

Macedonia: Not out of the Woods Yet

I. OVERVIEW

Prime Minister Vlado Buckovski and representatives of his government and the opposition converged in Brussels on 14 February 2005 to hand over Macedonia's response to the European Commission's 3,000-item questionnaire, the latest stage in the EU membership application, which was formally submitted almost a year ago. The occasion was celebrated by a concert starring Macedonian musicians at an exclusive Brussels venue. Appropriately enough for St. Valentine's Day, the relationship with the EU had taken on a new depth, but nuptials are far from concluded. The considerable progress Macedonia has made is still fragile. The crucial decentralisation process requires careful implementation, and the coalition government and its constituent parties should apply a number of confidence building measures.

The previous twelve months had been eventful. After experiencing the tragic death of President Boris Trajkovski in February 2004 and the subsequent election of President Branko Crvenkovski, it appeared the government could return to implementing the final elements of the 2001 Ohrid Framework Agreement for Peace. In April 2004 the ruling coalition -- the Alliance of Social Democrats in Macedonia (SDSM), the much smaller Liberal Democratic Party (LDP) and their ethnic Albanian partner, the Democratic Union for Integration (DUI) -- opened negotiations on legislation to redefine municipal boundaries. This legislation, the Law on Territorial Organisation of Local Self-Government, would fulfil a critical element of the decentralisation program mandated by the Ohrid agreement.

However, when negotiations within the ruling coalition became difficult, the main opposition party, VMRO-DPMNE¹, and a little known nationalist group, the World Macedonian Congress, seized the opportunity to make political hay. Playing upon growing concern among ethnic Macedonians that it would unduly surrender power and influence to the Albanian minority,

the two parties forced a 7 November 2004 referendum vote on the proposed law.

Although VMRO was a signatory to the original peace agreement, it used the pre-referendum period to question sharply the government's performance and the general wisdom of power-sharing among the ethnic communities. The government worked to reassure its supporters and argued that its plans would guarantee fast track economic growth, European integration and better governance. The emergence of Albanian paramilitaries on the outskirts of Skopje increased tensions and gave rise to concerns that Macedonia's young and fragile multi-ethnic democracy might be at serious risk.

A strategically-timed U.S. decision to recognise the country's official name as "Macedonia" helped to ensure the referendum's resounding defeat on 7 November. With that vote behind it, the government could again focus its political energies on the practical aspects of implementing decentralisation. However, with fallout from the referendum still reverberating -- local elections were postponed, Prime Minister Hari Kostov resigned and a successor was appointed -- the legislative details are still receiving dangerously inadequate attention. Tensions stirred up by the campaign have yet to evaporate, and the country's various nationalist elements remain poised to exploit any opportunities.

The referendum demonstrated for Macedonia the high cost of serious divisions within the ruling coalition. If the coalition continues on its present path, the cycle of frequent short-term crises will likely continue, the governing parties will suffer in the local elections, and the entire process of decentralisation will remain at risk. It is incumbent upon President Crvenkovski, Prime Minister Buckovski, and DUI Leader Ali Ahmeti to coalesce around a common vision for the future and exercise the political will to implement it. The DUI also has a special responsibility to take concrete steps to reassure ethnic Macedonians that in areas where ethnic Albanians are a new majority, they will extend the same rights and privileges they demand.

¹ The full title of VMRO-DPMNE is the Internal Macedonian Revolutionary Organisation-Democratic Party for Macedonian National Unity.

II. DECENTRALISATION'S FIRST STEP: TERRITORIAL NEGOTIATIONS

The 2001 Ohrid Agreement, which brought Macedonia back from the brink of civil war, obligated the central government to devolve authority for a wide array of functions to the municipal level.² To facilitate this decentralisation process, Ohrid also mandated redrawing Macedonia's 123 municipal borders to consolidate municipalities, give them greater power and achieve more balanced ethnic representation.³ The practical implications of these provisions have long been viewed as some of the most difficult elements of the agreement, which helps explain the delay in their implementation.

In February 2004 a relatively unknown nationalist group, the World Macedonian Congress, began a signature drive aimed at triggering a referendum on the territorial organisation issue. This appeared to generate little enthusiasm and initially met with limited success.⁴ Against

² Sections 3.1 and 3.2 of the Ohrid Framework Agreement mandate decentralisation and revision of municipal boundaries, respectively: "3.1. A revised Law on Local Self-Government will be adopted that reinforces the powers of elected local officials and enlarges substantially their competencies in conformity with the Constitution....Enhanced competencies will relate principally to the areas of public services, urban and rural planning, environmental protection, local economic development, culture, local finances, education, social welfare, and health care. A law on financing of local self-government will be adopted to ensure an adequate system of financing to enable local governments to fulfil all of their responsibilities. 3.2. Boundaries of municipalities will be revised within one year of the completion of a new census, which will be conducted under international supervision by the end of 2001. The revision of the municipal boundaries will be effectuated by the local and national authorities with international participation".

³ See Crisis Group Europe Report N°155, *Macedonia: Make or Break*, 3 August 2004. Under socialist Yugoslavia, Macedonia had 36 municipalities. Following independence, the ruling SDSM government passed the 1996 Law on Territorial Organisation which brought the figure up to 123, a total that was widely seen as unwieldy, particularly since municipalities had limited authority. See "Law on Territorial Division of the Republic of Macedonia and Determination of the Areas of the Local Self-Government Units", *Official Gazette of Republic of Macedonia*, #49/96, 14 September 1996. For a brief history of local government in Macedonia, see "Local Self Government and Decentralisation in South-East Europe", proceedings of a workshop held in Zagreb, 6 April 2001, available at <http://www.fes.hr/index-eng.htm>.

⁴ During the first six months of its petition drive, the World Macedonian Congress only managed to collect 80,000 of the 150,000 signatures required to trigger a referendum. The World Macedonian Congress supported maintaining the existing

this backdrop, senior figures from the SDSM-DUI ruling coalition began to tackle municipal border revisions in closed-door negotiations during the spring of 2004.⁵ The public, and even fellow party members, were largely kept in the dark but it quickly became apparent that the process was contentious even within the government.

By mid-summer 2004, Macedonian media was filled with regular reports -- often based on competing leaks from SDSM and DUI negotiators -- about the status of the territorial discussions. Rumours about the status of key municipalities such as Struga, Skopje, and Kicevo generated intense public interest and, in some cases, outrage. This environment of uncertainty and political jockeying quickly turned redistricting into a hot button political issue.

On 15 July 2004, the ruling coalition presented draft legislation to parliament that left some 55 per cent of municipalities untouched but dramatically changed the boundaries of others and cut the total number from 123 to 83.⁶ Notably, ethnic Albanians would become a new majority in the city of Struga and would be more than 20 per cent in Skopje, thus qualifying Albanian as a second official language in the capital. Albanians would also be an outright majority in two of Skopje's ten municipalities, Cair and Saraj. Kicevo would maintain its borders until January 2008 when merger with the surrounding municipalities would make Albanians the majority. While the redistricting was driven by the Ohrid agreement, it was impossible to ignore the fact that there was a political component to the new map.

123 municipalities. Its referendum question did not reference any new law but instead asked voters if they supported maintaining the 1996 boundaries.

⁵ According to the Government Program for 2004, p. 59, at <http://www.vlada.mk/programanavlada.html>, the laws on territorial organisation, the City of Skopje, and financing municipalities were to be adopted in April 2004. Presidential elections postponed the process. The core group negotiating the new territorial law consisted of approximately ten party officials, including several vice presidents and other senior figures.

⁶ Nineteen municipalities are to be formed via the merger of two existing municipalities (Bogovinje, Bosilovo, Vinica, Vrapchiste, Gevgelija, Debarca, Demir Hisar, Dolneni, Jegunovce, Kavadarci, Kocani, Mavrovro-Rostusa, Makedonski Brod, Mogila, Csinovo, Ohrid, Probistip, Radovis and Strumica); five municipalities are to be formed via the merger of three existing municipalities (Kumanovo, Novaci, Prilep, Tetovo, Caska); one municipality (Bitola) is to be formed via the merger of four existing municipalities, and two municipalities (Gostivar and Struga) are to be formed via the merger of five existing municipalities. The two largely rural municipalities of Kondovo and Saraj municipality will merge and be known as "Saraj", under the jurisdiction of the City of Skopje.

The main opposition party, VMRO-DPMNE, quickly led a chorus of disapproval. Highly critical of both the law and the circumstances under which it was drafted, the party insisted that the plan would increase ethnic tensions. Nevertheless, the ruling coalition's parliamentary majority passed the redistricting law on 11 August 2004. It was at this point that the World Macedonian Congress president, Todor Petrov, asked the VMRO leadership to back the referendum. It immediately agreed and mobilised party resources for three weeks of door-to-door canvassing. By the 23 August deadline, VMRO and the World Macedonia Congress had 180,454 petition signatures, the appropriate documents were submitted to the speaker of parliament, and the referendum vote was set for 7 November.

III. POLITICAL COLLISION COURSE: THE REFERENDUM CAMPAIGN

With a firm referendum date, the new World Macedonian Congress and VMRO stepped up their campaign. Playing on fears that ethnic Macedonians would be harmed by the redistricting, they hoped to defeat the law at the polls and thereby discredit the government.⁷ They accused the government of "national treason", bowing to ethnic Albanian demands and gerrymandering. In Struga, they found an ally in Mayor Romeo Dereban, an ethnic Macedonian who was outspoken and provocative in rejecting the new law, saying the city would have no alternative but to declare independence.⁸

The government largely resisted turning the debate on redistricting into an ethnic matter. Although acknowledging that the ethnic aspects of the new law could not be ignored, it placed greater emphasis on fulfilling the practical obligations of the Ohrid Agreement. President Crvenkovski argued, "decentralisation is the most important part of the Framework Agreement".⁹ DUI

⁷ According to a 23-29 July 2005 Institute for Social, Political and Legal Studies poll, 28 per cent of Macedonians felt the new law amounted to a partition of Macedonia.

⁸ Under the 1996 boundaries, Struga was 47.94 per cent ethnic Macedonian and 41.54 per cent ethnic Albanian. The revised boundaries flip the majority; ethnic Albanians will outnumber ethnic Macedonians, 55 per cent to 37 per cent. Mayor Dereban made his dissatisfaction clear: "If the Government insists on the decision according to the Draft Law on territorial organisation, we would take every legal step for declaring independence, following the example of Monaco, Andorra or San Marino". *Dnevnik*, 10 August 2004. For population statistics, see State Statistic Bureau: <http://www.stat.gov.mk/pdf/10-2003/2.1.3.30.pdf>, pp. 22, 25.

⁹ Statement by President Branko Crvenkovski on the package of laws on decentralisation proposed by the Government of

chief, Ali Ahmeti, also stressed this in an open letter to Macedonians: "Shall we participate in the referendum, thus becoming a stumbling block for our country's integration into the European Union, or shall we vote for Europe by ignoring the referendum? Shall we vote for the future or the past"?¹⁰

The international community, largely caught off-guard by a surge of support for the referendum, only became seized with the risks after the date was set. It rightly feared that passage could derail Ohrid implementation, open a Pandora's Box of subsequent challenges, and prompt the government's resignation.¹¹ Western officials rushed to express support for the government program and urged Macedonians to keep Ohrid on track. "No one questions the legality of the forthcoming referendum on the law for territorial organisation", EU Special Representative Michael Sahlin said, "but if successful, it would clearly mean postponing the processes of Euro-Atlantic integration and decentralisation".¹² In their eagerness to beat back the pro-referendum movement, some international community representatives were unduly heavy-handed. British Minister for Europe Denis MacShane riled even moderate Macedonians when he urged them to stay away from the polls.¹³

Public backlash obliged international representatives to temper their message, which they did by more politely counselling Macedonians to "please stay on course".¹⁴ They also reinforced the government's attempt to link decentralisation -- and acceptance of the territorial law -- to EU and NATO integration (Macedonia applied for EU membership in March 2004). "The choices that Macedonians make will have impact on timing", maintained U.S. Under Secretary of State Mark Grossman, "I hope that Macedonians will make a choice for a fast

the Republic of Macedonia, 16 July 2004. See http://president.gov.mk/info_e.asp?SectionID=4&InfoID=181#top.

¹⁰ Ali Ahmeti in an open letter to Macedonian citizens, 4 November 2004. Available at <http://www.rferl.org/newsline/2004/11/4-SEE/see-041104.asp>.

¹¹ See "Macedonia's government to quit if voters opt to block powers for Albanian minority", *The Irish Times*, 6 November 2004.

¹² Radio Free Europe, 12 September 2004. <http://www.rferl.org/newsline/2004/09/130904.asp>.

¹³ "Every country has a very simple choice: either you turn the clock forward, or you turn it back. We assess that if the people vote, they should consider whether it is not turning the clock backwards for Macedonia" (he demonstrated that by taking off his clock and turning the hands forward and back). McShane, who then visited Pristina to encourage Kosovars to vote in upcoming elections, was accused of condescension and hypocrisy. "Europe recommends staying home on Nov 7th", *Utrinski vesnik*, 27 October 2004.

¹⁴ *Utrinski Vesnik*, 18 September 2004, p. 12.

path to NATO and EU and EU institutions".¹⁵ European Commission President Romano Prodi echoed the sentiment in a speech before the Macedonian parliament, saying that decentralisation was "a method of founding stable and deep roots of local democracy. Europe is here, at the reach of your hands ... However, the decision depends on you ... to say whether you want Europe".¹⁶

A. TROUBLE IN KONDOVO

With only two weeks left in the referendum campaign, rumours began to circulate that armed and uniformed men were in Kondovo, an ethnic Albanian village in the hills northwest of Skopje. As reports of vehicle checkpoints, armed foot patrols and the kidnapping and subsequent robbery of a journalist were confirmed, initial government denials turned into reassurances that the situation was under control. Public and media concern quickly grew regarding the group's origins, structure, patronage and motives. Several individuals claimed to command it, including both Agim Krasniqi, a veteran of the ethnic Albanian National Liberation Army in 2001 and local criminal with recent ties to radical elements from the opposition Democratic Party of Albania (DPA), and Lirim Jakupi, an ex-Kosovo Liberation Army commander indicted on criminal charges by the UN Mission in Kosovo and Serbian authorities. The group appeared to be a ragtag mix of approximately 50 hard-core ethnic Albanian criminals, unemployed villagers and former Kosovo Liberation Army, and National Liberation Army combatants recruited from local villages, Kosovo and Serbia's Presovo Valley.¹⁷ Although they did not issue statements or demands, Krasniqi and others vaguely threatened violence if the referendum passed.

International and domestic officials were unanimous in their concern regarding Kondovo. All recognised that a tactical response -- whether by Macedonian police or the army -- risked setting off a chain of violence ten kilometres from Skopje's main square. Engaging the group in political dialogue risked lending it unwarranted legitimacy and political leverage. With this in mind, the central government and international officials played down developments in public. Behind the scenes, however, the latter encouraged the authorities to adopt a

measured approach. The militia eventually disbanded and left Kondovo in mid-December, leaving some commentators wondering if it had all been a DPA stunt.¹⁸ One of the Kondovo militants, Jakupi (generally known by his *nom de guerre*, "Nazi"), was injured in a shoot-out with Interior Ministry forces on 24 December in Tetovo (one person was killed and another two injured). After flight, he was arrested in Kosovo by UN (UNMIK) police on charges relating to his past actions there.

B. U.S. RECOGNITION

On the final day of active campaigning, 4 November 2004, the U.S. made the surprise announcement that it would henceforth recognise Macedonia by its constitutional name, "Republic of Macedonia", rather than as the "Former Yugoslav Republic of Macedonia (FYROM)", the formula upon which Greece had long insisted.¹⁹ This was greeted with enthusiasm in Macedonia and bland public statements in Brussels.²⁰ The U.S. decision was the more unexpected given that arbitration on the name issue continues under UN auspices.²¹ The EU's cautious approach was largely a factor of Greece's outrage and threats to block Macedonia's accession unless the name issue was resolved to mutual satisfaction. However, Athens quickly toned down its rhetoric, while urging fellow EU member states not to follow the U.S. example.²²

¹⁸See Muhamed Zekiri and Boris Georgievski, "Macedonia: DPA Accused of Dirty Tricks", Institute for War & Peace Reporting (IWPR) Balkan Crisis Report #534, 24 December 2004. Crisis Group interviews with local and international representatives also suggested that the group was linked to the DPA.

¹⁹ After the 1991 break-up of the former Yugoslav federation, EU member Greece launched a campaign against recognising Macedonia by its constitutional name, insisting that "Republic of Macedonia" inherently presaged territorial ambitions, including on Greece's northern border region of "Makedonia". In 1993, Macedonia was admitted to the UN under its provisional name "the Former Yugoslav Republic of Macedonia". The two states eventually entered into UN-facilitated talks to resolve the name issue, which are ongoing. More than 100 countries have recognised Macedonia's constitutional name. See for further background Crisis Group Europe Report N°122, *Macedonia's Name: Why The Dispute Matters And How To Resolve It*, 10 December 2001.

²⁰ Off-the-record, European officials in Brussels and Skopje applauded the U.S. decision.

²¹ The U.S. rather awkwardly explained that although it recognised the name "Macedonia", it still supported the UN process.

²² Greek Prime Minister Kostas Karamanlis, attending an EU summit in Brussels the next day, assured fellow members that Greece would not block Macedonian membership negotiations

¹⁵ *Utrinski Vesnik*, 2 October 2004.

¹⁶ Romano Prodi, President of the European Commission, speech in Macedonian Parliament, 1 October 2004.

¹⁷ During the 2001 conflict, Krasniqi served as Rafiz Haliti's right hand. Haliti, also known as Commander Msusi, organised the "defence of Radusha" and now serves as a DUI parliamentarian. As the Kondovo story developed, Haliti denied any present contact with Krasniqi.

Washington's strategically-timed decision, announced just hours before the start of the campaign blackout period, gave the coalition government an important boost and an excuse to organise an impromptu pep rally. On the eve of the referendum, Skopje's main square played host to multi-ethnic entertainment and flag waving throngs. Before the performers came on stage, President Crvenkovski declared "victory" before a euphoric crowd and congratulated Macedonians who, "despite all hardships in the past ... never stopped believing in our arguments, in justice and fairness, and in the principled policy we conducted".²³ Though he observed the blackout rules by saying not a word on the referendum, he exploited the opportunity to reinforce the government's message.²⁴

C. REFERENDUM DAY

Polls had consistently predicted a turnout over the 50 per cent threshold required for the result to be valid, although the impact of the U.S. announcement was a significant wildcard.²⁵ Turnout was actually much lower than anticipated, just over 26 per cent.²⁶ Although almost all those who participated voted in favour, the referendum failed. The ethnic Albanian community, approximately one quarter of eligible voters, stayed home. Committed SDSM supporters, along with "undecideds", many of whom found a degree of comfort in the name recognition, also stayed away. OSCE monitors concluded that 96 per cent of polling stations performed "well" or "very well".

While it is clear that the U.S. intervention was important in the referendum's decisive defeat, it was not the only factor. Macedonians are most concerned about rising unemployment and the weak economy, not decentralisation or the name issue.²⁷ The turnout was embarrassingly low for the opposition and could not simply be attributed to voter intimidation or fraud. The

over the issue, but emphasised that it must be resolved before Macedonia could actually join the EU.

²³ http://www.president.gov.mk/info_e.asp?SectionID=4&InfoID=632#top.

²⁴ The government also lifted Skopje's curfew to encourage late-night celebrating.

²⁵ According to a poll conducted by the Skopje Institute for Social, Political and Legal Studies in early September 2004, referendum support was at 62.2 per cent. The organisation's last pre-referendum poll, conducted in mid-October, decreased this to 53 per cent.

²⁶ The OSCE-certified results gave voter turnout as 436,000.

²⁷ In an Institute for Solidarity, Democracy, and Civil Society (ISDCS) poll conducted 18-25 September 2004, 39 per cent cited unemployment, 19 per cent the economy, and 3.2 per cent decentralisation as their main concerns. For more on socio-economic analysis see the UN Development Program, "Early Warning Report", November 2004, <http://www.undp.org.mk/publication/EWNNov2004Eng.pdf>.

attempt to use the referendum to undercut the SDSM had not only failed, but left the government with a new degree of legitimacy for moving forward with its decentralisation agenda and local elections.

IV. THE POST REFERENDUM LANDSCAPE

Even before the referendum results were finalised, its effects began to be felt. The opposition rushed to recalibrate its positions. At the post-vote World Macedonian Congress-VMRO press conference, for example, Todor Petrov thumped the podium and levelled accusations of vote fixing against the government.²⁸ VMRO-DPMNE President Gruevski responded by walking out in apparent (or perhaps feigned) disgust. It was clear that political parties were already focusing on the next political test: local elections.²⁹

A. THE OPPOSITION

From the beginning, the ultra-nationalist World Macedonian Congress had a well-defined and exceptionally narrow position: reject the territorial law that would promote power-sharing with the minority community. For Petrov, with no official political party affiliation or representation, the referendum was a zero-sum game but his partners had bigger agendas.

VMRO-DPMNE's Gruevski saw the referendum as an opportunity to discredit the government while scoring political points for his party. Although he never spoke against the Ohrid Agreement, he used the campaign to rail against the government's performance as well as its new law. The VMRO-DPMNE effort fell short, in large part because the party failed to provide an attractive alternative vision. Simply striking a contrarian pose, something of a hallmark of Gruevski's leadership, failed to motivate voters.³⁰ Even after the referendum's defeat,

²⁸ *Dnevnik*, "Petrov wanted to announce a successful referendum!?", 9 November 2004. More detailed OSCE "Preliminary Findings and Conclusions" available at: http://www.osce.org/documents/odihr/2004/11/3786_en.pdf.

²⁹ Due to the election of Branko Crvenkovski, then leader of SDSM and prime minister, as President of Macedonia in April 2004, SDSM was led by a team of three vice presidents until the election of the new leader, Buckovski, on 24 November 2004. According to the Constitution of Macedonia, Article 83, "The duty of the president of the Republic is incompatible with the performance of any other public office, profession or appointment in a political party".

³⁰ When the government began work on decentralisation laws, SDSM reportedly consulted with VMRO for input and

Gruevski and his key advisors were slow to draw practical lessons. In discussions regarding the next steps Macedonia will need to take -- including dealing with outstanding Ohrid issues such as legislation on the flag and other national symbols legislation, the decentralisation process, local elections and internal party politics -- VMRO-DPMNE has had difficulty in shaping a coherent strategy.³¹ This failing will likely continue to frustrate its political aspirations and compound the challenge it faces from the breakaway faction led by its former chief, Ljubco Georgievski. Without a changed approach, its influence will probably continue to decline.³²

In contrast, Georgievski has been more adroit, using the referendum to further his personal political agenda. He encouraged VMRO-DPMNE to support the referendum but then happily let Gruevski do most of the campaigning. His tactics helped boost his personal standing while marginalising Gruevski and setting the scene for a formal split from VMRO-DPMNE. Allegedly in exchange for easing up on his campaigning, Georgievski gained SDSM support for draft legislation that would enable parliamentarians to swap party affiliations while retaining their seats. Although the legislation was not passed, in December 2004 the Constitutional Court ruled that elected representatives could change parties. A week after the decision was published on 18 January 2005, twelve former VMRO-DPMNE MPs formally constituted the new VMRO-NP group. Another five announced they would act as an independent group, leaving VMRO-DPMNE with just ten of the 28 seats it won at the last election.³³ As a result, Georgievski has positioned his group as the largest opposition party in parliament, just in time for the March 2005 local elections.

DUI with DPA. Both received the same answer: "no matter what law you craft, we will be against it". Crisis Group interview with Nebojsa Karapejovski, journalist, Tetovo, 13 November 2004.

³¹ Crisis Group interview with Nikola Gruevski and others, Skopje, 15 November 2004.

³² Gruevski served as minister of economy and of finance in the government led by Georgievski from 1998 to 2002. Even opponents acknowledge his work ethic and professionalism. The international community laments his missteps and uninspired political leadership.

³³ The 28th of those parliamentarians, former interior minister Ljube Boskovski, is in detention in Croatia on charges relating to the 2002 killings of individuals apparently falsely alleged to have been "Islamic terrorists". For that case, see Crisis Group Europe Report N°133, *Macedonia's Public Secret: How Corruption Drags The Country Down*, 14 August 2002, p. 2, fn. 7) He has also been under investigation by the international war crimes tribunal in The Hague for a different incident.

B. THE RULING COALITION

Although the referendum's defeat was a great success for the ruling coalition, the celebration was short-lived. On 15 November 2004, Prime Minister Hari Kostov resigned citing frustrations within the coalition, including allegations of nepotism and corruption within the DUI.³⁴ Although his decision was not a surprise, the gravity of his public accusations startled observers.³⁵ Not only did they raise serious questions about the integrity of the central government, but they placed even more strain on SDSM-DUI relations and provided dispirited government critics new ammunition.

SDSM responded by advancing the date of its planned party congress to 25 November. With only ten days to prepare, its leadership nominated three candidates for party leader: Buckovski, a party vice president and former minister of defence; Radmila Sekerinska, vice president of the government and the party; and Tito Petkovski, a former speaker of parliament who had been a presidential candidate in 1999. Observers predicted the selection process would expose internal divisions but delegates selected Buckovski by a decisive majority in the second round.³⁶ President Crvenkovski then nominated him to serve as prime minister.

Against the backdrop of Kostov's headline-grabbing accusations and strained coalition relations, Buckovski set about forming his new government. He encountered controversy almost immediately by publicly opposing reappointment of Minister of Transport Agron Buxhaku, a DUI vice president and close Ahmeti ally, who had been the target of unproven corruption allegations that Buckovski feared would taint his administration. Although other nominations proceeded, the dispute slowed Buckovski's schedule and delayed the formal

³⁴ Kostov accused DUI of working for the "promotion of national and party interests, for nepotism, and corruption", Statement by Hari Kostov, announcing his resignation, 15 November 2004, available at <http://www.vlada.mk/vesti.asp?id=681&tip=0&ime=vesti>. On 2 December the Public Prosecutor had a three-hour meeting with Kostov, at which the former prime minister reportedly turned over evidence for several corruption cases. DUI officials said the accusations were groundless. *Vreme*, 17 November 2004.

³⁵ Kostov, whose tenure began in May 2004, became bogged down in territorial negotiations that distracted him from issues he considered priorities: fighting corruption; fostering economic growth; and reforming the judiciary and public administration. His frustrations were compounded by a lack of authority stemming from having no party affiliation.

³⁶ Buckovski was just short of a majority in the first round, with Sekerinska narrowly ahead of Petkovski for second place. Petkovski's votes then split fairly evenly between the other two.

parliamentary sessions required to appoint nominees. Dysfunctional SDSM-DUI relations were once again impeding the coalition's ability to govern.

In a creative compromise designed to satisfy all stakeholders, Buckovski nominated Buxhaku for the transport post; Buxhaku submitted his "resignation" the following day and another DUI official was nominated. The face-saving exercise paved the way for Buckovski to move ahead on other appointments, including a DUI member, Fatmir Besimi, to lead the critical Ministry of Economy. The prime minister, who stressed economic growth as his top priority, billed the appointment as an opportunity to "change the public perception about the role and intentions of DUI as a serious partner in the governing coalition".³⁷ There were also strategic incentives behind the move. The appointment showed that SDSM considered DUI its full partner, offered the smaller party a chance to counter Kostov's accusations, and gave SDSM a potential scapegoat should the economy flag.

V. DECENTRALISATION: THE DEVIL IS IN THE DETAIL

Like many former Eastern bloc states, Macedonia inherited a highly centralised government. Decentralisation, while fulfilling a key element of the Ohrid Agreement, should also be seen as a means to promote better government and a greater sense of civic engagement, transparency and accountability. With little controversy surrounding that concept (as compared to the companion redistricting effort), central government officials had already begun the parallel process of preparing for the passage of all decentralisation laws.³⁸

On the surface, decentralisation is progressing. The Ministry of Local Self Government, which is responsible for the management and coordination of working level preparations, has been a key player in organising the decentralisation package -- a set of 44 pieces of legislation governing all functions to be devolved to municipalities. The legislation encompasses a broad range of these -- tax collection, education, health care and more -- as well as personnel assignments and budgetary and other

financial allocations.³⁹ The Ministry ostensibly serves as the taskmaster for the central government, coordinating efforts with other ministries to produce draft laws. It also facilitates consultations with the Association for the Units of Local Self Government of Macedonia (ZELS), an independent advocacy group representing mayors and municipal council members.⁴⁰ In addition, the process has been supported by a comprehensive array of internationally-sponsored programs geared at preparing Macedonia for this dramatic shift in governance.⁴¹

A. THE DOWN SIDE OF DECENTRALISATION

To date, however, the government's support for decentralisation has been more rhetorical than practical. It lacks a clear implementation strategy, and the political leadership has tolerated considerable resistance from technocrats reluctant to surrender turf to the municipalities. With limited exceptions, such as former Prime Minister Kostov, very few senior officials have invested the time or attention to understand decentralisation. Too many Macedonians see it as an event rather than a complex and challenging process involving a wide range of municipal administrative issues such as educational standards, urban planning, waste management, fire fighting and tax structures. These practical issues were simply overshadowed by the redistricting debate. Even as the relevant legislation moved through parliament, few members took the time to scrutinise it or understand its implications. "The decentralisation laws were passed as if in a dream", admitted one lawmaker. "Many parliamentarians really didn't pay attention".⁴² Even the opposition, always keen to capitalise on opportunities to discredit the ruling coalition, has essentially ignored the legislation.

Local officials, who have the greatest practical understanding of decentralisation and its implications, have been largely frustrated by the process to date. "There is only declarative will for these changes, but no concrete steps", complained a mayor, whose colleagues -- regardless of party affiliation -- tend to agree. They point to a lack of communication and consultation with central authorities, vague or unrealistic timelines, a lack

³⁷ *Utrinski Vesnik*, 2 December 2004.

³⁸ A 1 January 2005 deadline for the passage of all decentralisation legislation was established in the 2002 Law on Local Self-government. It was missed, in considerable part due to the referendum controversy, but it is expected that the ten laws remaining for passage (of less significance than those already passed) will be adopted by the Parliament by June 2005, before the scheduled implementation date for the decentralisation package.

³⁹ See Crisis Group Briefing, *Macedonia: Make or Break*, op. cit. By mid-February 2005, parliament had passed 32 laws, four were under parliamentary review and only eight awaited drafting.

⁴⁰ See <http://www.zels.org.mk>.

⁴¹ For more on the role of international organisations, visit http://www.usaid.org.mk/English/DG/LGRP_eng.asp.

⁴² Crisis Group interview with Karolina Ristovska, Skopje, 15 November 2004. The day after the Law on Territorial Organisations passed, a large group of decentralisation laws were approved with no fanfare or objection.

of information and transparency, competition among ministries and bureaucratic foot-dragging.⁴³ Their concerns are grounded in the practical requirements of municipal management, ranging from budget development and facilities management to education and health care. "How can we adopt a budget," asked a mayor from Skopje, "if we don't even know the official boundaries and get competing instructions from various ministries"?"⁴⁴

In the absence of clear guidelines or strategy, municipalities have muddled through, trying to prepare their entities for managing a much broader array of services. Mayors credit ZELS for organising useful working groups and training programs, as well as securing seats at relevant ministry meetings. But like the municipalities it represents, ZELS is frequently marginalised by the central government. At the working level, the government has not consulted it with any consistency or quality.⁴⁵

There is also concern about the quality and consistency of the decentralisation package. The complex array of legislation is riddled with gaps, loopholes and conflicting provisions. "There will be laws that, upon analysis, will be found to be incoherent", noted an Albanian official.⁴⁶ Some issues will eventually be sorted out via administrative guidance while others will require legislative fixes. Meanwhile, these inconsistencies will delay service, frustrate constituents and enhance opportunities for spoilers. "No one is explaining to the average man what decentralisation means, what's the benefit to him. You need to start with streetlights, parking, ID cards, education", observed a European police official.⁴⁷ In the absence of a concerted public information campaign, Macedonia remains significantly unprepared to implement decentralisation.

⁴³ Crisis Group interviews with the mayors of Tetovo, Kumanovo and Centar, Skopje. Authorities discuss a 1 June 2005 as a possible starting date for the transfer of most competencies. However, the transfer of fiscal competencies is not expected to begin until 1 July 2005.

⁴⁴ Crisis Group interview with the mayor of Tetovo, Murtezan Ismaili (DPA); Crisis Group interview with Mayor Violeta Alanora (independent), Skopje, 17 November 2004.

⁴⁵ In two years, ZELS has gone from one part-time employee to a full-time staff of nine. In Crisis Group's conversations with several political party officials, ZELS was criticised for ineffective or inadequate engagement on decentralisation planning. However, the organisation should not be made a scapegoat for central government failings.

⁴⁶ Crisis Group interview with Fatmir Xheladini, then first secretary, DUI, Skopje, 13 November 2004.

⁴⁷ Crisis Group interview, Skopje, 11 November 2004.

VI. POLICE REFORM AND CRIME

A. DECENTRALISATION OF THE POLICE

The Ohrid Agreement seeks to institutionalise better police accountability in a number of ways. The new municipal councils will have the right to select the local head of police from a list of three or more candidates proposed by the Interior Ministry, at least one of whom must be from the ethnic community that is in the majority in that municipality. If the council does not select one of these three, the Ministry submits a new list with at least three names. If the council still fails to select the chief of police, the Minister of Interior will make the appointment.⁴⁸

Between municipal and national level, the police will be decentralised to eight regional centres in Skopje, Tetovo, Gostivar, Ohrid, Bitola, Stip, Kumanovo and Strumica. The idea is to give greater independence to these regional centres rather than the previous practice of centralising decisions in Skopje. As an EU police official stated, "for effective policing you need people to take decisions on the spot".⁴⁹ Each of the regional centres will have a public relations section. There will also be Citizens' Advisory Groups, which will hold regular meetings on the local level with the police and official representatives (mayors, civil society, nongovernmental organisations, local media, religious communities, local population, local offices of the ministries or local institutions), and OSCE field office representatives, the idea being to make the police open, transparent and accountable to all citizens. 32 community policing officers have been appointed (from Skopje, Kumanovo, Tetovo, Gostivar, Ohrid, Veles, Struga and Debar) and given modular training by the Ministry and the OSCE's Police Development Unit.

B. BORDER POLICING

A precondition for EU and NATO membership has been that the police should take responsibility for border control from the army. This process began on 1 May 2004 when the Interior Ministry assumed responsibility on the southern border with Greece. The eastern border (Bulgaria) was taken over on 1 September 2004. According to the national strategy for integrated border management, policing on the border with Kosovo should be transferred by 1 May 2005 (the rest of the border with

⁴⁸ For the procedure of electing a local chief of police, see the Ohrid Agreement, Section 3.3 and Annex B. The law incorporating these provisions was adopted in June 2002.

⁴⁹ Crisis Group interview with an EU police (Proxima) official, Skopje, 20 January 2005.

Serbia and Montenegro was transferred in December 2004). The process should finish by 1 November 2005 with the western border (Albania). However, there are indications it will be ahead of schedule.⁵⁰

In parallel, 821 members of the army's border brigade have been trained at the Police Academy, with participation of OSCE experts, to transfer to the Interior Ministry as border police.

C. EQUITABLE REPRESENTATION

The overall number of Interior Ministry employees is 12,462. Of these, 82.28 per cent are Macedonian and 13.31 per cent ethnic Albanian. This is a significant improvement from 2001 when ethnic Albanians were only 4.5 per cent. Of the 8,216 uniformed police, 78.16 per cent are Macedonian, 16,91 per cent ethnic Albanian. Since the Ohrid Agreement, 1,176 cadets have been trained in the Police Academy with OSCE assistance, the majority of whom were ethnic Albanians.⁵¹ However Albanians still are only 1.7 per cent of the employees at the Department for Criminal Police, the operational part of the ministry, and hold only 1.1 per cent of managerial positions in the uniformed police.⁵²

D. LEGAL FRAMEWORK

In consultation with the European Commission, the government adopted the Strategy for Police Reforms⁵³ on 11 August 2003 and the relevant annexes in October 2003 and on 10 January 2005. The reform process should be finished by October 2005. According to the strategy, the Interior Ministry will then be organised on three levels:

- strategic: services responsible for coordination, international cooperation and public relations of the ministry;
- tactical: a Bureau for Public Security consisting of services of an advisory nature and in charge of conceptual planning and establishment of the general directions and operational standards; and

- operational: the Central Police Services, Border Police, and Regional Police Services.

More than fourteen new laws will have been adopted and more than 100 legal acts will have been amended. The complete reform of the police is estimated to cost between €100,000,000 and €20,000,000 euros. The 2005 reforms alone are estimated to cost €39,300,000 euros, a small part of which will be paid out of the State Budget with the rest coming from international donors.⁵⁴

The European Commission is involved in the process through its Police Reform Project -- ECPRP, which has a mandate of fifteen months, to September 2005, with extension likely for a further two years.

E. CRIME

2004 was the first year in many to show a drop in reported murders, 56, compared to 75 in 2003, and attempted murders, 64 compared to 69 in 2003. Thirty-eight of the 56 murder cases were solved (67.9 per cent). No murders were attributed to ethnic hatred or political reasons. In 2004 there were only 27 cases of planted explosives, compared to 59 in 2003. They produced no casualties, compared to five deaths in 2003. None of these cases was treated as terrorism.⁵⁵

VII. MOVING ON

A. LAST STEPS IN OHRID: FLAGS & SYMBOLS

After decentralisation, Ohrid's last remaining obligation is to implement legislation governing the use of national flags and symbols. Use of the Albanian flag remains a source of sometimes violent frustration in both communities.⁵⁶ Ethnic Albanians insist that the flag -- a double-headed black eagle on red background -- is a symbol of their ethnic identity. However, it is identical

⁵⁰ Crisis Group interview with an Interior Ministry official, Skopje, 11 February 2005. Demarcation of the border with Kosovo remains an issue.

⁵¹ Crisis Group interview with an OSCE official, Skopje, 21 January 2005.

⁵² For complete data, see <http://www.sei.gov.mk/download/Questionnaire/1-01%20-%20Political%20Criteria.pdf>, p.222.

⁵³ See <http://www.sei.gov.mk/download/Questionnaire/1-01%20-%20Political%20Criteria.pdf>, pp.225-227.

⁵⁴ The 2004 state budget provided €3.2 million for police reforms. A similar amount is anticipated in 2005. The rest comes from the European Commission and as bilateral assistance from a number of governments.

⁵⁵ Complete data can be viewed at the website of the Interior Ministry (in Macedonian), <http://www.mvr.gov.mk/ShowAnnouncements.aspx?ItemID=1786&mid=956&tabid=1&tabindex=0>.

⁵⁶ For example, the 1997 riots in Tetovo and Gostivar were triggered by use of the Albanian flag. Tensions over the flag issue -- which flag flies over municipal buildings, at press conferences, public celebrations, in schools, etc. -- have decreased but still exist.

to that of the Republic of Albania, causing ethnic Macedonians to regard it as an affront to national identity, or worse, a threat to sovereignty.

Discussions with stakeholders and observers revealed several points of near consensus on the symbols issue, including that it should wait until after the local elections in March 2005. (VMRO-DPMNE questioned whether the issue needs to be addressed at all.)⁵⁷ This would allow the process of decentralisation to gain a modest foothold and prevent local candidates from inflaming tensions by exploiting the symbol issues during the campaign. A Western diplomat noted, "People who ... lost on the referendum are going to be looking for something to generate dissatisfaction among [the] electorate. Naturally, they will turn to flags/symbols to accomplish this".⁵⁸ There is tacit acknowledgement among Albanian politicians that any attempt to address the issue prior to elections would propel Albanian candidates to adopt maximalist positions. Discussions with coalition members confirm that although the matter is on the political horizon, it has yet to be raised by party leaders.

Opinions diverge on how difficult the issue will prove to be when it is addressed. For all the tension surrounding the issue, it is apparent that ethnic Macedonians are more seized of it than their Albanian counterparts. In Tetovo, where the generally exclusive use of the Albanian flag at the local university continues to anger Macedonians, the mayor is not concerned. "It should be solved", he shrugged, but "I don't see big problems".⁵⁹ Municipal DUI officials were similarly relaxed, insisting that DUI has already stated that the [Macedonian] state flag is its flag. In the same breath, they shifted the onus on to Macedonians to define their position. "It is up to

ethnic Macedonians to decide whether this [Macedonian flag] is a national flag or a state flag. For Albanians, it's clear: we have our national [Albanian] flag and our state [Macedonian] flag. Macedonians should publicly state that the Macedonian flag is the state flag".⁶⁰

The government's absence of a strategy to deal with the issue invites spoilers to seize the initiative. If the coalition leadership does not develop a plan, the discussion will become more contentious and less manageable over time, as both SDSM and DUI should have learned from the referendum experience. There is room for creative compromise, but not until the parties begin to think matters through. This should happen in the context of a broader discussion related to confidence building measures.

B. CONFIDENCE BUILDING

A pervasive lack of trust continues to hamper Macedonia's progress on reform and Ohrid implementation. The parties in the ruling coalition view each other warily, relations between the central and local governments are poor, and tensions remain between the ethnic communities. Political arrogance, top-down governance and poor economic performance have compounded these problems. Under the leadership of the SDSM-DUI coalition, Macedonians have become less inclined to share power and more inclined to close ranks. Good governance, particularly in a multi-ethnic society, should not be a zero-sum game. In order to keep Macedonia on track -- for economic growth, democratisation, Ohrid implementation and European integration -- the government should reassure its constituents by instituting confidence building measures that make a tangible, visible difference in daily lives.

Although the referendum failed, the discontentments that pushed it to the political forefront remain. DUI has a special responsibility to reassure ethnic Macedonians that its Albanian constituents, who proved they could exercise party discipline by boycotting the referendum vote, will be good faith partners as the country moves ahead. Under Ali Ahmeti's leadership, DUI has taken some small but politically significant steps to build confidence. For example, the party recently used the Macedonian flag at a press conference; DUI officials have started to speak more in terms of "we" rather than "us" and "them", and key party leaders such as General Secretary Gezim Ostreni now also stress that they are Macedonian as well as ethnic Albanian. Macedonians have begun to notice and appreciate the effort but DUI must continue the trend. Within the coalition, DUI representatives miss (or sometimes flout) opportunities

⁵⁷ VMRO-DPMNE's Gruevski has denied that flags and symbols legislation is an outstanding Ohrid requirement: "This is a non-issue.". Crisis Group interview, Skopje, 15 November 2004. The Ohrid Agreement, however, is explicit on this point: Section 7.1: "With respect to emblems, next to the emblem of the Republic of Macedonia, local authorities will be free to place on front of local public buildings emblems marking the identity of the community in the majority in the municipality, respecting international rules and usages". Ohrid also proposed new language for Article 69 of the constitution: "For laws that directly affect culture, use of language, education, personal documentation, and use of symbols, the Assembly makes decisions by a majority vote of the Representatives attending, within which there must be a majority of the votes of the Representatives attending who claim to belong to the communities not in the majority in the population of Macedonia. In the event of a dispute within the Assembly regarding the application of this provision, the Committee on Inter-Community Relations shall resolve the dispute".

⁵⁸ Crisis Group interview, Skopje, 15 November 2004.

⁵⁹ Crisis Group interview, Tetovo, 13 November 2004.

⁶⁰ Crisis Group interview, Tetovo, 13 November 2004.

that could both make governing less difficult and help build general goodwill. "DUI sometimes abuses our sense of greater responsibility", complained an SDSM official.

Ali Ahmeti should be more forthright about his behind-the-scenes cooperation with his SDSM partners. Generally, these efforts remain out of the public eye because DUI, fearful of losing constituent support, insists on secrecy. A Western official noted that "The party must prove they can play hardball with their own people, as much as they did with SDSM [on territorial organisation]".⁶¹ As decentralisation progresses, there will inevitably be confusion, manoeuvring and attempts to carve out fiefdoms. The DUI leadership must press its local officials, especially in places like Struga, to respect and apply laws designed to ensure minority participation. In areas where ethnic Macedonians are a minority, ethnic Albanians must afford them the same protections that they demand for themselves at a national level.

Their ongoing (though reduced) presence suggests that paramilitary-criminal elements in Kondovo were formed less in response to the referendum than to pursue illegal activities. Officials are no longer concerned that the situation poses serious risk to national stability and agree the problem requires prompt resolution. But the government remains caught between the need to act and fears of raising inter-ethnic tensions. Primary responsibility falls to DUI. Ahmeti, with strategic support from SDSM and the international community, must convince elements like those in Kondovo to pack up and leave. Allowing such problems to remain unaddressed is unacceptable and would dramatically increase the likelihood of a range of troublesome issues arising in the future. In addition, such an extra-legal armed presence exacerbates ethnic tensions, undercuts the credibility of DUI and Ahmeti, gives Macedonian nationalists reason to object to Kondovo's inclusion in Skopje municipality and could contribute to growing tensions as Kosovo final status talks approach.⁶²

With elections on the horizon, decentralisation approaching and flags and symbol legislation still to be addressed, the time has come for the government to put in place a more coherent long-term strategy. Recent events have certainly given ample evidence that ad-hoc management carries a high price. A reasonable package of confidence building measures should include:

- developing, explaining and implementing a decentralisation strategy that stresses its connection to better governance while more transparently sharing information with other ministries, ZELS and municipal authorities;
- more consistently and uniformly consulting Macedonia's smaller ethnic communities (e.g. Turks, Bosniacs, Serbs, Roma);
- ethnic Albanian political leaders (especially new ministerial appointees and newly elected mayors and municipal councillors) directly condemning paramilitary and extremist elements and visibly distancing themselves from those elements;
- promoting efforts to democratise political parties, including producing legislation governing their financing and revising party statutes that give leadership excessive authority over party decisions and apparatus;
- rather than simply rewarding party loyalists, sponsoring local candidates with relevant management and technical experience, training and an understanding of the role and responsibilities of local government, especially on matters pertaining to decentralisation;
- developing a strategy for the design and use of symbols, including an ethnic Albanian commitment to use the Macedonian flag and Macedonian support for community flags or crests;
- ensuring that Ohrid's "double majority rule" is included in all relevant local self-government legislation;⁶³
- providing for the thorough and consistent application of the "double majority rule" voting rule at the local level, training municipal officials on its application and educating the public on the protection the law provides minority voters;
- in municipalities with ethnic Albanian majorities, both those which have newly acquired such majorities and in traditional flashpoints such as Tetovo,⁶⁴ the winning Albanian parties offering

⁶¹ Crisis Group interview, Skopje, 15 November 2004.

⁶² Macedonian political leaders of all ethnicities have taken a sternly neutral line on Kosovo, insisting that provided the process of resolving its future status is peaceful, and the border between Kosovo and Macedonia has been demarcated, there is no risk of spillover into Macedonia.

⁶³ The double majority rule provides that for approval of matters of particular sensitivity, a majority of representatives who are not of the local ethnic majority community must vote in favour. Although Crisis Group researchers have been assured by various Macedonian and international officials that this provision has been written into the new laws, we have been unable to verify their statements.

⁶⁴ For concerns that violence between Albanians may flare in Tetovo, see Muhamed Zekiri, "Macedonia: Poll Violence Concerns", Institute for War & Peace Reporting (IWPR) Balkan Crisis Report #542, 18 February 2005.

public and consistent reassurance that ethnic Macedonian rights will be respected; and

- as decentralisation is implemented, considering a refinement of administrative guidelines to institutionalise input from neighbourhood councils.

VIII. CONCLUSION

Over the past months, Macedonia's ruling coalition has managed to limp through a series of political crises. The government's survival has been less a matter of political prowess than the lack of credible alternatives. The referendum on redrawing municipalities demonstrated the country remains susceptible to nationalist and extremist impulses. However, the failure of that political ploy did reaffirm the coalition's mandate, give the SDSM another critical six months to get its house in order and leave the opposition in general disarray. U.S. recognition of Macedonia's constitutional name was important but probably not decisive.

Understandably, the coalition has spent much of the time since then composing its response to the 3,000 questions asked of it by the European Commission, in respect of Macedonia's application to join the EU. The Commission will take until October 2005 to digest the answers and produce its opinion (*avis*) on the country's eligibility to begin negotiations.

In the meantime, the winners of the 84 mayoral and council races on 13 March will assume responsibility for implementing decentralisation. The government must lend practical support to these newly elected officials, whether they are from coalition or opposition parties, and explain to citizens why, and how, decentralisation improves their lives. A mismanaged process, coupled with unrealistic expectations, would be a dangerous recipe.

Macedonia's ruling coalition has a fresh opportunity to put the failures, missteps and lost opportunities of 2004 behind it. With a new prime minister, majority party leader and signs of improved coalition relations, it must face the hard business of government.

Skopje/Brussels, 25 February 2005

APPENDIX A

MAP OF MACEDONIA



APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

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February 2005

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