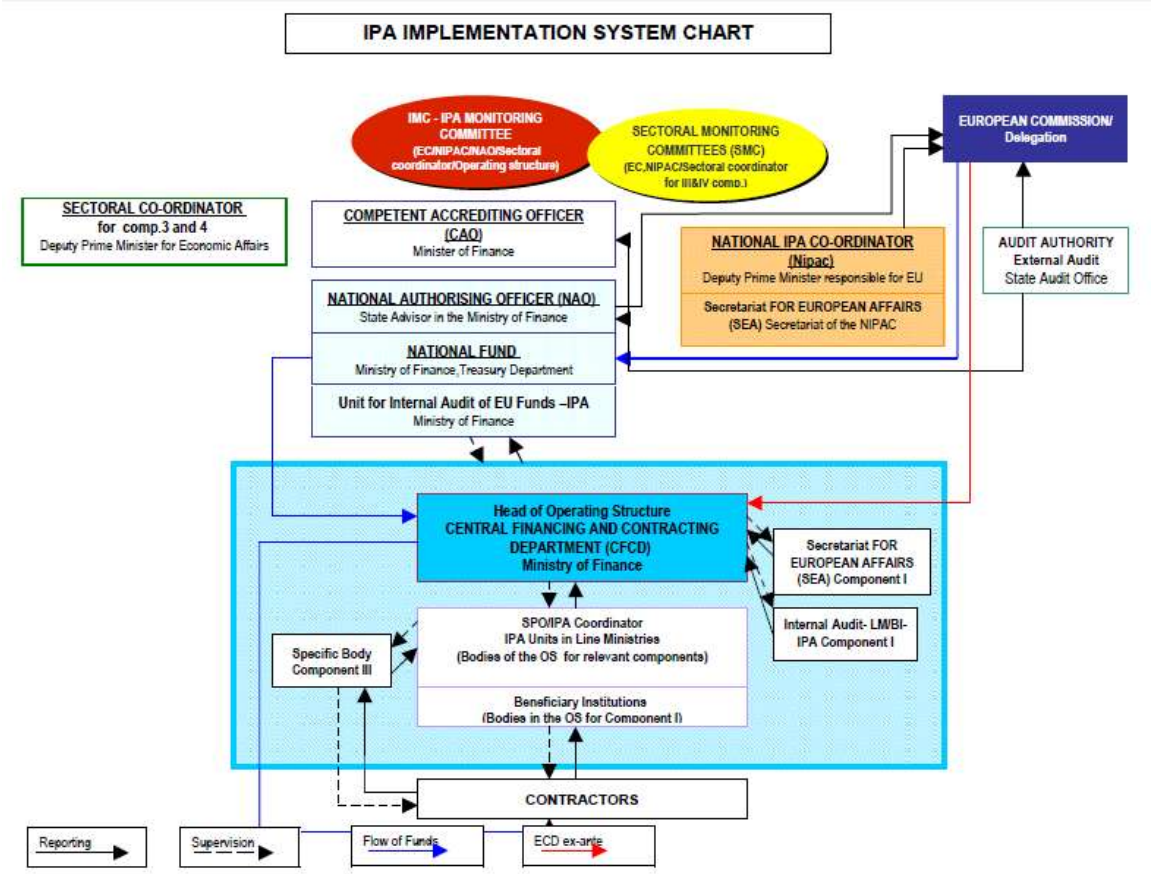
2.1.3. Implementing bodies

On the basis of Article 56(2) of Regulation (EC, Euratom) No 1605/2002 and Commission Regulation (EC) No 718/2007, the Commission may agree to decentralization on a case by case basis, only if the beneficiary has the factual possibility to guarantee fair and transparent procurement and grant-award procedures without conflict of interest, an efficient domestic controlling structure, an operational accounting structure, an independent and outside audit and a suitable annual *ex post* documentation on the use of EU funds, in order to demonstrate that there have been recurring controls to guarantee an accurate implementation of the EU funded programme. Once the Commission has delegated the responsibility to "specific persons", (art. 11, Commission

Regulation (EC) No 718/2007), the beneficiary country must provide the persons with the powers to exercise functions related to management, implementation and control of IPA through official provisions.

Let's analyse the Macedonian case, which national bodies have been created in order to implement the IPA funds and what their roles are[11].

Figure 2: IPA Implementation System[12]



[11] In this thesis, when I will talk about the implementing bodies of IPA in the Republic of MacedoniaI will only relate to the first four components, as organized by the Decree on Determining Mutual Relations between Bodies and Structures of the Decentralised Management of the First Four Components under the EU Instrument for Pre-Accession Assistance (IPA). The fifth component is run on the basis of a Sectoral Agreement and is managed by the Agency for Financial Support of Agriculture and Rural Development.

[12]Source: http://cfcd.finance.gov.mk/wp-content/uploads/2013/07/IPA-Implementation-System-Chart.pdf

According to art. 2 of the Decree that analyses bodies and structures of DIS (Republic of Macedonia, 2008) "structures of decentralised management of the first four IPA components shall be:"

– National Fund,

– Operating Structure for implementation of the first four IPA components.

"Bodies for decentralized management of the first four components under the EU Instrument for Pre-Accession Assistance" are:

– Competent Accrediting Officer,

– National Authorising Officer,

– Programme Authorising Officer/ Head of Operating Structure for implementation of the first four IPA components,

– National IPA Coordinator,

– Strategic Coordinator for the Regional Development Component and the Human Resource Development Component.

In Skopje, the main national institutions that function as bodies for decentralized management are mainly the Ministry of Finance and its various departments, the most important being the Central Financing and Contracting Department (CFCD) and the National Fund, and the Secretariat for European Affairs. Moreover, the Agency for Financial Support of Agriculture and Rural Development should have been the contracting authority for Component V (we will see later why it is not so), while the Ministry of Labour and Social Policy is responsible for the announcement for the calls for tender for Component IV and some calls for CBC are published on the website of the Ministry of Local Self

Government. Let's analyze the functions of IPA's main bodies and structures.

The CFCD, the Central Financing and Contracting Department within the Ministry of Finance, one of the main actors of the decentralized management, created in December 2005, bears responsibility for the tendering, contracting and payments. CFCD is also responsible for the organization and accomplishment of the National Programme for TAIB and its related Operating Programmes and for the implementation of components I-IV. It monitors projects and may also instantly control the success of the performance of projects and take consequent actions. It may hand over tasks of programming, implementing and monitoring of contracts' performance to the Senior Programme Officers (SPOs) or IPA Coordinators from the beneficiary institutions. It is part of the Operating Structure (art. 9). From component I to IV, CFCD is accountable for the tendering, contracting, documentation of transactions and implementation of payments of completed contracts: it generally controls the implementation of projects financed by IPA.

The National Fund is the treasury structure that takes care of the transfer of IPA funds from the European Commission to the Republic of Macedonia. In specific, it is the Treasury Department inside the Ministry of Finance. It bears responsibility for all the financial actions: it is accountable for the Financial Agreement, it administers bank accounts, demands funds from the Commission, allows the transfer of funds from the Union to the Operating Structures of the final beneficiaries, presents financial statements to the Commission, may check at any moment the functioning of the beneficiary institutions and cooperates with the Macedonian National Bank (art. 8).

The Minister of Finance functions as the Competent Accrediting Officer (CAO). As stated by art. 4 of the decree mentioned above, among its main duties, just as it approves the National Authorizing Officer (NAO) and the NF, it may suspend or withdraw their approval; it meets with the Audit Authority to ensure the correct performance of the decentralized management; it approves documents like the Internal Manual for Procedures for CAO, NAO and NF, and the Programme Implementation Guidelines for Line Ministries/ Beneficiary Institutions.

The role of National Authorizing Officer (NAO) is played by the State Advisor in the Ministry of Finance, the most higher-ranking non-political status in the Ministry. A non political figure was chosen with the aim of ensuring continuity, even in cases of a variation of the people in charge at the political level. As declared in art. 7, it has responsibility for the legal aspects of the transactions performed thanks to the decentralized management, and in case it spots any abnormality, it shall inform the Commission, presenting the Annual Statement Assurance to it. It manages the actions of the National Funds and controls the actions of the Programme Authorising Officer, the Head of the Operating Structure and the CFCD. In case of deficit of the management and control system created by DIS, NAO shall inform the Senior Programme Officers/ IPA Coordinators, or the competent minister, or directly the Government. It receives documents from the Audit Authority, and it may also employ external auditors in order to guarantee the effectiveness of the management and control systems. A part of the projects deriving from the IPA programme have to be also funded by the national budget: NAO ensures that the national part is in line with

IPA's necessities.

Article 10 provides for the Programming Authorizing Officers and Head of Operating Structures for the different components. In fact the Head of CFCD is also elected as Programme Authorising Officer for Component I, and as Head of the Operating Structures for Components III and IV. They are responsible for supervising the CFCD and the Senior Programme Officers/ IPA Coordinators. It supplies tasks and responsibilities among CFCD and IPA bodies, according to the rules established by the DIS, it drafts the Operational Agreements.

The Senior Programme Officer and the IPA Coordinator are people selected within the Line Ministry or the beneficiary body in question (art. 11). They are responsible for the performance of projects (under Component I the first, under components II-IV the second) from the technical point of view. They report to the Programme Authorising Officer/ Head of Operating Structure for any supposed wrongdoing, difficulty, danger that may jeopardize IPA's correct functioning and implementation, they direct IPA bodies that will help them in carrying out their functions, and they collaborate and communicate with the internal auditors.

Another very important role is played by the Secretariat for European Affairs (SEA), which is responsible for European affairs and coordinates the process of European integration in the Republic of Macedonia with the aim of getting the country ready for European membership. It was founded in 2005 as a distinct professional assistance of the Government through an alteration of the former Sector for European Integration, part of the General Secretariat. A very important sector within SEA is the Sector for coordination of the European funds and other foreign assistance, which executes the functions of the National IPA

Coordinator (NIPAC), together with the Deputy Prime Minister responsible for EU affairs. NIPAC has a very important role, as it is representative, concerns the programming and monitoring of IPA: it represents the Republic of Macedonia when confronting the Commission, it guarantees general coordination of IPA assistance, it ensures collaboration between the Commission and the beneficiary country for the interest of EU enlargement and it organizes the programming of Components II, III and IV. Its role is extremely important most of all because it prepares the Annual Programming of Component I, the Annual and Final Implementation Report of IPA, which must be presented to the Commission (art. 5).

For what concerns the monitoring system (art. 19) a Strategic Coordinator for the Regional Development Component and the Human Resource Development Component was foreseen by the Regulation, however up until now it has not been implemented yet. There are Sectoral or Joint Monitoring Committees, depending on the component, which control the implementation of a certain component, and there is an IPA Monitoring Committee (IMC), composed of representatives of EU Commission, NIPAC, Sectoral and Strategic Coordinator, Operating Structure, National Fund, Programme Authorizing Officer/Head of Operating Structure, Strategic Coordinator. The IMC is the main institutions in charge of monitoring the performance of the overall IPA aid programme. It is chaired by representatives of European Commission and NIPAC. In addition to the internal audit structures established within each beneficiary institution, there is an independent, external body that takes care of inspecting the organization, function and management systems of IPA: the "Audit Authority".

2.1.4 Macedonia's road to accession: compliance to the Acquis Communautaire

"Enlargement gives the EU greater weight and strengthens its voice in international fora" (European Commission, 2011b). Especially with the fifth enlargement, the EU felt more confident in expanding its relations with neighbouring states of the Western Balkans and Turkey. As stated before, IPA helps these countries with "the adoption and implementation of the full *acquis communautaire*, and compliance with the accession criteria" (Commission Regulation (EC) 718/2007), in order to reach the opening of negotiations and then join the EU.

Let's briefly see how the accession process works. A country forwards an application in order to reach the membership status to the present European member states, which decide in the Council, through previous Commission recommendation. They decide if it is the case to give the status of "candidate" and to open negotiations. Accession negotiations concern the candidate country's capability to assume the commitments linked to becoming an European member state. The European laws that the future member states should adopt, implement and apply are also famous as the *acquis communautaire*, and they are not open to discussion. The accession negotiations, in fact, do not have as content the acquis, but the modality and timing of the adoption and implementation of these rules by a candidate country. As seen in the first chapter with the case of Skopje, negotiations are opened on the basis of a recommendation of the Commission, which must be formalized by a Council's decision. To smoothen the progress of the negotiations, EU laws and procedures are categorized into chapters, the ones

that compose the *acquis*. At the beginning, each chapter is "screened" by the Commission, which submits a report on the Council to verify if negotiations on a certain chapter may be opened or if it is the case that some benchmarks should be reached initially. The Council, always on the basis of a Commission proposal, determines when the candidate has met the benchmarks, when it is time to open negotiations on a specific chapter and when it is time to close them. However, a candidate country will never sleep tight until it has officially become a member state, because the whole process is based on the principle "nothing is agreed until everything is agreed" (European Commission Directorate-General for Communication, 2013, pag. 8). Indeed, the Commission continuously monitors the country in question throughout the entire process, which lasts many years. Only when the negotiations on all chapters have been successfully closed, after the drafting, signature, ratification by the candidate country and by all the member states, and entry into force of an accession treaty, only then can a country consider itself an European member state.

As we have seen, the Republic of Macedonia has received the candidate status, but the Council has not yet approved the opening of accession negotiations, despite the continuous recommendations of the Commission (five so far). The Macedonian National Programme for the Adoption of the Acquis (NPAA) is a legal act for harmonization and a strategic file for policy-making, it offers a functional structure of government plans but is in deficit of information on financial and human resources and on essential political declarations, for example on European and NATO membership, making it hard to evaluate its influence.

Let's see how the Republic of Macedonia is going so far with the

compliance to the EU law divided per chapter. Based on a study of the European Policy Institute (EPI) in Skopje of the 2013 Commission progress report for the Republic of Macedonia, we can observe the Republic of Macedonia's level of alignment with the EU law so far. The EPI analysis studies the distribution of IPA funds per chapter, in order to determine which chapter has the greatest activity. For the projects that could have been included in different chapters, they classified it inside the chapter in which it had the greatest impact. For the estimation of the level of alignment the Institute used the Initial analysis of the last Commission Progress Report. One must keep in mind firstly, that there are some chapters that do not have the aim of aligning the country's legislation to the EU's, but rather to provide the country with physical supplies; and most of all, that we are at an initial stage of IPA implementation (since now projects from more or less IPA 2009 are been implemented), so a real connection between funds used and the level of approximation cannot be set up yet.

Table 7: Distribution of IPA funds per chapters of the *acquis*[13]

Chapter	Number of projects	Level of alignment	Amount of IPA (€)
1-4. Free movement of goods, workers, capital.	7	4	1.870.156
5. Public procurement	2	4	1.137.305
7. Intellectual property	1	3	81.421
8. Competition policy	1	4	950.000
9. Financial services	4	3	1.273.225
10. Information siociety and media	10	2	1.345.347
11. Agriculture and rural development	191	3	12.008.157
12. Food savety, veterinary and ohytosanitary policy	7	3	5.752.118
14. Transport policty	5	3	5.750.782
15. Energy	14	3	4.185.711
16. Taxation	9	3	3.554.928
17. Economic and monetary policy	3	4	1.416.480
18. Statistics	4	4	1.409.100
19. Social policy and employment	46	1	12.538.656
20. Enterprise and industrial policy	30	3	5.710.103
21. Trans-European networks	10	4	54.803.932
22. Regional policy and coordination of structural instruments	36	2	7.823.302
23. Judiciary and fundamental rights	26	2	11.194.666
24. Justice, freedom and security	17	4	17.304.551
25. Science and research	4	2	2.024.444
26. Educiation and culture	47	3	12.196.972
27. Environment	61	3	27.651.828
28. Consumer and health protection	4	3	960.346
29. Customs union	12	4	8.411.441
36. Political criteria	23	3	11.131.210
37. Economic criteria	16	4	3.486.069
Undistributed	29		8.175.720

[13] Source: Kacarska, S., Ristevska Jordanova, M., 2013. Analysis of the Use of IPA funds. Skopje: European Policy Institute.

According to this analysis, important amounts of funds are addressed towards chapters 23 and 24 regarding the Judiciary and fundamental rights and Justice, freedom and security. This is in line with the general European accession policy, for which these chapters are the first to be opened. Moreover, some projects which have been counted in the Political criteria (one of the so called "Copenhagen criteria") are closely linked to justice. Chapter 23 is, indeed, one of the essential fields that must be in line with the EU standards and in which the Republic of Macedonia is facing some challenges. In theory, "stricter professional requirements for judges" have been introduced, however "further improvements are needed to ensure the independence of the judiciary in practice" and "to ensure that all judicial appointments are based on merit and to address the problem of lengthy court proceedings" (European Commission, 2013d, pag. 47). For what concerns the rights of child, the protection of property rights and data protection "overall efforts in this area are hampered by a persistent lack of funding and capacity", while "serious efforts are needed" in the field of freedom of expression. Progress has been made in the fields under Chapter 24, especially for what concerns external borders, cooperation in the area of drugs, civil and criminal topics, however "further efforts are needed to improve the efficiency of the asylum system, increase the proactive investigation and prosecution of money laundering and financial crime and prepare for the implementation of the new Law on Criminal Procedure, in particular through training of police and public prosecutors" (European Commission, 2013d, pag. 51).

Under chapter 27, the field of environment is the one with the biggest financial allocations of funds, even compared to the experience of the earlier

enlargements. In fact even in the case of the Republic of Macedonia, more than € 27 million are destined to this field. However, according to the 2013 Progress Report there is still a lot to be done in terms of passing from a legislative alignment to the actual implementation, especially in the areas of water management, pollution control and climate change.

For what concerns Information society and media (Chapter 10), the country is on the right track on implementing legislation of electronic communication. Regarding Chapter 22 on Regional policy and coordination of structural instruments, the main problem is represented by the delays in the implementation of IPA funded projects due to the institutional incapacity in performing their duties. Progress needs to be done also in the field of science and research. Nevertheless, the lowest level of alignment is represented by Chapter 19 regarding Social policy and employment. Unemployment is very high, especially among women, which is extremely low compared to the European standards, while minorities tend to be discriminated, especially Roma, for which the Roma Strategy should be implemented.

2.2 Difficulties with IPA I in the Republic of Macedonia

As we have seen, the Instrument for Pre-Accession assistance is very complex, as it was created in order to produce internal changes to candidate and potential candidate countries, with the purpose of bringing "political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership" (European Commission,

2014). Indeed, the implementation of IPA I so far has not been such a smooth process. As stated in the last Commission Progress Report for 2013 in the Republic of Macedonia "as regards the institutional framework, the necessary structures are in place but significant improvements are needed to speed up the preparation and implementation of EU-funded projects, particularly in the area of the environment. Shortcomings include lack of cooperation within and between institutions and insufficient technical expertise at both national and local level."

In order to have a better picture, I have summarized the main problems, linked to the functioning of IPA in Skopje, which have emerged from interviews and from official documents, such as the Interim evaluation of the Commission, the Sigma Assessment, the Ecorys evaluation, Analitytica's Analysis and various publications from the European Policy Institute in Skopje. I have divided these issues on the basis of three different phases of the IPA process: the programming phase, before the implementation of the project/programme, the implementation stage, when the project/programmes is ongoing and the evaluation, after its conclusion.

2.2.1 Programming

As an example, let's take a closer look at the programming of component I. As described by Maja Pinjo, (2014) advisor to the "Unit for programming of EU funds", the process of programming is very complex and long, as it must take into consideration many points of view. There's a special unit that takes care of the Annual Programming of TAIB, the already cited "Unit for programming of EU funds". At the beginning SEA was supposed to take care of the programming of

all components, but it did not work out. In fact, due to the close time limits from the European's side, EAR programmed the project fiches for the first year of IPA. Anyhow, SEA learnt how to programme, and now they start the long process with desk research, analyzing key documents (for example progress reports, National Plan for the Adoption of the Acquis etc.) in a matrix, in order to look at the gaps and try to fill them in. Those are indicators on where the EU assistance was needed. Then they draft a one hundred page programming document, divided per chapters of the acquis and share it with the Sector for Integration of SEA, which coordinates the process of integration between EU and Macedonia and keeps record all of pre-accession country development. People that work in this office are called "coordinators" and are divided per chapters of the acquis, they are intermediaries between EU and the Macedonian institutions. Subsequently, the two units prepare the final draft. Up until now, we have just described the preparatory work (which takes one to three months). This phase is only the start of the programming and it is already complicated, taking into considerations many actors. Then, the concrete initial proposals for the programming years begin, on the basis of templates (programme identification sheet, project fiche etc.) The documents go back and forth from the NIPAC to EU Delegation and the European Commission for one year, having also an inter-service consultation in the IPA committee. Next, the Commission decides if to approve or not the National Programme on TAIB, and conclusively, the Financing Agreement is signed.

The whole process changed in 2011, when the Commission asked to slightly changed the whole adopted package: to make projects "per sector", in order to make an exercise towards the sector approach. So in 2012 and 2013 they adopted

a sector programming: for the first time, the National Programme for Component I was done multi-annually, in particular biannually, (while the financing agreement remained annual). This improved the accomplishment of outcomes, the understanding of the long-term nature of institutional reforms, and, as stated by Ms. Pinjo, although it was harder, it left 2013 an empty year, which was used for the preparatory work for the new financial perspective. In reality, what they did was to put several project fiches into one sector fiche, however, it helped the country to get into a new, long term vision, and bet on committing its own resources.

Macedonians "do" rather than "plan to do"

First of all, it is essential to underline that I have simplified the whole process, as every component has specific rules and procedures to follow. This data in itself represents an issue: for example only component I envisages eleven forms of pre-accession assistance, such as Twinning/Twinning Light, TAIEX, Technical Assistance, Grant Schemes, Investment in Acquis, Project Preparation Facility, Financial contribution for the participation in the community programmes and agencies etc. (Szemlér, T., 2008). This very complex process seems to be lacking some strategic planning, giving rise to diverse problems, such as delays in the programming of funds and a not so high quality of tender documents. SEA has being accused of having an incoherent policy, which does not reflect the needs of the beneficiary institution in terms of the accession process (Analytica, 2009). The involvement of the beneficiary in designing the Terms of Reference (ToR), Project Fiches etc. is at best questionable, at worst has not been followed at all.

Sometimes projects are not scoped, not result-oriented, ToRs do not always reflect the reality, with very little consultation with the final beneficiaries, looking to produce results that are not possible. The project is sensed as an unconnected act, not as an instrument for the improvement of the institutions, so the focus is on the delivery of the project, on the realization of the results.

According to Tony Gething, an experienced team leader of projects funded by the European Union, the situation in the Republic of Macedonia is that everything regarding the public administration, including the programming phase of IPA funds, is "driven by what is urgent and not by what is important", while, on the contrary, programming should be structured, continued. He stated that "people here are driven by doing things, rather than by planning to do things" (Gething, 2014).

CSOs' "non-involvement"

Another aspect to be considered is that Civil Society Organizations (CSOs) are not properly involved in the consultation process. A more pronounced collaboration and vigorous contribution during the programming phase by all stakeholders would definitely improve the programming of funds, as CSOs are aware of the circumstances on ground. CSOs could be connected in two ways to the IPA structure. Firstly, they could be direct beneficiaries of funds, for example through grants, for components I, II and IV. Secondly, they act as stakeholders in the planning and monitoring of IPA.

The problem is that in the planning process the consultations are poorly scheduled, CSOs are involved too late, when the priorities have been already set

and projects have been determined, they are only asked to give a green light, their requests are not taken into account: it is a "top down process" (Ecorys, 2013). According to some, IPA funds are too focused on institution and national development plans of the government rather than on reflecting the practical needs of the people and of other actors. Public institutions are pushing only for their cause, for projects of which they are beneficiaries, like technical assistance etc. For example in component III of Regional Development there are three sub-components: transport, environment and competiveness. Regional Competitiveness was excluded in IPA I, resulting in a lack of opportunities for the companies. According to the "governmental" point of view, CSOs are not really interested in the programming of funds and in promoting a better solution for the future of the country, but only in receiving information on an open call of the Commission.

At the end, the truth usually lies in the middle. If it's the institutions' "fault" or the CSOs, we do not know, but one thing is for sure: the citizens feel disconnected with the European integration process. This could be overcome through the inclusion of representatives of the citizens in the programming of the European funds in question. Since the main actors of IPA are firstly the EU, which grants the funds, the government, which deals the money, and then the CSOs and other beneficiaries, all three actors should be involved in the consultation process.

Projects: too many, too small, too short

Under IPA I, projects are first of all too many, they are fragmented resulting

in difficulties with the handling of the projects from the contracting authority. In order to reach the indicative medium size of 2 million euro of price per project, minor projects have been assembled into solo but bigger fiches composed of multi components, having less importance for the general picture (Ecorys, 2013). However, this assemblage has resulted in a very high rate of volatility: it is quite logical to understand that if the projects are too small, they are also less visible and have less effect. When you have a larger project it is easier to see the effects, it is more visible, the beneficiary feels like it has to continue it.

Low absorption of funds

The absorption of funds is indivisible from the programming of the funds, because planning for the use of funds is made, or at least should be, on the basis of the absorption capacity of the beneficiary. In fact, one of the problems with Skopje is that there is inadequate information on its ability to absorb funds. It is measurable through the analysis of the portion of contracted projects out of the totality of all the programmed funds. Absorption capacity is the Republic of Macedonia is very low: a research done by the European Policy Institute in Skopje, (Kacarska, S., Ristevska Jordanova, M., 2013) on the basis of the Multi-Annual Indicative Financial Framework for 2011-2013, shows that in the end of 2013 the average absorption capacity of ongoing and completed projects is around 30%, ranging between 7% (Component V) and 57% (Component II).

Table 8: Absorption capacity: ongoing and completed projects[14]

	Programmed (total approved funds)	Contracted (ongoing + completed projects)	Share of contracted projects in programmes projects	Paid funds (completed projects)	Share of paid funds (completed projects)
TAIB	244.112.110	91.878.188	38%	63.390.658	26%
CBC	30.276.703	17.191.151	57%	7.528.647	25%
Reg. D	200.426.454	55.846.836	28%	2.769.394	1%
HRD	54.424.000	12.874.132	24%	10.504.484	19%
RD	85.649.341	5.687.182	7%	5.618.101	7%
TOTAL	614.888.608	186.965.954	30%	89.811.284	15%

An indicative data is that funds that should have been distributed to Component V have been redistributed to Component I and will be managed by the World Bank, (see in Chapter 3) due to the incapacity to appropriately use funds by private entrepreneurs and farmers through the Agency for Financial Support for Agriculture and Rural Development. In fact, one of the reasons explaining this general low capacity to absorb funds is that institutions are not so capable of coordinating IPA resources, jeopardizing their total consumption. The fault is in both the complexity of the programming phase than in the weak implementing capacities of the national bodies: not many people have been formed on IPA, especially in the private sector. There is also insufficient devotion of politicians to EU membership and programming's difficulties sometimes result in inappropriateness. This sentence from the Interim Evaluation is very significant: "to be effective assistance needs to arrive when the beneficiary is prepared to utilize it" (Ecorys, 2013, pag. 17).

[14] Source: Kacarska, S., Ristevska Jordanova, M., 2013. Analysis of the Use of IPA funds. Skopje: European Policy Institute, pag. 6.

2.2.2 Implementation

Which are the pros and cons of the Decentralized Implementation System and centralization? Is the implementation of funds more efficient under DIS or under centralized management? In reality, there are no pros and cons, they are just two different realities. Even so, at one point the centralized management has to stop and leave room for decentralized implementation. The EUD has the role of teaching capacity building, of passing the knowledge to the administrations. Right now, the national institutions are on the learning curve. Keeping in mind that there are no real advantages and disadvantages, but just different points of view and situations, I will analyze the different aspects of both centralized and decentralized implementation systems.

Centralization: easier process, but lack of ownership

Under centralization, the European Union had full responsibility for everything: from the communication to the final outputs, from the quality of the preparation of the documents to the quality of the projects. So it was easier for both the national authorities, who did not have to worry about anything else other then receiving the assistance, and for the European Union, who could monitor the whole situation, having everything in house and needed less amount of time for the coordination (it seems an understatement but having everyone in the same building does make the difference).

One of the greatest weaknesses is the lack of ownership. As also stated in the Interim evaluation, "the centralized management of the programming and procurement system limits ownership of beneficiaries in both project design and

implementation" (Ecorys, 2013, pag. 25): the country feels like a passive receiver of the assistance, there is no follow up afterwards it does not feel like it owns the projects. Furthermore, the beneficiary does not learn to deal directly with IPA, everything is on the EAR/EUD and on the contractor.

DIS: more ownership, but also more difficulties

Under decentralized management there is certainly the increase of ownership for the beneficiary, who feels like it needs to own the process, to own the final results, so it is empowered by the European Union by providing it with 100% of the responsibility. As also stated in the Interim Evaluation, "co-financing is an important tool to ensure ownership" (Ecorys, 2013, pag. 15), that is why it "should be increased to a level that will engender commitment from national stakeholders"; in fact with IPA II it is planned that co-financing should increase, while now it is only 12%. There is a strengthening of the capacities of the institutions to perform the financial management, it is a process of "learning by doing". At this point the EUD has the 100% ex-ante approval of the files. DIS is positive also for the EUD, which now has the possibility to see the readiness of the institutions to prepare the documentation and analyze it, it may see the readiness of CFCD to do controls and checks on the inputs they get from the line ministries, it fully monitors the communication, the reporting lines and performance assessment, among the different actors involved (such as CFCD, NAO, NIPAC, NGOs). With DIS it is easier for the EUD to see where the structural deficiencies are, so that it may guide them with corrective measures in order to assure proper implementation of EU funds, so in the end it is true that

national bodies have the full responsibility, but it is still a partnership activity.

However, under DIS there have been some difficulties. First of all, the problem with IPA I is that there are many different procedures for the different components. For example, for components III and IV national institutions had to deal with one type of action, two different DGs, four different line ministries. For component I there were thirty-seven accredited institutions, thirty seven line ministries with a different set of procedures from component III and IV. These procedural differences complicated things and did not allow them to focus simultaneously on all aspects: they had to make choices, deadlines for contracting, deadlines for execution, payments etc. Maybe if they had had more people and less projects to handle, if there was more communication among CFCD and line ministries, it would have been much easier: in fact, assistance was not always adequately quickly organized by the CFCD. This often results in delays of documents, incomplete or incorrect procedures, lower effectiveness of projects, "in slow tendering and low contracting rates for IPA" as stated in the Progress Report of the Commission towards the Republic of Macedonia (2013). The report continues: "There is an urgent need to further strengthen the project management capacity of the relevant institutions to ensure effective and efficient management of EU funds" (Pag. 38).

In the opinion of some, these operational deficits are justified because they are learning things the hard way, it is normal for them since they have no experience; it is needed exercise: you need to give them the job in order to build the capacity. According to others, it is the European Union's obligation to assure that money of EU tax-payers (free money for the beneficiary) is spent in a way to

maximize impact. Even for the contracting procedure, there is no general structure which is the same for all projects. Moreover, there is no flexibility from CFCD during the implementation phase because too scared of the audit authority. It is true that from the EU's side it is better to find a local authority which is very meticulous and does not waste money, but it is also true that sometimes too much rigorousness turns out in total inflexibility, when sometimes CFCD should adapt to changes of circumstances. Sometimes they are accused of not being focused on the project in itself anymore, but only on achieving its approval. And in the end you may lose money. According to others, the contracting authority was not always ready, there was lack of a successful recruitment founded entirely on merit.

Delays in the implementation

It usually takes around two and a half years to move from the programming to the implementation of a project, (sometimes even more: for example the project "Techincal Assistance to the Ministry of Information Society and Administration" was programmed in 2009 but implemented at the end of 2013). This delay is not due to the unavailability of funds, which are already accessible, but to the bureaucratic and administrative burdens that slow down the preparation of the documents, there is no coordination among the different offices and departments. The programming process is too long, "and in a transition environment projects are likely to be out of date by the time they are implemented" (Ecorys, 2013, pag. 6). There is definitely the need to shorten this time span.

2.2.3. Evaluation

For what concerns monitoring and evaluation, the ability of the local institutions in this area should be reinforced. Evaluations are always internal to a project, or outsourced by the European side. The first type of evaluations are provided only for big projects, which can finance them internally, the second type is provided through a special unit in the Secretariat for European Affairs, the Unit for Monitoring and Evaluation of European programmes, which takes care of the monitoring of ongoing projects and of the evaluation of concluded projects (the EU always involves the corresponding ministry). The evaluation is in fact outsourced by the SEA, which only manages the process of getting the external expertise to perform the evaluation and, after the assessment is done, it takes care of the follow up of the recommendations. Moreover, the evaluation is random: SEA selects a sector and then a sample of projects within that sector is subject to the appraisal.

In conclusion, there is no systematic control once a project has been concluded and the existing evaluations are done with different methodologies. Not for every component there are specific criteria that must be respected, which permit the assessment of that type of project. That is possible only when there is already an established institutional arrangement to work on: it is the institutional settlement that conducts the programme/project. On the contrary, for the institution building component, where there is no established institutional arrangement, because that is the main objective of the projects, the evaluation is very difficult: it can verify how the project has been implemented, but the impact is extremely difficult to evaluate, primarily because results can be looked at only

after a long period of time, since institutions do not change from one day to another, and secondly because the effectiveness does not depend only on the project, but most of all on the willingness of the beneficiary to absorb changes. If the institutions are resistant to change, the project does not work.

Lack of sustainability

Who's responsibility should the evaluation of a project be? According to the European Union, the EU cannot control or evaluate all the projects, because the final evaluation to check if a project has been effective or not should be up to the national institutions, because they are the final beneficiaries, the projects are for them and they own them: the EU, through IPA funds, can help the country achieve a specific status in order to fulfill certain obligations, but it cannot impose a certain type of institutional settlement. That is a problem with international assistance in general: the country expects that the donor has to take care of every aspect (Analytica, 2009). The internal institutional arrangement cannot be object of an European evaluation, because it cannot impose itself over the internal will; the EU can only write the general Interim evaluations, that is as far as it goes. However, it is also true that the evaluation from the European side is indirect: if the projects and programmes do not work, the country does not enter into the EU. Once the IPA funding is finished, the country should take what has been done, make it a guide, a rule, a law, keep the trained staff and continue to make it grow, through national instruments this time: the end of IPA should be a starting point, not the end point, the country should by then be able to keep on growing on its own. Moreover, the EU does not have enough resources, time, appropriate

methods to evaluate all projects. Conversely, the beneficiary, on its behalf, states that it does not have the financial and operational instruments to conclude such evaluations on its own.

It is true that regular monitoring, on-the-spot controls and audits are required to avoid any inadequacy and mistake, but the European Union is so strict through its controls that it creates fear among the members of CFCD about possible financial incongruities and blocks any type of flexibility of its financial autonomy, however, it does not take care of what happens after a project has been concluded: isn't it a contradiction? Why is it so strict before the beginning of a project and not after? However, it is also true that the beneficiary does not have a long term perspective in taking care of the follow up of projects, for the maintenance. For example if the EU provides the country with a printer, the beneficiary needs plan to spend money for the toners, otherwise the initial project would have been a waste. This is what happened initially with the air quality monitors bought by the EU to monitor the pollution of the city. A special liquid is needed in order for them to function, and the ministry did not plan in advance the costs needed for that liquid.

Whoever's fault is it, this results into a lower effectiveness of projects and lack of sustainability from both the beneficiary's and the EU's side, there is very little follow up of the activities. "The sustainability of the achievements is directly connected to the extent to which outputs have been effectively used by beneficiaries and therefore it could be considered that sustainability was not as good as it could have been" (Ecorys, pag. 21).

Lack of available information

Transparency on the management of IPA assistance must be improved (Ecorys, 2013). There is not enough information among the different departments about how to practically deal with IPA: there are misunderstandings over who precisely is responsible for what, which department takes care of certain activities, in what ministry and under whose power. Moreover, for certain components there is no sufficient information available on the annual share of funds for the concluded contracts. Plus, the Annual and Final Implementation Reports prepared by SEA have not been published yet. How do programmers, implementing authorities, contractors and trainers know what has been done and what still needs to be done, what could be the possible risks of a project and how to overcome them? The risks of a project should be reasonably simple to define. If one is ready, the impact of a risk on the final output of the projects, in terms of material, economic. procedural, reputational damage, could be restricted. However, few studies are made on the possible risks, and in order to make studies, all the information available must be accessible, which is not always the case in the Republic of Macedonia. Data accessibility allows to successfully measure the degree of change, of impact. The general dangers linked to the lack of accessible information are the overlapping of functions, overlapping of projects and general lower effectiveness. Missing data should be taken note of, so that additional funds can be supplied for data collection.

Political unwillingness?

It is not automatic that if a project is well implemented, then it also obtains

results: it could be badly executed but could have a positive impact, or vice versa. The achievement of effectiveness depends on the political relations inside the country in question. According to some, there is no real political will from the beneficiary: the national institutions conclude projects because they are obliged to. They are just interested in "tick-boxing" some activities in order to demonstrate that they have done their job: they only see the process, but they are blind to the substance. IPA should not be assigned to sections which national politicians are not willing to support. Macedonian politicians are indeed busy with internal matters: for example on the 24th December 2012 some Parliamentarians and journalists from the opposition were taken away from parliament's plenary hall during the adoption of the budget for the following year, giving rise to a deep political crisis. They returned to parliament in March, but did not really participate in the political debates until September (European Commission, 2013d). This is only one example that shows the profound division and total lack of dialogue among the ruling party (re-elected for the third time in a row in Spring 2014) and its opposition. Furthermore, the OSCE/ODIHR reporter of "voter intimidation and misuse of state resources" throughout the electoral campaign (European Commission, 2013d, pag. 6).

On paper the priorities of the government are still EU and NATO membership, nothing has changed; but in practical terms, do they really want to become a member state of the European Union? Do they know what that means in terms of economic benefit, chance for further growth, for stability? Are they really pushing themselves to the limit to get there, or are they just playing along?

To recap

"IPA assistance has been positive but not as effective as planned. The generally positive delivery of project level outputs has in many cases not been turned into the achievement of expected results due to a range of operational and political reasons that are principally orientated around difficulties in engendering a change culture in institutions and their management" (Ecorys, 2013, pag. 18). For all these reasons converting the outputs of projects into practical results has not as that high-quality as expected. The main weakness is the lack of political will, the lack of necessary inter-institutional teamwork, the sometimes inadequate human and financial resources and the low level of ownership. Moreover, as stated in the 2013 Progress Report, the Republic of Macedonia's capacity to co-finance European projects is still very limited, and consequently it is not yet ready to use funds that are meant for the EU member states. IPA can help, but changes cannot be imposed by an external actor, they must come from the inside.

2.3 IPA II (2014-2020): a solution?

From January 2014 the new Instrument for Pre Accession began. As the last one, it will last for seven years, until 2020, established by Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II):

"*As Council Regulation (EC) No 1085/2006 (4) expired on 31 December 2013, and in order to make the external action of the Union more effective, a framework for planning and delivering external assistance should be maintained for the period from 2014 to 2020. The enlargement policy of the Union should continue to be supported by a specific instrument for financing external action.*

IPA II should therefore be established."

(European Parliament and Council, 2014).

IPA II intends to function with easier and more coordinated procedures and laws, in order to smoothen the progress of the accession to the funds and guarantee more effectiveness. The total amount envisaged for this type of assistance for the next seven years totals to around €12 billion, with specific portions fixed on a yearly basis (European Commission, Directorate-General for Communication, 2013). Let's mention, only very briefly for now, some of the innovations introduced by IPA II, as I will analyze them in the following subchapter, when I will try to estimate the future of IPA II in terms of overcoming the problems encountered under IPA I.

First of all, the biggest change is that components are substituted by "*policy areas*". As affirmed in Article 3(1) of the Commission proposal for the IPA II Regulation, the five policy areas are: 1) the transition process towards Union membership and capacity building; 2) regional development; 3) employment, social policies and human resources development; 4) agriculture and rural development; 5) regional and territorial cooperation. They will help the programme promote a more rational and tactical method to the pre-accession aid, through the growth of stability of action and through more coordination among the four different IPA Directorates-Generals of the Commission (DG Enlargement, DG Agriculture and rural development, DG Employment, social affairs and inclusion, DG Regional and urban policy) on their work on identifying a distinct and combined approach for every country. Other changes are further

adaptations of IPA II to the beneficiary's need and to the beneficiary's absorption capacity; projects will generally be fewer, longer, financially more consistent; assistance will be more result-oriented and evaluation indicators more quantifiable; all type of actors will be involved in the consultation process; ownership will increase even more, as will flexibility in handling the projects.

On the basis of the interviews done, of the Roadmap for Planning and Programming drafted by the Commission, of the draft of Republic of Macedonia's Strategy Paper, of the Council's and Parliament's regulation and Commission's proposal, and of the Programming Guide, I have tried to answer the question "Will IPA II overcome the problems linked to IPA I" or will the story repeat itself? We can only guess the answer.

2.3.1 Programming

The sector-based approach

The sector approach must be strengthened "with a more coherent longer-term planning process resulting in a strategic instrument for donor coordination and for steering private-sector investment" (European Commission, 2011b). Of course, it will take time to implement, but the quantity of aid supplied through the sector approach will gradually grow, on the basis of the country's capacities to manage it. As stated in the Draft Country Strategy Paper 2014-2020 for the Republic of Macedonia, there are three criteria that must be followed before implementing the sector approach:

1. *"The existence of a national sector policy and strategy and a sector budget or a commitment by government to either elaborate or refine these.*

2. A lead institution/ ministry responsible for the sector/subsector

3. The existence of a functional sector coordination framework or a commitment by government that steps are going to be taken towards its development."

(European Commission, 2013a). Draft Country Strategy Paper 2014-2020, EU assistance to the former Yugoslav Republic of Macedonia, pag. 6-7.

The sector approach is not new in the Republic of Macedonia: the discussion began in 2011. The MIPD for 2011, 2012 and 2013, and programme for TAIB, the way the sector fiches were drafted, had already the sector logic behind it, in terms of key priorities: Public Administration, rule of law, environment, labour and social policies, education and training, agriculture and rural development, cross border regional territorial cooperation. As I will refer to in the following pages, the beneficiary will need to internally readapt to these changes, likely leading to internal disputes among the different ministries, but procedures will definitely be more simple. Furthermore, they will learn to programme their budget and funds in the long run, leaving behind their short-time way of planning. In the Republic of Macedonia, the sectors will be Democracy and governance, Rule of law and fundamental rights, Environment, Transport, Competitiveness and innovation, Education, employment and social policies, Agriculture and rural development, Cross-border cooperation.

For what concerns the specific priorities for Skopje in 2014, "close attention needs to be paid to the rule of law, judicial independence, the fight against corruption and organised crime and freedom of expression" (European Commission, 2014). Naturally, the beneficiaries of IPA will be prepared to take on the sector approach at different times, and each beneficiary may also be ready

to implement the different sectors at different times. The promptness of a country depends on different factors: clear definition of sector strategies and capacity of implementing them; coordination among donors and sectors; sector budget analysis; mid- or long-term budget planning for sectors; capacity of monitoring the implementation (Ecorys, 2013, pag. 11-12).

More involvement of other actors in consultations

As stated in the Commission Roadmap For Planning And Programming, the Strategy Papers will be drafted by the European Commission under the direction of DG Enlargement. However, the institutions of the beneficiary country, especially the NIPAC, will be partners of the drafting process, having a decisive role. In opposition to what happened with IPA I, under IPA II civil society will be more involved from the beginning. Under IPA II they will not be just partners, they will be leaders of the discussions, and it is the EU that fits into their needs, not the other way around. For example, now the CSOs of the Republic of Macedonia are better organizing themselves, by choosing on their own their representatives. There will be a real dialogue, stakeholders will be engaged in a constructive discussion on the IPA priorities and on the monitoring of IPA, while before priorities were just given. Moreover, other stakeholders like the donor community, international and regional organizations and other member states will be consulted.

Projects: less, longer, larger

Under IPA II the kind of funding and its amount will not be the same for

every country, but will be adapted as much as possible to the requirements and ability of the beneficiaries to receive those funds. The assistance will generally be more concentrated, a larger tranche of financial allocations will be given to the projects/programme. There will be a smaller number of projects, which will last for a longer period of implementation: with IPA I projects last one to two years, with IPA II the plan is to make them last four to five years. Bigger projects are easier to see, they have greater impact. This is underlined by the sector-based assistance, which will incorporate what once were scattered and fragmented projects. The reduced number of projects will decrease the administrative weight connected to the management of projects and contracts. Moreover, when programming who will be the direct beneficiary of a project, one must bear in mind that more attention must be given to human resources: under IPA I it has happened that trainers, twinning advisors etc. had to work in offices of one-two people. Money spent on institution building towards an office with one person is just a waste.

Taking into consideration the real absorption capacity

In the first year of implementation of this "reborn" Instrument for Pre-Accession, 2014, the majority of the attention of both the Commission and the beneficiaries will be on embracing the Country and Multi-Country Strategy Papers, together with the first Programmes. The Strategy Papers are thought as seven-year documents and will serve as a roadmap for what concerns the each beneficiary's practical needs. They must look at the priorities that must be tackled first, on the basis of the political and economic conditions of the country in

question.

In particular, the Country Strategy Papers (CTPs) will illustrate how the country intends to handle the funds in the different policy areas in order to move a step forward in the accession process, while the Multi-Country Strategy Paper (MCSP) will serve the same purpose, but for multi-beneficiary and territorial cooperation programmes. They must analyze the major challenges the beneficiary is dealing with in terms of reaching the Copenhagen principles, taking into consideration its real absorption capacities. The Strategy Papers must also set up the analytic allocations of funds divided per policy area and per year, and lay down the structure for multi-annual or annual programmes. They will substitute the MIPDs. The preparations for the Strategy Papers and the first Programmes will occur more or less at the same time and they will try to transform the Common Strategic Framework into a collaboration at different levels (country and regional). At least in theory, the whole programming should be very on ground, adapting to the circumstances of the different beneficiaries.

2.3.2 Implementation

More ownership and flexibility

One of the main aims will be to increase ownership of the beneficiary. This is done mainly in two ways: through co-financing and through a greater involvement of the beneficiaries, regional partners, CSOs and other stakeholders in the discussion. Before the co-financing was only 12%, a very poor amount. It is true that the beneficiaries of IPA do not have great financing capacities, "but all agreed in principle with the need to ensure co-financing to stimulate ownership"

(Ecorys, 2013, pag. 15). Co-financing is important because its conditions "force applicant countries to allocate public resources to particular policy areas too, so EU aid can change the order of priorities on a government's agenda (Grabbe, H., 2003).

More flexibility will be given to national contracting authorities and programming bodies in terms of the conferral of management process, which will be more progressive, in order to permit the achievement of the best performance possible, giving incentives to countries with high performance rates. Aid will be tailored to tackle needs. Less requirements will be demanded from the Commission. There will be also flexibility **"**in using the budget allocations (including possible reallocations between policy areas and/or countries), or using common implementation modalities under all policy areas (e.g. innovative financial instruments across policy areas)", as stated by the Commission Roadmap (pag. 19).

Less difficulties

Under IPA II there are many ways in which the administrative burdens could be decreased. First of all, while before there were five guidelines and rules for all the components, now all the sectors follow the same rules and set of guidelines (except for agriculture). In this way, national institutions can function more strategically, look at the medium-long term planning, organize their national policies and strategies on the basis of their analysis on what they would like to reach. It will be easier for the EU to just "enter" in the sector analysis and only assist the country in order to fill in the gap, not substitute the country. Moreover,

the less number of projects and the possibility of budget support may also help to diminish administrative burdens.

The problem with the beneficiaries is that they do not see the benefits of this type of implementation, because of course some changes will occur in the internal structures and hierarchies. For them it is more complex because it implies cooperation of different institutions within same project or policy area, because now sectors are cross-ministerial: there will be the need to build bridges among the different ministries. Who will bear the responsibility for a certain sector? Beneficiaries will have to make some effort to readapt. The risk is that competition will overwhelm cooperation.

2.3.3 Evaluation

More sustainability

While IPA I focused mainly on programming and implementing, IPA II will focus more on sustainability. It will be more aimed at achieving practical results with the intention of making progress in the route towards accession, in order to deliver durable benefits to the beneficiary. Both beneficiaries and the EU will concentrate on one milestone of the accession process, once it will be ticked off, the country may move to the following one. In this way, the beneficiary will be obliged to follow the whole process of a project, from its programming to its end and its follow-up, to see if it has been successful or not.

"Performance elements"

The plan of IPA II is to introduce a performance bonus method, founded on

impartial measurement mechanisms that will necessitate a well-functioning monitoring system. Every project or programme must be linked to specific and clear targets, measurable through performance elements, quantifiable indicators that should be confirmed as obtainable before taking them into account in the documents that contain this information. Sectoral Monitoring Committees could be toughened in order to both monitor sectoral performance and produce impartial monitoring data (Ecorys, 2013, pag. 27). Moreover, the approaches and the instruments used to achieve these targets must be made accessible. Through performance elements, the problems linked to the lack of available information, such as not knowing if the final impact will be successful, will not exist anymore. The current external evaluations of projects could be used to assist the management of IPA. In order to increase effectiveness, the financial instruments that will be used will be more innovative and cooperation with other donors (regional and international) will be strengthened.

Political willingness

As we have stated before, according to some, there is no real political will from the beneficiary. There is no full dedication to the European cause, although becoming a member state in the European Union and NATO remain formally a priority for the government. Let's hope that in the future there will be a revival of this willingness, because in the end, it all turns down to this last point: if there is no true motivation of the politicians, the citizens, the country in general, it will all be a waste money and time. But, as I will state in the following subchapter, I am not so optimistic.

2.4 The Republic of Macedonia in the EU: dream or reality?

From its premises, it seems like IPA II could work out and overcome the problems encountered with IPA I. Nonetheless, there are still shadows on some key aspects: for example, how the sectoral approach is going to be implemented in practice is still to be outlined, the definition of sector approach is still blurry, where the beneficiaries are going to get the money to co-finance remains a mystery, how they are going to quantify the performance indicators, especially for the institutional building, is still unknown. And will IPA II be effective in terms of the accession process? Even if IPA turns out to be successful, there are some problems that the country could encounter.

2.4.1 Problem 1: What if the beneficiary country becomes compliant to IPA II only on paper?

Indeed, the risk with the Instrument for Pre Accession (and other aid programmes) is to be aligned to the EU standards only theoretically, but when you scratch the surface, the main problems remain. This happened in the Romanian and Bulgarian case, in which "the Commission's post-accession monitoring reports reflect that neither Bulgaria nor Romania were believed to have yet completed the unfinished preparations for EU membership" especially for what concerns the judicial reform and fight against corruption (Trauner, 2009). Could this be the case also for the Republic of Macedonia? It could be possible that the country reaches a point in which it is compliant on paper, but what about in practice? After accomplishing the targets established by IPA II, will it be able to fulfill the conditions of membership and to contribute to the EU budget? Does it

have the ability of good governance, following the democratic principles? Are both citizens and politicians ready to become an European member state?

2.4.2 Problem 2: What about the name issue?

The Macedonian situation is ever more complex compared to the ones of Bulgaria and Romania. The situation is best described by a sentence from Luisa Chiodi, Director of Osservatorio Balcani e Caucaso (2014, pag. 3) "With the enlargement process stalled due to the Greek veto, the country saw the immediate worsening of inter-ethnic relations and a reversal of the democratization process". Two problems are highlighted in this sentence: the difficulties linked to the cohabitation of different ethnicities, and the so well-known name issue, briefly illustrated in the first chapter. Although the situation has gotten better after the adoption of the Ohrid Framework Agreement in 2001, the country is still plagued by ethnic conflicts and bilateral disputes with Greece are impeding the country to accurately look forward.

2.4.3 Problem 3: European enlargement - do Macedonians and Europeans still want it?

"It is glaring that the ongoing enlargement process is politically less relevant today than in the past for the EU, while the EU, with its economic and identity crisis, is less attractive to the Balkans now than ten years ago" (Chiodi, 2014).

On one side, the beneficiaries seem to be less and less motivated to joining the EU. One basic issue is that Macedonians do not really understand what an European Macedonia would mean. "The problem of engaging the local public

opinion is not less important for the accomplishment of the process" (Chiodi, 2014). It is fundamental to explain to the citizens what will the consequences of enlargement be, how will they achieve it, the gradual process that brings a country to gain full membership etc. The problem is that not all the population would understand the long and complex procedure and the technical elucidations. Nevertheless, the political and civil debate within civil society organizations and similar bodies is at the basis of the enlargement process and this should be stressed by the European Commission, which does not seem to take them into enough considerations. However, it would seem to me that the majority of the population is not aware of the political, economic, institutional changes that are occurring and will occur once they enter into the EU. Moreover, as stated more times in this work, the politicians seemed to have lost full dedication to the European cause.

Nonetheless, there is a problem that is prior to doubts related to the expectations and actual knowledge of the Macedonian population: due to the economic difficulties and to the spread of Euroscepticism in the political scenario, especially after this year's elections in the European Parliament, could there be a possible step backwards of the EU? Does Europe still want to expand itself? Has the EU reached the limits of its absorption capacity?

Already in its 2006 Communication (European Commission, 2006), the Commission stated that the EU's absorption capacity of new member states must be measured in three ways: the EU's capacity to maintain the rhythm of the European integration, rigorous conditions from candidate countries and the improvement of the communications on the results of candidate countries on

achieving the aims of the accession process.

One negative sign is the embittering of the conditions for the enlargement process. After Croatia's membership, the European Commission chose to begin the screening process of the *acquis* from Chapter 23 "Judiciary and fundamental rights" and 24 "Justice, freedom and security", probably one of the most difficult to achieve. Moreover, the appointment of the new European Commissioners has signed a decisive turning point: there will be a pause of the enlargement process for the following five years. The new president of the Commission, Jean-Claude Juncker, has summarized this as one of his foreign policy objectives:

"When it comes to enlargement, this has been a historic success. However, Europe now needs to digest the addition of 13 Member States in the past 10 years. Our citizens need a pause from enlargement so we can consolidate what has been achieved among the 28. This is why, under my Presidency of the Commission, ongoing negotiations will of course continue, and notably the Western Balkans will need to keep a European perspective, but no further enlargement will take place over the next five years."

(Juncker, 2014.)

After all the difficulties highlighted with the ongoing IPA I and the possible, although not so probable, way out through the future IPA II, we can definitely state that Macedonian's road to accession has not been a smooth process, and the road will still be rocky. We do not know it the country will ever be ready for European membership, maybe one day it will be compliant to the acquis, even if only on paper. However, there is still an elevated number of inescapable conditions that must be solved first: does the Republic of Macedonia still want Europe? Does Europe still want the Republic of Macedonia? After IPA II will it

be ready in practice? One must bear in mind that he European Union they are applying for today is a “very different EU than that of which they applied to years ago. Today, the EU is economically and politically weakened and run by a shrinking pro-European elite who lacks a clear ideological vision of, and a popular mandate for, neither the deepening nor widening of the EU” (Mudde, 2014). And last but not least, even if the country successfully concludes its IPA homework, will this be enough to overcome the name issue? I doubt it.

3. OTHER INTERNATIONAL ACTORS IN THE REPUBLIC OF MACEDONIA

"The EU remains by far the largest donor, with other main EU donors including Germany, the Netherlands, and the United Kingdom. Other principal bilateral donors include Switzerland and the United States. Multilateral donors include the Council of Europe, the Organisation for Security and Cooperation in Europe (OSCE) and the United Nations" (European Commission, 2013a). Although the European Union is the main donor in the Republic of Macedonia, there are other international and regional organizations, in addition to bilateral cooperation, that contribute in helping the country overcome its main obstacles in order to make it become a democratic state, competitive internationally, and closer to the European Union. These international actors have coordinated their efforts in order to deal with some problems that have been encountered in the implementation of the European Instrument for Pre-Accession we saw in Chapters 1 and 2, such as the overlapping of functions, the implementation of similar projects, the involvement of donors in superfluous areas, the application of different methodologies in managing and implementing the aid, the lack of public information.

For example, in December 2007 an aggregation of international donors (the European Commission, the European Agency for Reconstruction, the United Nations, the World Bank, and countries like Austria, Netherlands, Norway,

Sweden, Switzerland, United Kingdom and USA) proposed a document that would regulate their coordination. “What originated was an action plan to introduce a program-based (PBA) approach in FYR Macedonia to improve aid effectiveness via a strengthened Government-led coordination mechanism” (World Bank, 2010, pag. 57). So in 2009 the action plan was adopted with four main aims: a) to help the country reach the member state status of the European Union, b) to support assistant and results framework, c) to reinforce the institution’s ability to implement a results-based sector strategy, d) to formalize a successful construction for dialogue and harmonization. Therefore, PBA plans are now being designed for five main areas: 1) business environment, competitiveness, innovation, 2) human capital, 3) agriculture, 4) environment, 5) governance. There are continuous consultations between these external donors and the ministers, chaired by the Secretary for European Affairs.

Let’s have a closer look at these other actors that have been involved in the Republic of Macedonia: they are the main international and regional organizations, like the United Nations, the North Atlantic Treaty Organization, the Organization for Security and Cooperation in Europe, the Council of Europe, the World Trade Organization, the World Bank and the International Monetary Fund. Some of these actors have been more active in the past, some more in the present, some have played a crucial role in very delicate phases of the country’s life, others have had a particular financial impact. However, the one thing they have in common is the shared aim of helping the Republic of Macedonia align itself to the European standards, in order to see it, one day, side by side with all the other European countries.

3.1 The United Nations

For two decades the United Nations has been an associate of the Macedonian government, helping it in bringing stability to the territory and social justice among its citizens, regardless of the initial uncertainties in making the country a UN member state, due to the conflict with Greece over the name and other national symbols. At the beginning of the '90s the UN was present in the Balkans, including the Republic of Macedonia, through its peacekeeping operations. Let's retrace the most important peacekeeping forces the UN established in the region that touched the Republic of Macedonia's territory, how the country became part of the UN club through a very peculiar resolution of the Security Council, (number 817), and a description of how the UN acts in the country today, through unresolved issues and ineffective diplomatic patronage.

3.1.1 UN Peacekeeping Forces

After Milosevic's effort at the end of the '80s to preserve Yugoslavia's unity, separatism gained the upper hand: Slovenia and Croatia became independent in June 1991, Bosnia-Herzegovina and the Republic of Macedonia the following year. At first the UN deferred to the European Union's diplomacy, coherent to Chapter 8 of the UN Charter[15], which recognizes international

[15] Art. 52 of the UN Charter: "1. Nothing in the present Charter precludes the existence of regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action provided that such arrangements or agencies and their activities are consistent with the Purposes and Principles of the United Nations.
2. The Members of the United Nations entering into such arrangements or constituting such agencies shall make every effort to achieve pacific settlement of local disputes through such regional arrangements or by such regional agencies before referring them to the Security Council.
3. The Security Council shall encourage the development of pacific settlement of local disputes

organizations designed regionally and stresses their duty in settling local disputes between their member states (Conforti and Focarelli, 2010). Then, in September 1991, the Security Council chose Cyrus Vance as the Secretary General's personal envoy to reach an accord on a possible UN peace-keeping operation.

In February 1992 the Security Council authorized, through resolution 743 (1992), UNPROFOR, the UN Protection Force for Yugoslavia. This peacekeeping operation is classified as a "Second generation" one, the so called "multidimentional" or "multifunctional" (Conforti, B., and Focarelli, C., 2010), in which the aim of the mission is extended to the "civil" sphere, taking care of the monitoring of the respect of human rights, the repatriation of refugees, humanitarian assistance, promotion and monitoring of free elections/referendums, relief in natural disasters etc. UNPROFOR was initially deployed in the Serbian area of Croatia, with the aim of generating the conditions of peace and security necessary to reach a general settlement in the area. However, the forces came across massive violations of human rights, while there was very minimum awareness and willingness from the different parties in making peace (Karns and Mingst, 2010). At the beginning the main goal of the mission was to guarantee the demilitarization of the three United Nations Protected Areas (UNPAs) on the Croatian territory and the protection of the inhabitants. The mission's mandate gradually increased to take also into account the monitoring and demilitarization of other territories, the control of the population, the carrying out of immigration and custom tasks at the UNPA borders, the supervision of the execution of a 1994 cease-fire agreement between the Croatian Government and local Serb authorities

through such regional arrangements or by such regional agencies either on the initiative of the states concerned or by reference from the Security Council."

and another one between the Bosnian Government and Bosnian Croat forces, which brought to the 1995 Dayton Peace Accords.[16]

It is important to underline the fact that UNPROFOR change nature during the course of actions. In fact in 1992 UNPROFOR's mandate was expanded to Bosnia and Herzegovina, through protecting the main airport, sustaining the actions of the UN High Commissioner for Refugees in order to allow it to distribute humanitarian assistance in the country, defending former civilian prisoners, monitoring the no-fly zone and the UN "safe areas". However, during the year, the Security Council, acting under Chapter VII of the UN Charter, through Resolution 770 (1992) authorized states "to take nationally or through regional agencies or arrangements all measures necessary" to help with the distribution of humanitarian assistance to Sarajevo and Bosnia and Herzegovina (and then to Croatia). So UNPROFOR, authorized to use force in case of self-defence[17], was turned into more of an enforcement operation: it was a peacekeeping force with an enforcement mandate (Karns and Mingst, 2010). Additionally, it was the first time UN peacekeeping forces cooperated with NATO ones, in this case for the use of NATO's airpower.

On 11 December 1992 with Resolution 795 (1992) the UN Security Council, after a request from Skopje, authorized the launch of UNPROFOR by the

[16] After that, in Bosnia and Herzegovina UNPROFOR was replaced by NATO's Implementation Force (IFOR), NATO's first attempt at traditional peacekeeping, afterwards replaced by the smaller Stabilization Force (SFOR) until 2004, when the EU intervened in place of NATO.

[17] Art. 51 of the UN Charter: "Nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security. Measures taken by Members in the exercise of this right of self-defence shall be immediately reported to the Security Council and shall not in any way affect the authority and responsibility of the Security Council under the present Charter to take at any time such action as it deems necessary in order to maintain or restore international peace and security".

Secretary General also in the Macedonian territory, with the aim of supervising and informing about any improvements in the border territories which were a possible threat to the stability of the country. This resolution is also significant because it refers to the state as "Former Yugoslav Republic of Macedonia" (as we will see in a moment, the role of the name issue for the accession of the country in the UN is fundamental). This force was substituted on 31 March 1995 by three separate but interconnected peacekeeping operations: UNMIBH, the UN Mission in Bosnia and Herzegovina; UNTAES, the UN Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium; and UNPREDEP, the United Nations Preventive Deployment Force, in the Republic of Macedonia.

UNPREDEP was introduced by Resolution 983 and became effective on 1 February 1996. Its mandate was almost identical to the one of the preceding mission, even when it became an independent operation: to monitor and describe any changes on the areas near the state's boundaries that could negatively affect its stability and its territories. Furthermore, the military part of the mission, including the UN Military Observers (UNMOs), collaborated with civilian organizations and helped the citizens through humanitarian aid. By the end of the first year of implementation, it worked on twenty-four permanent observation positions and thirty-three temporary, especially along the confining line with Albania. Through years, the military forces were increased or decreased on the basis of the intensity of the situation with neighbouring Albania and its tasks grew, including also the monitoring of illegal arms trafficking and other unlawful actions. It also preserved collaboration with other OSCE and NATO missions. The initial mandate of UNPREDEP was continuously extended by Security

Council resolutions until 28 February 1999, when China vetoed a new extension of the time limit, against the fears of the rest of Security Council member states for possible spill-over effects of the Kosovo crisis in Skopje.

3.1.2 SC Res 817

For what concerns the Republic of Macedonia's membership in the United Nations, Skopje was admitted at the UN table, after UNSC Resolution 817, on 7 April 1993, after nine months from its application, which occurred on 30 July 1992, with the temporary name of "Former Yugoslav Republic of Macedonia", abbreviated as FYROM. Skopje's application rested in the Secretariat for months: the Secretary General was reluctant in transmitting the document to a Security Council which was not prepared to discuss about it, in fact it began to circulate only on 22 January, 1993. After the initial rejection of both parts, the Republic of Macedonia was able to join because in 1992 the International Monetary Fund, the World Bank and the International Conference on the Former Yugoslavia approved this denomination, followed by France, Spain and the United Kingdom, the three European permanent members of the UN Security Council, which in four months prepared an offer which was accepted by both parties. (Wood, 1996).

Security Council Resolution 817 of 7 April 1993 recommending the country's admission to the UN was a very peculiar one: first of all the name of the country was not mentioned anywhere, just "the State"; secondly, it also included political statements regarding the resolution of disputes between the two parties, also "welcoming the readiness of the Co-Chairmen of the Steering Committee of the International Conference on the Former Yugoslavia, at the request of the

Secretary-General, to use their good offices to settle the above-mentioned difference" (over the name of the state); third, the Security Council added this final clause:

"Recommends to the General Assembly that the State whose application is contained in document S/25147 be admitted to membership in the United Nations, this State being provisionally referred to for all purposes within the United Nations as "the former Yugoslav Republic of Macedonia" pending settlement of the difference that has arisen over the name of the State;"

S/RES/817

It is a very significant and abnormal clause, firstly because its intent was not to come to a decision on the name of the state, but only to illustrate how the UN would have referred to it, without obliging any other state or organization to use the same denomination; moreover, it did not undermine the country's position in the UN, also because the UN Charter does not offer any type of conditional membership. Furthermore, due to the flag issue mentioned in the first chapter, the President of the Security Council declared the non-hoisting of the Macedonian flag outside the UN headquarters in New York. Additionally, to avoid further conflict on what alphabetical order to adopt (whether to put the country at the "F" for "Former" or "M" for "Macedonia") a "the" was added as part of the provisional name, so the country was put at the "T" (Wood, 1996).

3.1.3. UN today throughout unresolved issues

In September 1995, under the patronage of the UN, the two countries in conflict reached a legally binding agreement, the Interim Accord, although not being an everlasting convention since it can be replaced or revoked. Just as the UN resolution granting the Republic of Macedonia the UN membership, it is a

very peculiar document, since it does not mention the name of the two countries that signed the accord, but refers to them as “the Party of the First Part” (that has Athens as capital city, so Greece) and “the Party of the Second Part” (that has Skopje as capital city, so the Republic of Macedonia). As mentioned in Chapter 1, after the agreement Skopje eliminated the Vergina Sun from its flag and changed its constitution. On the other hand, Athens consented to not object to future applications of Skopje to other organizations, as long as it would use the denomination included in the already cited UNSC Resolution 817 (“the former Yugoslav Republic of Macedonia”). This allowed Skopje to enter into important international organizations such as the Council of Europe, the Organization for Security and Co-operation in Europe and NATO’s Partnership for Peace.

Today, two decades later, albeit the Interim Accord of 1995, after continuous interventions of the UN on the conflict between Athens and Skopje on the name, Constitution, flag etc. (for the reasons explained in Chapter 1) it is still unsettled. Discussions continue under the patronage of the UN, guided by Ambassador Matthew Nimetz, Secretary General’s Personal Envoy for the talks between Greece and the former Yugoslav Republic of Macedonia since 2005. In these twenty one years, many proposals have been made from the diplomats and experts, for example Upper Macedonia, New Macedonia, North Macedonia, Vardar Macedonia, Republic of Macedonia (Skopje), Republic of Macedonia – Skopje, Gornomakedonija, Novomakedonija etc., while Greeks wanted Skopje or Skopjania (Gligorov, 2001). Nevertheless, a solution has not been found yet. Not many months ago, Nikola Gruevski, the Macedonian Prime Minister urged the UN to be more directly implicated in the resolution of the name issue: “I am

convinced that only essential engagement by the international community, above all, that of the UN, will lead to a solution". He continued that the UN should facilitate the process of arriving to a common solution through the actions of the General Assembly and the Security Council. "Otherwise, the UN will be faced with failure again and will bear the responsibility because of not reacting in accordance with its own principles and values." (UN News Centre, 2013).

At present, the UN's goal in the Republic of Macedonia is to guarantee complete and sustainable growth, based on local main concerns and strategies, especially for the country's aspiration for becoming a member state of the European Union. "In that regard, the UN's support to build institutional and strategic capacities of the state and civil society for policy making and implementation has been and will continue to be instrumental to enable the country to benefit fully from the EU accession process and become an EU member state" (United Nations Development Assistance Framework, 2010-2015). So the United Nations Country Team (UNCT) will sustain the country in accomplishing the aims of developing into a modern democracy and becoming a member state of the EU. During the last UN Development Assistance Framework (UNDAF) cycle in 2005-2009, the UN agencies have developed an inimitable comparative benefit, owing principally to the multi-sectorial and complimentary method put in practice by the UNCT, especially in sustaining the decrease of poverty and sustainable development.

The country is yet convalescent from the economic, financial, political and social outcomes deriving from a protracted transitional phase. It is true that the Ohrid Framework Agreement has caused the conclusion of the 2001 inter-ethnic

conflict and has laid the basis for peace and stability; however, it must be continuously respected and put into practice. In this sense, the UN agencies and organizations in the country (resident: UNDP, UNICEF, WHO, UNIFEM, UNFPA, IOM, UNAIDS3, UNHCR, ILO and UNESCO and non-resident agencies: UNEP and UNIDO) act jointly through the UNCT, which is currently engaged in two programmes: Enhancing Inter-ethnic Dialogue and Preventing Domestic Violence, given the problems the country has encountered with the co-existence of different ethnicities. The Resident Coordinator, which chairs the UNCT, draws together all UN agencies and bodies that have to do with operational actions for growth and the UNCT is connect to a high number of governmental, non-Governmental, international, public and private collaborators.

The UN mainly acts through the UN Development Assistance Framework (UNDAF) and through its worldwide development structure, the United Nations Development Programme (UNDP). Under the new cycle of UNDAF for 2010-2015, the UNCT will sustain the country's growth agenda and especially its all-encompassing main concern of European accession, which matches UN principles in the structure of human rights and the Millennium Development Goals. The UNDP, through the improvement of human resources and institutional abilities, offering experience, explanations, alliances, helps the Macedonian government in achieving three main goals. Firstly, it wants social inclusion: a society that does not exclude anyone, in which all have the right to benefit from public services, employment, education, and to contribute to the decision-making for their everyday life. The second is good governance: strong national bodies and administrations prepared at planning political strategies and providing better

services, improving their accountability. The third aim is ensuring sustainable development: political decisions against pollution, biodiversity loss, energy dependence and climate change, promoting health, food security, and quality of life.

In addition, other agencies are supporting the activities of the UNDAF, although falling out of it. For example the Macedonian government is making great steps forwards for what regards gender equality, due to the approval of the first five-year strategy on GRB, gender-responsive budgeting, which will make sure that "across government agencies, gender gaps and inequality in policies, plans, programmes and budgets are broadly addressed and modified" (UN Women, 2012). UNICEF has also been active together with the government and the National Commission on Children's Rights, on taking care of children's benefits. UNHCR will reinforce the Macedonian asylum/protection system, taking care of an approach towards the harmonization of national legislation with the European a*cquis* and international principles.

Table 9: Estimated Resource Requirements - summary overview in USD[18]

UNCT Agency/Fund	Outcome 1: Social Inclusion	Outcome 2: Local Governance and Territorial Development	Outcome 3: Environmental Protection	Total
UNDP	18,100,000	18,000,000	18,000,000	54,100,000
UNICEF	13,000,000	3,500,000		16,500,000
UNHCR	5,000,000			5,000,000
UNFPA	1,020,000	300,000		1,320,000
WHO	1,464,000		2,520,000	3,984,000
IOM	1,850,400			1,850,400
UNIFEM	780,000	360,000		1,140,000
ILO	1,320,000			1,320,000
UNIDO			1,300,000	1,300,000
UNESCO	216,000	960,000	840,000	2,016,000
UNEP			1,860,000	1,860,000
UNAIDS Funds	360,000			360,000
UNECE		50,000		50,000
Joint Projects	3,000,000			3,000,000
Total	**46,110,400**	**23,170,000**	**24,520,000**	**93,800,400**

3.2 North Atlantic Treaty Organization

The North Atlantic Treaty Organization, the "most highly organized regional security organization" (Karns, M. and Mingst, K., 2010) has had relations with the Republic of Macedonia since the countries creation in the early 90s. Skopje was a NATO ally in helping the 1999 NATO-led operations to stabilize the situation in Kosovo, it offered assistance to refugees, helped in providing

[18] Source: United Nations Development Assistance Framework 2010-2015 http://planipolis.iiep.unesco.org/upload/The%20former%20Yugoslav%20Republic%20of%20Macedonia/FYR-Macedonia_UNDAF_2010-2015-eng.pdf

logistical aid to KFOR and in assisting soldiers which were passing through the country. Moreover, it took part in the International Security Assistance Force (ISAF) in Afghanistan since 2002 and, after ISAF has ended, made public its inclination to join the follow up mission on training Afghani security military. The relationship between the two is similar to the one between Skopje and the UN, except for the fact that it still has to find its "happy ending": as UN and the EU, NATO was present through different operations in the country's territory, mainly for assisting the country in resolving an increasingly and potentially very dangerous conflict occurring in the country. The Republic of Macedonia is part of the NATO Partnership for Peace (PfP) programme, the Euro-Atlantic Partnership Council (EAPC), the Membership Action Plan (MAP) framework and the Partnership for Peace Planning and Review Process (PARP). However, while the name issue was temporarily put aside to let the country join the UN in 1993, Skopje, exactly for this reason, is still not among NATO's member states.

3.2.1 NATO operations in the Republic of Macedonia

In the territory of the Republic of Macedonia, NATO was active through three different missions. As described in Chapter 1.2, the situation occurring in the Republic of Macedonia in 2001 - the outburst of Albanians living in the Macedonian territory against Macedonians - saw the interventions of both NATO and EU forces. The North Atlantic Council chose a "double-track approach" (Public Diplomacy Division NATO, 2006, pag. 153): on one hand it sustained the government's role in the fight against the Albanian extremists, and on the other hand, it pushed the government for military moderation and the beginning of

constitutional reforms to enlarge the Albanian participation in the administration, in the political filed and in society.

The first NATO involvement was "Operation Essential Harvest", requested by the Macedonian President Trajkovski, launched on 22 August 2001 (but operationally began on 27) and it lasted only thirty days, ending on the 26 September. The aim of the thirty five thousand NATO troops was to demolish armaments of the ethnic Albanian groups. Through the launch of this operation, NATO underlined its commitment to the region and the country, despite the country not being a member state, as confirmed by the NATO Secretary General of that time Javier Solana, in a Press Release of 2 March 2001: "I want to emphasise that NATO is fully committed to supporting the security, stability and territorial integrity of the former Yugoslav Republic of Macedonia. This nation stands out as a successful example of a well-functioning, multi-ethnic society in a region which has for too long suffered from conflicts among different ethnic groups." The launch of the operation was conditioned to the striking of a deal between the conflicting parties, which arrived on the 8 August: the above mentioned Ohrid Framework Agreement.

The following operation was "Operation Amber Fox**",** also requested by the President Trajkovski in September of the same year. It began on 27 September and it was intended to last only three months. In the end it lasted one year and three months. It was a follow-on mission to offer security to international monitoring bodies representing the EU and the Organization for Security and Co-operation in Europe (OSCE), which were supervising the execution of the Ohrid Framework Agreement. The already deployed three hunded troops were

reinforced by 700 soldiers from countries part of NATO, under the control of Germany.

Although the force was successful, NATO approved another follow-on mission, thinking that it was better to prolong the international troops' stay in the Republic of Macedonia in order to reduce the dangers of a new possible deterioration of the situation. So on the 16 December 2002 a new mission was established: "Operation Allied Harmony". It once again was intended to assist the international monitors in order to protect them, while guiding the government in achieving its rights over the defence sector in the territory. The operation was concluded in the end of March 2003, when it was passed over to the European Union (see Chapter 1.2.2).

Moreover, NATO preserved both civilian and military personnel with the aim of supporting and informing national institutions about creating reforms on security and defence and about the Macedonian involvement in the Membership Action Plan (as explained in the following pages). For this reason during the implementation of "Amber Fox", in April 2002, NATO Headquarters Skopje was founded, as the result of the incorporation of the mentioned operation and KFOR Rear based in Kosovo. The name of the mission is "NATO Liaison Office Skopje" and its staff is composed of one hundred and twenty militaries and civilians. it is a "non-tactical headquarters under the command of a NATO Senior Military Representative" (Public Diplomacy Division NATO, 2006, pag. 154), which takes into account all steps of the Macedonian transformation process. In particular, it gives guidance and suggestions to the government about defence reforms and how to get closer to NATO membership. It also organizes the work of

its personnel and civil engineers of the University of Skopje in reconstructing roads, bridges and other services.

3.2.2 Steps towards NATO membership

NATO enlargement is envisaged by Article 10[19] of the North Atlantic Treaty, which is at the root of the "open door policy" implemented by NATO about the expansions of membership to new countries. It is a continuing process. Many countries have joined the organization, especially since the end of the Cold War, when NATO's goal became clear: to expand the territory of peace and stability in the eastern part, encouraging political and economic transformations in ex soviet countries. In fact ten countries acquired membership, while three, Albania, Croatia and the Republic of Macedonia, are taking part in the Membership Action Plan. Indeed, the initial aim of NATO was dramatically revolutionized during the years: the famous expression attributed to Lord Ismay, the first NATO Secretary General "to keep the Russians out, the Americans in, and the Germans down" would probably be transformed today in "to keep North America in, Europe up, and Russia with" (Di Paola, 2010).

So why and how was the enlargement going to occur? For what concerns the "why", as just mentioned, with the end of bipolarism there was a strong necessity of stability and safety in those areas majorly affected by the Cold War (the Euro-Atlantic region). The expansion of NATO membership would have

[19] Article 10 of North Atlantic Treaty: "The Parties may, by unanimous agreement, invite any other European State in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty. Any State so invited may become a Party to the Treaty by depositing its instrument of accession with the Government of the United States of America. The Government of the United States of America will inform each of the Parties of the deposit of each such instrument of accession."

promoted democracy, transparency, good-neighbourly cooperation, consensus-building, a better protection of the Euro-Atlantic borders and a general achievement towards international security. About the "how", the basis of the accession would be the already mentioned article 10 of the North Atlantic Treaty. A possible NATO candidate country must be willing and able to meet certain conditions, such as peacefully settle internal ethnic or external territorial disputes, respect minority rights, offer a military contribution to collective defence and participate in peacekeeping operations. After a new member is admitted by consensus, he shall be able to have benefits from all the rights linked to being a NATO member state, but most importantly to assume obligations.

The Republic of Macedonia began its road to accession in 1995, when it joined the Partnership for Peace (PfP), a programme created in 1994 with the intent of offering a structure for bilateral dialogue between the organization and each country, from which partner countries can select actions in line with their own priorities. In that moment, NATO was truly understanding the necessity of expanding itself even in the East, in order to lay the foundations for peace and security all the way through the Euro-Atlantic region. The PfP, which now includes thirty countries, is vital in permitting to potential member states to build up interoperability within the NATO military structures and arrange their operational abilities towards an upcoming enlargement. Now twenty countries are still partner countries, but not member states yet. In 1997 Skopje became a member state of the Euro-Atlantic Partnership Council (EAPC), "the overarching framework for political and security consultations and for enhanced cooperation under the Partnership for Peace (PfP) programme" (Public Diplomacy Division

NATO, 2006, pag. 137) of which forty-six countries are currently member states. In this double-sided construction of the EAPC and the PfP, the NATO Military Committee gets together once a month with the military representatives of the countries member states of EAPC/PfP and twice a year with their chiefs of defence.

There is also another instrument useful in terms of NATO enlargement, the Membership Action Plan (MAP), a programme that, in some senses, has the same function of IPA funds: to prepare countries to reach the requirements of NATO membership. It was launched at the Washington Summit in April 1999 "to assist countries wishing to join the Alliance in their preparations by providing advice, assistance and practical support" (Public Diplomacy Division NATO, 2006, pag. 189). At the beginning nine countries accepted the plan, including the Republic of Macedonia, while Croatia joined in 2001. Seven out of ten countries were invited to begin accession talks and became member states in 2004. The MAP, just as IPA, is not merely a checklist whose boxes must be ticked, and it is not as assurance of a close beginning of accession talks and of forthcoming membership, because all the countries which are already a NATO member state decide unanimously, by consensus, on opening the accession talks on new membership, meaning that even one "no" may forbid a country's entrance into the organization. The MAP does not substitute the PfP. However, combining all of these instruments with the associated Planning and Review Process (PARP) "it allows aspirant countries to develop interoperability with NATO forces and to prepare their force structures and capabilities for possible future membership". The PARP, which the Republic of Macedonia joined in 1999, is the starting point "for

enhancing transparency in defence policy matters, for identifying and evaluating forces and capabilities which might be made available for multinational training, exercises and operations in conjunction with Alliance forces, and for defence reform" (Public Diplomacy Division NATO, 2006, pag. 189).

When the MAP cycle starts, aspirant countries present a yearly national programme on the reforms taken and to take in terms of future NATO membership, establishing their own targets on political, financial and legal issues, security, defence and military matters, problems regarding supplies and resources, and they bring up to date their programmes once the targets have been reached or the circumstances have changed. NATO gives back its feedback in progress reports, creating an arena of discussion between the North Atlantic Council and the country in question. However, decisions on enlarging the organizations are take on a case-by-case basis. Skopje, together with Tirana and Zagreb, carry on their efforts in the MAP framework, with the aim of reaching certain principles that would make the start of accession talks possible. The former Yugoslav Republic of Macedonia has begun to implement reforms in different sectors, supported by NATO. For example in defence and security, the country has become a member of the Operational Capabilities Concept (OCC) in 2005, an instrument that is used to improve operational success in units which are available for PfP operations, in order to better incorporate them with NATO forces. It is also operating to put in practice the United Nations Security Council Resolution 1325, which ensures "increased representation of women at all decision-making levels in national, regional and international institutions and mechanisms for the prevention, management, and resolution of conflict", and appreciates the unequal

influence that war and conflicts have on women and children. Other reforms concern civil emergency planning, where a national crisis-management system has been set up, science and environment, for which Skopje has become part of the NATO Science for Peace and Security (SPS) Programme in 1998, and public information, which has the aim of guaranteeing public consciousness of how NATO operates. Turkey's embassy in Skopje functions as Contact Point Embassy for NATO.

3.2.3 Greece's interference: the violation of the 1995 Interim Accords

Also in Skopje's case someone said "no". As already mentioned when speaking about the UN's role in the achievement of the Interim Accord of 1995 between Greece and the Republic of Macedonia, "the Party of the First Part" (Athens) committed itself to not obstruct any attempts of "the Party of the Second Part"(Skopje) to join other international organizations. In particular, article 11 of the Interim Accord states as follows:

"The Party of the First Part agrees not to object to the application by or the membership of the Party of the Second Part in international, multilateral and regional organizations and institutions of which the Party of the First Part is a member; however, the Party of the First Part reserves the right to object to any membership referred to above if and to the extent the Party of the Second Part is to be referred to in such organization or institution differently than in paragraph 2 of United Nations Security Council resolution 817 (1993)."

(Greece and The Former Yugoslav Republic Of Macedonia, 1995).

Nevertheless, apart from impeding the opening of accession negotiations that would have allowed the Republic of Macedonian to become an European

member state for four years in a row, during the NATO Summit in Bucharest in 2008, Athens objected to Skopje's membership into NATO. This was considered by the International Court of Justice (ICJ) in the judgment of 11 December 2011 as a violation of the 1995 Interim Accord. The jurisdiction of the ICJ was contested by Greece, which stated that the dispute was on the name issue and it involved a decision within NATO and among NATO's member states, so it did not relate to the ICJ's jurisdiction. In particular, it based its objection on Article 21, paragraph 2 of the Interim Accord which states that "any difference or dispute that arises between the Parties concerning the interpretation or implementation of this Interim Accord may be submitted by either of them to the International Court of Justice, except for the difference referred to in Article 5, paragraph 1." On its behalf, article 5, paragraph 1 declares that "the Parties agree to continue negotiations under the auspices of the Secretary-General of the United Nations pursuant to Security Council resolution 845 (1993) with a view to reaching agreement on the difference described in that resolution and in Security Council resolution 817 (1993)." According to the ICJ, what the parties refer to in article 5 is "the difference over the definitive name of the Applicant" (the Applicant being the Republic of Macedonia), on which the ICJ must not interfere (International Court of Justice, 2011). Although the ICJ's judgment was not over the name issue, it was a sort of small first "gain" for the Republic of Macedonia. Nevertheless, the ICJ could not judge over the merit of NATO's decision to let the Applicant become a member because "the issue before the Court is thus not whether NATO's decision may be attributed to the Respondent, but rather whether the Respondent violated the Interim Accord as a result of its own conduct"

(International Court of Justice, 2011). So it is not the legality of NATO's decision which is being judged, but only Greece's act in accordance with what it had previously stated in article 11 of the Interim Accords: "the dispute does not concern, as contended by the Respondent, (*Greece)* the conduct of NATO or the member States of NATO, but rather solely the conduct of the Respondent." In fact, the ICJ cannot pronounce itself on a political decision that NATO members have to take.

In spite of the ICJ's judgment in favour of the Republic of Macedonia, the latter remains outside its doors. As declared by NATO Secretary General Anders Fogh Rasmussen again in May, 2014, the stability of the Western Balkans is important for the general stability of the Euro-Atlantic family. Urging Skopje to find a solution for the name question, he added: "NATO's door is open. As we agreed at the Bucharest NATO Summit in 2008, you will receive an invitation to NATO once a mutually acceptable solution to the name issue is found. So I urge you to continue your efforts to strive for a solution. The time is now" (North Atlantic Treaty Organization, 2014).

3.3 Other international donors

Before starting to receive funds from the European Union, which have been a disregarded topic before IPA I by Macedonian public institutions, the Republic of Macedonia has mostly been dependent on money from the World Bank and the International Monetary Fund (IMF). In fact Skopje is a member of the World Bank, the IMF, the World Trade Organisation (WTO), and the Central European Free Trade Agreement (CEFTA) (Belceva, I., Blazevski, D., 2008 pag. 25).

Today, of course, the European Union is the largest donor, however, other multilateral donors include the Council of Europe, the Organisation for Security and Cooperation in Europe (OSCE), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the International Monetary Fund (IMF), and the World Bank (WB), (European Commission, 2013a). Let's examine the role of five other international actors present in the Republic of Macedonia: the OSCE, the Council of Europe, the WTO, the World Bank and the IMF.

3.3.1 Organization for Security and Cooperation in Europe

The Organization for Security and Cooperation in Europe (OSCE) was originally known as the Conference on Security and Co-operation in Europe (CSCE), created in the early '70s as an opportunity for dialogue between East and West in particular to resolve issues deriving from World War II, like the division of Germany. In the 1990s, after the end of bipolarism, as the world dynamics changed, its role also changed, obtaining permanent institutions and assuming the name of OSCE in 1994. OSCE's approach to security includes policy, economy, environment, military and human aspects, so it is active in various matters. There are fifty-seven member states from Europe, Central America and North America and eleven Partners for Cooperation. The member states all have an equal status, that means that they decide by consensus on a politically, but not legally binding basis.

In 1992 the OSCE established a Spillover Monitoring Mission in Skopje, a field operation led by the German Ambassador Ralf Breth, which "shall be

established to monitor developments along the borders of the Host Country with Serbia in order to preserve territorial integrity; to promote the maintenance of peace, stability and security; and to prevent possible conflict in the region" (Organization for Security and Co-operation in Europe, 1992). Currently, the staff is composed of forty-nine international personnel, (extended year by year) and one hundred and ten Macedonians. It began its work in September 1992, as an extension of the European Community Monitoring Mission (Chapter 1.2) to neighbouring countries of the Federal Yugoslav Republic. At the beginning, it was meant to last for a minimum of six months, however it was continuously extended until now, and today it is the longest-serving OSCE field activity. As stated by Galbreath, "the fact that the Skopje mission is the longest-serving OSCE field activity says something about the nature of the challenges in the state in the beginning and the failure of the international community to bring an end to them" (Galbreath, 2007, pag. 111). In fact the mission was thought for a period of tensions, when the conflicts in the territory of the former Yugoslavia could spread also into Skopje's territory: there were border tensions with Serbia and ethnic difficulties with Albanians (that will then bring to the 2001 outburst that I already talked about).

The mission could be divided in three phases (Galbreath, 2007). The first one goes from 1992 to 1998, when the mission's only aim was to control the perimeter that the Republic of Macedonia and Serbia have in common, in order to prevent incidents in spilling into larger conflicts. Already at this point, the only-monitoring task was widened to comprehend also communications with Skopje's government, political parties and civil society representations. The second phase

goes from 1998 to 2000: the increasing hostilities in Kosovo due to the withdrawal of Yugoslav troops from the Bosnian territory, made OSCE extend its mission to the monitoring also of the Kosovo border. Furthermore, due to the rising tensions between Macedonians and ethnic Albanians, in 2001 (and here we enter the third phase) OSCE's mission was to control the ceasefire agreement between the two parties and to observe the humanitarian situation, especially human trafficking and the refugee condition.

Today the aim of the operation is definitely outreaching: it consists of visiting regularly local communities to monitor the situation and sustain the communication with politicians, civil society organizations, leaders of different religions and public officials. Moreover, it cooperates with national institutions to put into practice the integration of the educational system and to educate state officials in international principles of democracy and to train police officers, to implement better reforms of the electoral and judicial system, promoting human rights, especially the ones of the minorities (in particular the Roma). They also contribute to the arms control, border management, battle against human trafficking and terrorism, gender equality, good governance, rule of law, tolerance and non-discrimination, conflict prevention and resolution. The Mission's funds programmed for 2013 are EUR 6,564,300. (Organization for Security and Co-operation in Europe, 2013.)

3.3.2 Council of Europe

The Council of Europe is one of the most important international organizations on protection of human rights and the support of the rule of law and

democracy. It includes all the EU member states, plus other nineteen, for a total of forty seven countries. Its members must all ratify the European Convention on Human Rights, an international treaty adopted in 1950 intended to protect human rights, democracy and the rule of law. The European Court of Human Rights in Strasbourg, composed of a judge per member state, guarantees the rights included in the Convention for every single citizen living under the jurisdiction of a contracting state.

The Republic of Macedonia, on November 9, 1995, became the 38th member of the Council of Europe and it ratified the European Convention on Human Rights in 1997. The Court of Strasbourg, only in 2013, dealt with eight hundred and fifty nine applications coming from this country, out of which only nine were found admissible and inclusive of at least one violation of the Convention (European Court of Human Rights, 2014). In its battle for the protection of human rights, the Council of Europe has been actively involved for the integration of ethnic minorities, education, judicial reform, freedom of expression and asylum. In particular, it has acknowledged that the country is a very complicated multi-cultural and multi-ethnic society, due to the fragile situation of 2001 which led to the signing of the Ohrid Framework Agreement (discussed in Chapter 1). Among the innovations introduced by the Agreement, in order to improve the rights of "non-majority" communities, there were terms regarding the use of the language, the introduction of proportional representation of these communities in the public administration etc. Nonetheless, the Council of Europe underlines that after more than ten years from the application of the Ohrid Framework Agreement, interactions between the communities are still very

fragile: that is why it must be fully implemented in a just, clear and inclusive manner. Furthermore, the country must improve its performance in guaranteeing freedom of expression of the media, as currently, according to the World Press Freedom Index, it is ranked 116th out of 179 (Parliamentary Assembly of the Council of Europe, 2013).

Once again, the Council of Europe, just like the other international organizations that the Republic of Macedonia has joined, is concerned with the country's accession in the EU, and also with the other "hot topics" of the name issue and its entrance into NATO, as affirmed by the Parliamentary Assembly (one of the two statutory organs of the Council of Europe).

"The Assembly regrets that the name issue continues to delay the opening of accession negotiations with the European Union, as repeatedly recommended by the European Commission since 2009, as well as the attempts of "the former Yugoslav Republic of Macedonia" to join the North Atlantic Treaty Organisation (NATO), despite the ruling of the International Court of Justice (ICJ) of 5 December 2011. The Assembly hopes that Greece will adopt a more flexible approach to this issue. The Assembly also invites "the former Yugoslav Republic of Macedonia" to pursue its dialogue under the auspices of the United Nations with a view to settling the name issue in the near future, and to develop constructive relations with neighbouring countries, thus contributing to the overall stabilisation of the region."

(Parliamentary Assembly of the Council of Europe, 2013).

The Republic of Macedonia can take advantage of its membership in the Council of Europe - which strengthens the rule of law, protection of human rights and democracy - to make the country a bit closer to meeting the EU's criteria, especially the ones of Chapters 23 and 24 of the accession negotiations, in order to

join it sooner than later.

3.3.3 World Trade Organization

The World Trade Organization (WTO) is an international organization thought for the opening of trade, but it also functions as a forum in which governments from all over the world can discuss about commerce, sign international agreements and settle disputes and conflicting interests regarding these matters. The WTO is not just about opening markets when facing closed barriers, but also protecting consumers, importers and exporters, and stopping the widening of diseases. The WTO, although born officially on 1 January 1995, was already existing since 1948 through its predecessor the General Agreement on Tariffs and Trade (GATT), a *de facto* international organization, which had already lay down the rules that would have been at the root of the WTO. Today, the WTO is an immense network especially thanks to the 1986-1994 "Uruguay Round" negotiations and is currently hosting new negotiations, the "Doha Round". These negotiations, which give birth to contracts, are at the basis of international commerce, binding the countries who agreed.

The Republic of Macedonia became the 146th member of the WTO on 4 April 2003. This required a liberalization, so an elimination of restrictions on import and export and an opening its markets for goods and services, resulting in continuous cuts in tariff rates and in the embracing of the harmonized customs system. In 2005 the country abolished the Export Promotion Fee of 0.1% and it does not request any taxes or charges, save for customs duties. The country also had to equalize taxes for imported and domestic tobacco, which were different and

so inconsistent to the WTO rules. According to the WTO Trade Policy Review, regardless of the intrinsic difficulties due to the small size of the country and the its limited supplies, the Macedonian policies have been successful in different topics: supporting development, giving stabilization to the economy, allowing reforms to approach the European Union, making easier the export of Macedonian manufactured goods in the European market, smoothening the progress of access to other markets through accession to the WTO.

Here again, the EU accession is the common thread. Indeed, as stated in the country's Trade Policy Review, "in addition to making extensive trade-related commitments in the WTO, trade and investment policies have been oriented towards the goal of accession to the EU" (World Trade Organization Secretariat, 2013, pag. 7). The Macedonian authorities have changed the legislation in different areas, including WTO-related ones like registration of companies, customs, public procurement, competition legislation and IPR, food safety, veterinary and phytosanitary, which are also helping the country to move a step closer to the European Union. Now the country has to try to successfully implement those laws and regulations. The Macedonians, in the fields of homogeneity, official approval, metrology, conformity evaluation, and market inspection, are also harmonizing the legislation to the EU criteria.

Since the country became a WTO member, it has concluded five Free-Trade Agreements (FTAs), three are plurilateral, with member states of the EU, Central European Free Trade Agreement (CEFTA) and the European Free Trade Association (EFTA), while two are bilateral, with Turkey and Ukraine. These FTAs represent the structure for building up regional cooperation and supporting

more integration in the European economic and political course of action. For what concerns the relations with the EU, the trade part of the SAA, the so-called Interim Agreement on Trade and Trade Related Matters, has entered into force in 2001, creating a free-trade area of goods and giving birth to an asymmetric liberalization, since the EU liberalizes faster than the country in question. CEFTA is a preferential trade agreement which entered into force in 2007 and it unites the Republic of Macedonia, Albania, Bosnia and Herzegovina, Croatia, Moldova, Montenegro, Serbia and Kosovo in the creation of a free trade area of agriculture, industrial products and services. Regarding EFTA, the agreement between the two deals with liberalization of industrial products, which has been asymmetric, this time in support of the Macedonian exportations. Also the agreement with Turkey was asymmetric: while Turkey immediately (in 2000) removed the tariff on Macedonian products coming into Turkey, while the other did the same only in 2007. The one with Ukraine, on the other hand, was symmetric because both countries eliminated customs duties.

The country's commerce profoundly depends on these partners. In fact "currently, 90% of Macedonia's exports and nearly 80% of its imports are carried out under FTAs. The authorities have estimated that around 80% of trading is free of custom duties and 7% takes place with preferential custom duties." (World Trade Organization Secretariat, 2013, pag. 26).

Table 10: FTA partners [20]

FTA	Entry into force	Exports	Imports
EU	2001	62.8%	58.4%
CEFTA	2007	24.4%	11.4%
EFTA	2001	0.8%	2.3%
Turkey	2000	1.7%	5.0%
Ucraine	2001	1.5%	1.3%
TOTAL FTA		**91.2%**	**78.3%**

3.3.4 World Bank

The World Bank Group is a global guide in fighting against poverty and the advancement of standards of life for those citizens living in developing regions of the world. It is a development bank offering loans, technical assistance and suggestions on certain policies, trading of expertise, with the major aim of implementing the Millennium Development Goals. So it is not a true "bank", in the technical sense that we use, indeed it is a specialized agency of the UN, counting a total of one hundred and eighty four member states, (including the Republic of Macedonia) which act as shareholders, where the amount of shares possibly possessed by each country is roughly calculated on the basis of the dimension of its economy.

The Republic of Macedonia has joined the Bank in 1994, and since then its finances have assisted the Macedonian government in keeping macroeconomic stability, reforming the businesses and sectors such as energy, infrastructure, irrigation, community expansion, wellbeing, education etc. "Some 50 loans have

[20] Source: World Trade Organization Secretariat, 2013. *Trade Policy Review, Report By The Secretariat - The Former Yugoslav Republic Of Macedonia*. WT/TPR/S/290, pag. 26

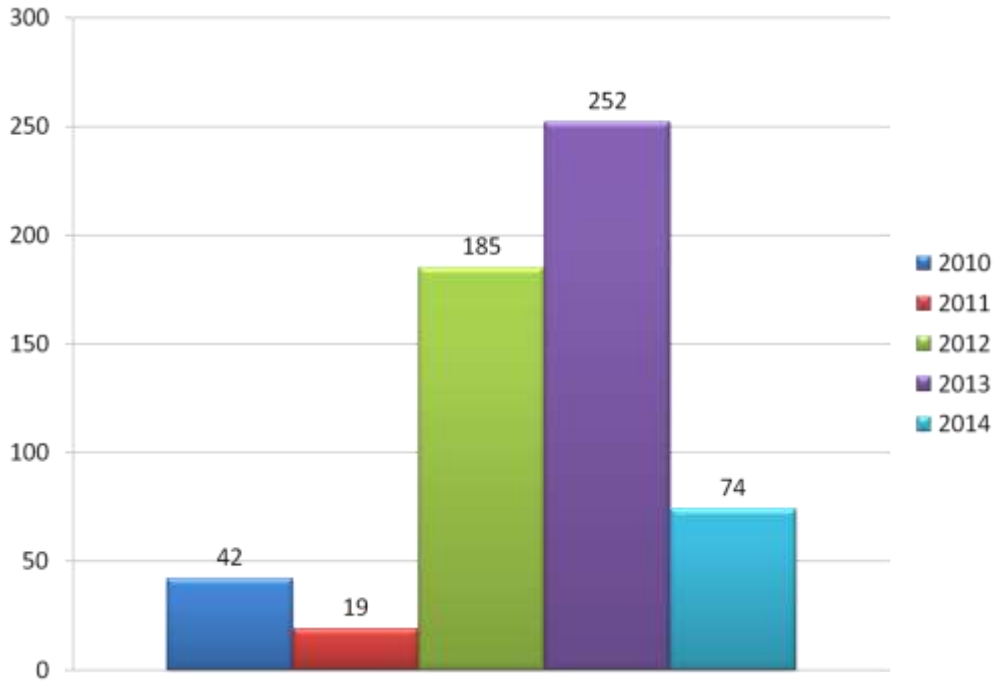
been approved with a total value of around US$1 billion" (World Bank, 2010, pag. 39). At the beginning the lending was granted according to the terms of the IDA, the International Development Association, the World Bank's fund for poor countries. Fortunately, due to the development of the economy, the country graduated from these funds in 2003.

The Republic of Macedonia has reached many achievements regarding development, however more efforts need to be done in order to create jobs, increase the standards of living and promote wealth for everyone. The Macedonian Government and the World Bank have joined their efforts in improving competitiveness while producing a positive situation for local enterprises. Its real GDP has declined by 0.4% in 2012, but it has increased by 3.1% in the following year. The World Bank Group has already (in 2007-2010) helped the country in achieving results in growth and competitiveness, the business environment, human development and infrastructure. As stated already in Chapter 2, the Republic of Macedonia has demonstrated under IPA I a low level of absorption capacity of IPA funds. For this reason, since funds from Component V were not absorbed in a sufficient way and there was the possibility of wasting the money, the European Commission, prior to an invitation from the Macedonian government, reallocated 18 million from Component V to Component I. In this proposal, the government takes part only minimally in the financial contribution, while most of the funds for projects in the same sector, but in the component for transition assistance and institution building will be handled by the World Bank, instead of being managed by the National Agency for Financial Support of Agriculture and Rural Development (Kacarska, S., Ristevska Jordanova, M.,

2013, pag. 7).

Nowadays, in its effort to offer specific financing and expertise for quicker, more inclusive and green economic development, the World Bank Group will continue to support the Republic of Macedonia in joining the EU. In fact, "because FYR Macedonia's future growth and development will depend fundamentally on the pace of EU accession, virtually every intervention in this CPS (Country Partnership Strategy) has been identified and will be designed to help prepare for EU membership" (World Bank, 2010). With the aim of increasing its wealth, the present investment portfolio of operations financed by the World Bank in the country consists of six projects, with fourteen loans and four grants adding up to around US$337.4 million in commitments. Also with the projects funded by the World Bank, there were problems with the implementation, due to "disbursement delays from slow portfolio implementation during the country's elections, and an initial delay" (World Bank, 2010, pag. 20). However, the World Bank has learnt that projects planned in a simple way increase portfolio performance, there must be flexibility in changing the amount of funds on the basis of the government's requests and on the pace of the economic recovery, that money should be reviewed regularly through the identification of short and medium term portfolio milestones.

Figure 3: Commitments by Fiscal Year (in millions of dollars)*[21]



*Amounts include commitment from the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA)

"The Bank Group continues to be a significant development partner to FYR Macedonia, with disbursements of around US$50 million per year", (World Bank, 2010, pag. 22), attracting also grants and co-financing of around US$40 million from the most various sources, and additional US$100 million in parallel financing. For instance, "the Education Modernization Project drew US$2.5 million of trust fund co-financing for each dollar of Bank financing; and US$70 million parallel financing from EBRD almost matched the Bank's US$105 million for Regional and Local Roads". One of the elements of success is that the beneficiary country uses part of its funds in project preparation, allowing for

[21] Source: http://www.worldbank.org/en/country/macedonia/overview#1

accurate and specific actions.

According to the World Bank, there are some risks that the Republic of Macedonia may encounter. First of all, its development is subject to ambiguity on timing, pace and nature of the revival from the economic crisis. Moreover, if the name issue with Greece cannot be solved, it could slow down the road to European accession and diminish the effects of the reforms. The unemployment rate has been very high in the last years: it may cause social tensions and imbalances. At last, the country in the past has been hit by a disastrous earthquake, with severe consequences also for the economy. The World Bank will assist the study of the threats to the road towards the EU through prolonged monitoring and relationships with the national authorities, it will try to generate employment and to protect the country through the regional Catastrophic Risk Insurance Facility.

In conclusion, the World Bank Group has joined efforts with the European Union, the major donor of the country, to assist national bodies in better coordination of external resources and in taking out the best from donor assistance. The Macedonian government has approved a practical approach to donor management that has mainly the target of establishing program-based approaches in some essential areas in view of the European accession. Furthermore, the World Bank has partnered with other institutions, including countries (Austria, Netherlands, France, Sweden) which have co-financed projects of the World Bank. Through this coordination, the World Bank has tried to tackle some of the main problems that have occurred in the IPA funding from the European Union: the overlapping of functions, the duplications of projects, the

application of different methodologies to manage and implement the projects, interventions in un-needed fields, the lack of accessible information. In fact, for this country, "the coordination agenda is driven by the set of requirements imposed by the IPA accession process required by a single donor (the EU)". For this reason, all the other donors have to align their programmes and policies with the EU, "understanding of how they can adapt to the EU agenda, which the Bank has tried to do in the period covered by this CPS" (World Bank, 2010, pag. 57). In this scenario, the Secretariat for European Affairs will function as gate-keeper for technical collaboration.

3.3.5 International Monetary Fund

The International Monetary Fund (IMF) is an international organization composed of one hundred and eighty eight member states, which join their efforts to promote monetary collaboration stretched worldwide, to obtain financial solidity, smooth the progress of international trade, to diminish poverty, encourage an high employment rate and sustainable economic development. The IMF is a specialized agency of the UN, but it is also independent, in the sense that it has its own charter, structure, and finances. The quota system through which its members are represented is based on the relative size of its member states in the global economy. Their quota subscriptions establish the highest quantity of financial supplies that each member state is required to give to the Fund (a part must be paid in Special Drawing Rights – SDRs – the IMF's currency, or in broadly accepted currencies like the dollar, euro, yen, or pound sterling) and determines the voting weight of the country. The IMF also lends funds, provides

technical assistance and training to countries in need to recover or upgrade their economy, depending on the country's quota.

The Republic of Macedonia joined the IMF on December 12, 1992. Policies in general have been implemented in line with the IMF suggestions, even though its grip on the management of public finance, especially on payment of debts, has been restricted during the last years. Under Article IV of the IMF's Articles of Agreement, in May 2014, for a couple of weeks there has been the "Article IV and third Post–Program Monitoring mission, Skopje". The IMF concludes these missions when there has been a request to use/borrow funds. The IMF saw an improvement in the economy and in the employment rate, it urged for the preservation of macroeconomic stability, for the improvement of fiscal transparency, for the support of the adequacy of international reserves, for the maintenance collaboration between home and the host countries, for the strengthening of the supply chain connections between foreign and domestic enterprises (International Monetary Fund, 2014b).

The IMF also collaborates with other international organization, such as the above mentioned World Bank, which performs a different but complementary job: on one hand, the World Bank is involved mostly in a long-term view of growth and reduction of poverty, on the other the IMF is concentrated more on macroeconomic and financial sector issues. In the Republic of Macedonia, the two organizations have kept strong cooperation, which "has resulted in largely shared views of the economic situation in the country, particularly in the context of the latest Public Expenditure Policy Based Guarantee (PEPBG), for which the Fund provided an Assessment Letter in November 2012." (International Monetary

Fund, 2014a, pag. 50).

Also for the IMF, the country's relations with the EU and its road towards accession is fundamental. Indeed, in its Staff Report for the 2014 Article IV Consultation and Third Post-Program Monitoring Discussions the IMF included a statement of the relations between Skopje and Brussels. "Uncertainty with respect to EU accession remains. The Former Yugoslav Republic of Macedonia has been a candidate country since 2005, but a date for the start of accession talks has not been set. In the absence of a negotiation process, the European Commission continues to engage in a High Level Accession Dialogue (HLAD), looking for progress along key reform priorities in the areas of media freedom, judicial independence and electoral legislation, as well as good neighborly relations" (International Monetary Fund, 2014a, pag. 5).

CONCLUSION

In this thesis, I have tried to analyse the role of the biggest and most influential international and regional organizations in the Republic of Macedonia, in terms of helping the country achieve its main priority: becoming a member state of the European Union. Since the European Union acts as the major donor of the Republic of Macedonia and it represents its ultimate aim, I have dedicated more space to the EU's role in this country, especially to its aid programme, the Instrument of Pre-Accession (IPA). My conclusions can be divided into two parts: the first part examines the role of the EU through an analysis of the IPA assistance in the accession process (which corresponds to Chapters 1 and 2); the second regards the role of the other international and regional organizations in helping this country reach the European dream (Chapter 3).

Starting with the first part of the conclusions, to understand why "IPA assistance has been positive but not as effective as planned" (Ecorys, 2013, pag. 18), I have analysed its main weaknesses, which have emerged from interviews and from official documents, such as the Interim evaluation of the Commission, the Sigma Assessment, Analitytica's Analysis and various publications from the European Policy Institute in Skopje, and I have divided them in three different phases: the programming phase, the implementation and the evaluation stage.

I found four main weaknesses in the programming phase. First of all, Macedonians tend to "do" rather than "plan to do": they lack strategic planning, being unable to understand what is truly important, just guided by the act of tick-

boxing the tasks they were supposed to do because someone from above told them to, and in this way they give rise to other problems like delays in the programming of funds and a low quality of documents. Second, Civil Society Organizations are insufficiently involved in the consultation process, which is a "top down process" (Ecorys, 2013), increasing the gap between European Union and national citizens. Moreover, the projects are too many, they are fragmented and are too short-term, resulting in less effectiveness and more difficulties in their management. Also, the absorption of funds is indivisible from their programming: the latter should be made on the basis of the former. However, this is not Skopje's case, as there is inadequate information on the ability of the state to absorb funds, and from the few studies that have been concluded on this subject, the result is that the Macedonian absorption capacity is very low (Kacarska, S. and Ristevska Jordanova, M., 2013).

In the implementation process, I have mainly examined the different realities of the Decentralized Implementation System (DIS) and centralization. Before, with the centralized system, the process was smoother, however, it lacked ownership. On the other hand, the road towards the DIS brings to an increase of ownership, but also to more difficulties: different procedures for the different components, few people for so many projects, delays for correct documentation, lower effectiveness of projects, slow tendering and contracting rates, no flexibility. In the end, it usually takes around two and a half years to move from the programming to the implementation of a project: definitely a too long time span since "in a transition environment projects are likely to be out of date by the time they are implemented" (Ecorys, 2013, pag. 6).

What happens to a project once it is concluded? Evaluations may be internal to a project, or outsourced by the European bodies. In the first case, evaluations are provided only for big projects, which can finance them internally; the second type is outsourced by the Secretariat of European Affairs and it is only randomly executed. In conclusion, there is no systematic control once a project has been concluded and the existing evaluations are done with different methodologies. From my point of view, it is a contradiction that the EU is so strict through its controls during the implementation of a project, and then does not care of what happens after a project has been concluded. In fact, it is not automatic that if a project is well implemented, then it also obtains results: it could be badly executed but could have a positive impact, or vice versa. The effectiveness depends in large amount on the political willingness of the beneficiary. On paper the priorities of the Macedonian government are still EU and NATO membership, nothing has changed; but the practice seems to suggest something else. So far, it seems like the Republic of Macedonia and the EU did not learn from its past mistakes encountered with previous aid programmes like PHARE and CARDS.

Considering the new seven-year framework known as IPA II, which formally started at the beginning of 2014, adopting the same division in three (programming, implementation and evaluation phase), I have tried to envisage a new and more effective scenario, on the basis of the novelties declared so far from the European institutions. While IPA I focuses mainly on programming and implementing, IPA II will focus more on sustainability. As it is designed, it will be more aimed at achieving practical results with the intention of making progress in the route towards accession, in order to deliver durable benefits to the

beneficiary. Both beneficiaries and the EU will concentrate on one milestone of the accession process, once it will be ticked off, the country may move to the following one.

For what regards the programming of funds, I have examined how the shift from the components to the sector approach will bring to "a more coherent longer-term planning process" (European Commission, 2011b), with simplified procedures and more internal coordination required. With IPA II there will be more involvement of all actors in the consultation process, which will not be just partners, they will be leaders of the discussions. Projects shall be reduced in number but increased in terms of budget and delayed in time, lasting for four-five years: bigger projects have greater impact. The newly drafted Country and Multi-Country Strategy Papers, together with the first Programmes, will help both the Commission and the beneficiary define the real absorption capacity of the country and the priorities that must be tackled first, in terms of the chapters of the *acquis communautaire*. Aid will be tailored to tackle needs.

On the implementation side, one of the main aims is to increase ownership of the beneficiary, done mainly in two ways: : through co-financing and through a greater involvement of the beneficiaries, regional partners, CSOs and other stakeholders in the discussion, as already mentioned. The procedures will be simplified: less requirements will be demanded from the Commission, all the sectors will follow the same rules and set of guidelines (except for agriculture), the CFCD will have less projects to manage.

For the monitoring and evaluation, the plan of IPA II is to introduce a performance bonus method, founded on impartial measurement mechanisms that

will necessitate a well-functioning monitoring system: every project or programme will be linked to specific and clear targets, measurable through performance elements, quantifiable indicators that should be identified as obtainable before the beginning of the project/programme.

In the end, will IPA II overcome the problems linked to IPA I, or will the story repeat itself? From its premises, it looks like IPA II could work out. However, there are still shadows on some key aspects: for example, we still do not know how the sectoral approach is going to be implemented in practice, its definition remains blurry, we do not know if the beneficiaries will be able to increase the percentage of co-finding, how they are going to quantify the performance indicators, especially for the institutional building, is still unknown.

Will IPA II be effective in terms of the accession process? Even if IPA turns out to be successful, there are three main problems that the country could encounter. These are the same reasons why the Macedonian accession process is currently at an halt. First of all, the risk with IPA (and other aid programmes) is that the country may be aligned to the EU standards only theoretically, but when you scratch the surface, the main problems may still be there, just like it happened in Romania and Bulgaria, which neither, at the time of their accession, "were believed to have yet completed the unfinished preparations for EU membership" (Trauner, 2009). It may occur that the Republic of Macedonia will accomplish the targets established by IPA II, but that does not necessarily mean it will be able to fulfill the conditions of membership and to contribute to the EU budget. Second, the name issue and the consequent Greek veto (to which now one must add also the Bulgarian rejection) are still the major reasons of the halt to the Macedonian

accession, impeding the country to look forward.

Last, but definitely not least, changes have occurred in the European political scenario, especially in the last elections of the European Parliament, which have seen a significant rise of the Eurosceptics, that make both Europeans and future-to-be Europeans doubt on the benefits of the enlargement process. As stated by Chiodi (2014) "it is glaring that the ongoing enlargement process is politically less relevant today than in the past for the EU, while the EU, with its economic and identity crisis, is less attractive to the Balkans now than ten years ago". So on one side, we have a Macedonian reality that gradually takes distance from the European world, and on the other side, we have a newly appointed President of the Commission, Jean-Claude Juncker, that declares a pause in the EU's enlargement process for the next five years: "Our citizens need a pause from enlargement so we can consolidate what has been achieved among the 28. This is why, under my Presidency of the Commission, ongoing negotiations will of course continue, and notably the Western Balkans will need to keep a European perspective, but no further enlargement will take place over the next five years" (Juncker, 2014).

Regarding the second part of the conclusions, I have analysed the role of the other international and regional organizations in helping this country reach the European dream. It is clear that most of the organizations present in the country are actively involved, in different ways, in helping the country overcome its main obstacles in order to make it become a democratic state, competitive internationally, and closer to the European Union.

For example, the United Nations has achieved both successes and failures in

the country. For two decades, it has been an associate of the Macedonian government, helping it to bring stability within the territory and social justice among its citizens, though its peacekeeping forces, namely UNPROFOR, and UNPREDEP. Through the very specific Security Council Resolution 817, regardless of the initial uncertainties due to the Greek veto, it accepted the country as a member state. Today, the UN, through Ambassador Matthew Nimetz, Secretary General's Personal Envoy for the talks between Athens and Skopje, is still involved in the settling of the name dispute, in view of the EU and NATO accession, for which the UN agencies and organizations are actively involved. However, so far, a solution has not been found.

NATO has also been very active in the country's territory through its operations "Essential Harvest", "Amber Fox", "Allied Harmony" and "NATO Liaison Office Skopje", and from its side, the Republic of Macedonia has showed its support through the involvement in KFOR and ISAF and its participation in the Partnership for Peace, the Euro-Atlantic Partnership Council and in the Membership Action Plan. Nevertheless, despite the 2011 International Court of Justice's judgment which recognized a violation of the 1995 Interim Accord from Greece in stopping the Macedonian entrance into NATO, NATO's accession goes side by side the EU's: both have not found an "happy ending" yet.

In the final part, I have showed how other regional and international organizations have been actively involved in the country, especially in view of the European accession process. The first one is OSCE, with its long-lasting Spillover Monitoring Mission in Skopje, an extension of the former European Community Monitoring Mission, created at the beginning to bring peace and stability in the

country, then to take care of broader topics, which help bring the country to a higher level of democratization. The second is the Council of Europe, which assists the country in dealing with complicated multi-cultural and multi-ethnic society, (especially after the fragile situation of 2001 which led to the signing of the Ohrid Framework Agreement) and with improving freedom of expression. The Republic of Macedonia can take advantage of its membership to make itself a bit closer to meeting the EU's criteria, especially the ones of Chapters 23 and 24 of the accession negotiations. The third international organization is the World Trade Organization. Once again, "in addition to making extensive trade-related commitments in the WTO, trade and investment policies have been oriented towards the goal of accession to the EU" (World Trade Organization Secretariat, 2013, pag. 7). Moreover, since the country became a WTO member, it has concluded five Free-Trade Agreements (FTAs), including one with the EU. The World Bank has taken a major role in IPA, taking the management of funds that have been reallocated from Component V to Component I due to the low absorption capacity of the state and has joined efforts with the European Union in assisting national bodies in better coordination of external resources and in taking out the best from donor assistance. The last international organization I have examined is the International Monetary Fund, which, thanks to the cooperation with other international organizations as the World Bank, is also indirectly involved in the EU accession process, expressing concerns regarding the "Uncertainty with respect to EU accession" (International Monetary Fund, 2014a, pag. 5).

In conclusion, after all the difficulties highlighted with the ongoing IPA I

and the possible way out through the future IPA II, after all the efforts of the regional and international organizations in assisting the country in achieving the European membership, we can definitely state that Macedonian's road to accession has not been a smooth process, and the road will still be rocky. We do not know if the country will ever be ready for European membership, maybe one day it will be compliant to the *acquis*, even if only on paper. But today the country is not ready yet, for example, to contribute to the European budget or to successfully absorb funds, like the structural and cohesion funds, that are meant for the European member states. IPA can help, the UN or the WTO can help, but changes cannot be imposed by an external actor, they must come from the inside. Worst than not entering the European club, is the possibility of remaining unreformed by the European accession process. However, even if the country may successfully conclude its IPA homework, I believe that this will not be enough to overcome the inescapable conditions that must be solved first: the name issue and the new Eurosceptical trend. So, is the Republic of Macedonia in the European Union just a dream or a real possibility? For the time being, it appears only a dream.

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