

REPUBLIC OF MACEDONIA



Macedonia U.S. assistance to Macedonia focuses on the key goal of facilitating Macedonia's continued development on the path toward full integration into the Euro-Atlantic community. The United States does this by assisting the Macedonian Government's efforts to sustain economic and democratic reforms that will help it consolidate the strong, stable, political, and market economic institutions required for NATO and European Union (EU) membership. In addition, assistance in advancing military reforms will enhance its capacity as a strong partner in Coalition efforts. NATO's postponement of an invitation to Macedonia at the Bucharest summit and the problematic June 2008 election have highlighted the complexity of Macedonia's situation and the vulnerability of progress made to date. Rule of law is a particular concern looking forward. There are incremental signs of progress such as the March and April 2009 rounds of Presidential and local elections, which monitors characterized as generally meeting international standards. However, more work needs to be done to reinforce and expand gains. Ensuring that Macedonia completes the Euro-Atlantic integration process will require expanded near-term and extended long-term U.S. engagement on a range of fronts.

FOREIGN RELATIONS: In February 1994, Greece imposed a trade embargo on Macedonia due to disputes over the use of the name "Macedonia" and other issues. Greece and Macedonia signed an interim accord in October 1995 ending the embargo and opening the way to diplomatic recognition and increased trade. After signing the agreement with Greece, Macedonia joined the Council of Europe, the Organization for Security and Cooperation in Europe (OSCE), and NATO's Partnership for Peace (PfP). Athens and Skopje began talks on the name issue in New York under UN auspices in December 1995, opening liaison offices in respective capitals January 1996. These talks continue.

The stability of the young state was gravely tested during the 1999 Kosovo crisis, when Macedonia temporarily hosted about 360,000 refugees from the violence and ethnic cleansing in Kosovo. The refugee influx put significant stress on Macedonia's weak social infrastructure. With the help of NATO and the international community, Macedonia ultimately was able to accommodate the influx. Following the resolution of the conflict, the overwhelming majority of refugees returned to Kosovo. A small number of Roma refugees from Kosovo remains in Macedonia, most of them housed in the predominantly Roma municipality of Suto Orizari in the Skopje suburbs, and supported by the UN High Commissioner for Refugees (UNHCR).

Macedonia enjoys good relations with its neighbors. It has strong trade and tourism ties with Greece, and has developed similarly robust political and trade ties with Albania and Bulgaria. Relations between Belgrade and Skopje are good overall, although a dispute between the Macedonian Orthodox Church and the Serb Orthodox Church has strained ties over the past two years. Relations with Kosovo are good, with Macedonia having signed an Interim Free Trade Agreement with UNMIK in 2005 and with regular bilateral political contacts occurring between Pristina and Skopje since 2005. Under the auspices of the International Civilian Office, which is supervising independent Kosovo's implementation of the Ahtisaari Plan, the Government of Macedonia and Government of Kosovo are in discussions with the aim to complete the demarcation of their common border.

Macedonia has made important strides toward Euro-Atlantic integration. Macedonia is an active participant in NATO's Partnership for Peace and Membership Action Plan, the OSCE, and United Nations, and was accepted as a member of the World Trade Organization (WTO) in October 2002. In May 2003, Macedonia, Albania, Croatia, and the U.S. created the Adriatic Charter, modeled on the Baltic Charter, as a mechanism for promoting regional cooperation to advance each country's NATO candidacy. Since then, the Adriatic Charter countries have cooperated closely in regional military exercises, and have deployed a joint medical team to support international coalition operations in Afghanistan. The Adriatic Charter expanded to include Bosnia-Herzegovina and Montenegro as members in December 2008. At the NATO Bucharest Summit in April 2008, Albania and Croatia received invitations to join the Alliance. NATO Allies noted that Macedonia met NATO membership criteria, but could not reach consensus on issuing an invitation for membership, in the absence of a solution to Macedonia's dispute with NATO member Greece over Macedonia's name. The United States believes Macedonia has met the performance-based standards for membership.

At the April 2009 Strasbourg-Kehl Summit, Allies re-confirmed the commitment to invite Macedonia to join NATO as soon as the name issue is resolved.

In 1999, the EU agreed to pursue a Stabilization and Association Agreement (SAA) with Macedonia; negotiations with Macedonia were launched April 5, 2000. The SAA was signed April 2001 and came into force in April 2004. Its trade and trade-related provisions have been in force since June 2001. In December 2005, the European Council granted candidate country status to Macedonia, taking into account the "substantial progress made in completing the legislative framework related to the Ohrid Framework Agreement, as well as its track record in implementing the Stabilization and Association Agreement (including its trade-related provisions) since 2001." It recommended beginning formal accession negotiations after Macedonia had made further progress on a number of reform fronts, including combating corruption; enacting judicial, administrative, and economic reforms; and conducting free and fair parliamentary elections, in accordance with European standards, in 2006. The Council also noted the need to consider further steps toward membership in light of the debate on the enlargement strategy, and the need for Macedonia to continue strong progress toward meeting the Copenhagen political criteria, as well as Stabilization and Association Agreement requirements. In March 2008, the Council provided the Government of Macedonia a list of benchmarks to guide Macedonia's preparations to open formal accession negotiations.

U.S.-MACEDONIAN RELATIONS: The United States and Macedonia have enjoyed good bilateral relations since Macedonia gained its independence in 1991. The United States formally recognized Macedonia on February 8, 1994, and the two countries established full diplomatic relations on September 13, 1995. The U.S. Liaison Office was upgraded to an Embassy in February 1996, and the first U.S. Ambassador to Skopje arrived in July 1996. The development of political relations between the United States and Macedonia has ushered in a whole host of other contacts between the two states.

The United States, together with its European allies, strongly condemned the initiators of the 2001 insurgency in Macedonia and closely supported the government and major parties' successful efforts to forge a peaceful, political solution to the crisis through the Ohrid Framework Agreement. In partnership with the EU and other international organizations active in Macedonia, the United States is facilitating the Macedonian Government's implementation of the Framework Agreement and fostering long-term peace and stability in the country. Macedonia continues to make an important contribution to regional stability by facilitating the logistical supply of NATO (including U.S.) peacekeepers in Kosovo.

The United States strongly supports Macedonia's aspirations for full integration into Euro-Atlantic institutions. Today, Macedonia and the United States enjoy a cooperative relationship across a broad range of political, economic, cultural, military, and social issues. The United States has supported Macedonia's progress in building a democratic, secure, and market-oriented multiethnic society with large amounts of foreign assistance for democracy and economic reforms, defense reforms, and projects to strengthen rule of law and improve education. Bilateral assistance budgeted to Macedonia under the Support for East European Democracy (SEED) Act totaled over \$440 million from 1990 to 2008. Macedonia received approximately \$28 million in SEED Act assistance in 2007 and was receiving approximately \$22 million in 2008.

U.S. Agency for International Development (USAID) programs in Macedonia promote accelerated growth, support stronger democratic institutions, and help educate Macedonians for a modern economy. A focus of U.S. assistance has been to assist Macedonia in implementing the August 2001 Framework Agreement. Successful completion of the decentralization process is a remaining priority for framework implementation. USAID is targeting capacity building for local government officials, who will have more authority and responsibility devolved from the central government, as well as providing grants to fund small-scale infrastructure projects.

A further priority of U.S. assistance is to facilitate Macedonia's transition to a market economy and increase employment and growth levels. USAID economic assistance is focused on two levels. At the macro-level, programs target improvements in the business-enabling environment by helping to bring legislative and regulatory frameworks in line with EU standards and improving the transparency and efficiency of government services through technology. At the micro-level, assistance is given to firms and agribusinesses to increase their competitiveness and productivity, coupled with initiatives to attract foreign investment and stimulate local investment. Training programs that provide career-enhancing education to prepare youth and adults for growth sectors are also supported. A resident U.S. Department of Treasury advisor, who was to be phased out in 2008, has assisted the Ministry of Finance in improving strategy, planning and execution, and public expenditure management.

USAID is also focused on helping the Macedonian Government and civil society combat corruption, enhancing democratic political competition, supporting government decentralization and promoting the rule of law. USAID also supported the Government of Macedonia in developing a comprehensive State Program for the Prevention of Corruption with a detailed performance management system in 2007. A U.S. Department of Justice Resident Legal Advisor and a Senior Law Enforcement Advisor focus on strengthening the independence of the judiciary, efficacy of public prosecution, reform of criminal codes, increasing police capacity, and abating trafficking in persons and organized crime.

Complementing its assistance in Macedonia's political and economic transition, USAID programs improve education and human capacity in Macedonia through projects on the primary, secondary, and post-secondary levels. Targets include improving teaching techniques, modernizing vocational education, introducing information and communication technology (ICT) as a learning tool in the classroom, and providing broadband Internet service throughout the country using primary and secondary schools as a platform. Other programs address crosscutting issues, including interethnic cooperation, assistance to the Roma minority, performance improvement of key institutions, and corruption.

On May 7, 2008, Secretary of State Condoleezza Rice and Foreign Minister Antonio Milososki signed a joint Declaration of Strategic Partnership and Cooperation affirming the determination of our

governments to further expand and deepen the partnership between our two countries based upon common goals, interests, and values.

Peace and Security: Expanded U.S. assistance will help this important security partner in reforming and modernizing its military in line with NATO standards and increasing its capacity for participation in international security operations. Law enforcement programs will ensure that Macedonia's police have the tools and techniques needed to effectively combat both transnational and domestic crime in the context of major ongoing reforms of the criminal justice system and the decentralization of police authority to local levels. To improve the government's capabilities to fight terrorism and secure its borders, U.S. funding will assist in raising police skills and managing an effective border control system. Assistance will also help Macedonia contribute to international efforts to prevent the proliferation of weapons of mass destruction (WMD), delivery systems, and related materials. Increased U.S. funding will enhance the impact of Macedonia's contributions to peacekeeping operations and efforts to combat terrorism, directly impacting regional security. It is anticipated that the Departments of Defense, State, and Justice will manage programs under this objective.

Governing Justly and Democratically: U.S. assistance will seek to advance the rule of law and to promote good governance through expanded engagement of civil society in public policy. Planned support includes improved court case management, reducing case backlogs as well as improved enforcement of court decisions and contracts, thus strengthening the investment environment in Macedonia. U.S. assistance will also better equip criminal justice sector actors to handle organized crime and other complex crimes. Political competition and consensus building will be furthered by assistance to make the parliament more independent and responsive to citizen input, improve the conduct of elections, and strengthen political processes and political parties. Assistance in decentralization will foster good governance by stressing municipal accountability and greater participation by citizens in the decision making process. In turn, this will increase local political competition and transparency and spur greater economic development. Programs to strengthen civil society's capacity to influence policy making and act as a democratic check on the powers and actions of government will empower local organizations to represent citizens' interests to government in such areas as reforms necessary for EU accession. Media programs will focus on increasing professionalism among journalists and creating a stronger association of journalists to make them less susceptible to pressure from government or business interests. Assistance will be provided to selected institutions to enhance anticorruption activities. It is anticipated that the Department of State, the Department of Justice, and the U.S. Agency for International Development (USAID) will implement activities falling under this objective.

Investing in People: As Macedonia undertakes the first steps of the EU accession process, it must focus on the quality of its education system to ensure that its schools produce students who are ready to compete with European counterparts in the 21st century marketplace. Basic education assistance will result in increased, equitable access to information technology, improved math and science teaching, renovated schools that are more conducive to learning, and greater access by minority students (with a special emphasis on Roma education). In particular, school renovations will focus on energy conservation. Support for higher education will focus on improving English language training and expand access to information about U.S. colleges. Targeted assistance to educational institutions is aimed at streamlining processes and systems in order to foster an educational system that will provide quality education and result in improved education policies. USAID and Department of State will implement activities under this objective.

Focus on Performance: With proposed increases in U.S. assistance resources, Macedonia will be able to increase proportionately its trained units and be able to contribute to regional and global security efforts including the NATO mission in Afghanistan. U.S. assistance will support Macedonian integration into

NATO and other regional security institutions and will help maintain Macedonian participation in peacekeeping operations as well as improving the country's ability to contribute to future missions. U.S. support will facilitate greater citizen participation in decision making. Support to civil society organizations (CSOs) will enable local organizations to represent citizens' interests, monitor central and local government decisions, and promote effective social and political reforms. The effective input of CSOs will ultimately help Macedonia to better achieve the reforms necessary for EU accession. U.S. supported workforce development programming is being reconfigured with FY 2009 assistance. Although the new program is still in the process of being redesigned, these target figures represent an anticipated move toward a program focused on more extended training and support for a smaller number of participants. The pace of program implementation is expected to accelerate over the course of 2009-2010. U.S. support will help lower the youth unemployment rate through workforce development assistance, ensuring students are prepared for the marketplace with computer technology, analytical, and cooperative working skills. Strong linkages between schools and the business sector will be created and sustained to improve curriculum relevancy and multiply employment opportunities for youth.

Economic Growth: Increased U.S. assistance will help strengthen the business environment to encourage business formation; improve private sector productivity to assist growing industries to compete in global markets; increase value added exports; and attract foreign investment. Support to reduce burdensome regulations and address inefficient processes for business via e-applications will help Macedonia develop an open economy that is fully integrated into European and international trading systems, leading to increased and sustained foreign direct investment. Agricultural productivity will be expanded through adoption of global standards and certifications, improved agricultural policies, integration of advanced and emerging technologies, and enhanced linkages among producers, processors, and traders and with new export markets. The low youth employment rate will be mitigated through expanded workforce development assistance, ensuring Macedonia's job-seekers are prepared for the 21st century marketplace with computer technology, analytical, and cooperative working skills. Strong linkages between schools and the business sector will be created and sustained to improve curriculum relevancy and multiply employment opportunities for youth. Targeted assistance to government institutions will streamline processes and systems established to guarantee transparency in use of public funds. Energy reforms, including access to alternative energy sources, will be supported to improve Macedonia's energy security and thus promote regional energy stability, through assistance in establishing a rational, transparent electricity market and tariff structure. USAID will administer the activities under this objective.