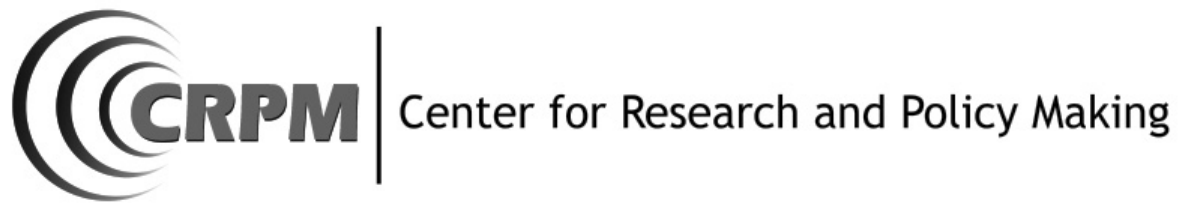


EUROPEANIZATION OF MACEDONIAN REGIONAL POLICY

The impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA



Sanja Vrbek M.E.S.



Research | Analysis | Trainings | Policy advice

Published by:

Center for Research and Policy Making
Cico Popovic 6-2/8 st. 1000 Skopje
Phone: +389 2 3108 832 Fax: +389 2 3109 932
www.crpm.org.mk | crpm@crpm.org.mk

Author:
Sanja Vrbek

Technical preparation:
Riste Zmejkoski

Cover design:
Stefan Nikolovski

Printed in: 2010

We appreciate if you send us your comments or remarks to the following
e-mail: crpm@crpm.org.mk

CIP- Каталогизација во публикација
Национална и универзитетска библиотека „Св. Климент Охридски“, Скопје

352.071.2 (4-672 ЕУ; 497.7)

EUROPEANIZATION of Macedonian regional policy: the impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA- Skopje: Center for research and policy making, 2010. - 43 стр. : граф. прикази; 29 см

фусноти кон текстот. - Библиографија: стр. 42-43

ISBN 978-608-4586-09-8

а) Локална самоуправа - Македонија - Усогласување - Европска унија
COBISS.MK- ID 83230730

CONTENTS

Introduction	7
PART I	8
Participation of the local level of governance in the regional policy making	
1.1.Comparison of the Macedonian regional policy pre and post-2007	9
1.2.Overview of the new Law on Balanced Regional Development	12
1.3.Implementation of the policy on balanced regional development and the problems faced	
1.4.The negative impact of the Europeanization process-The “NUTS problem”	13
PART II	20
The local level of governance and EU pre-accession aid management	
2.1.General overview of the management of EU funds	21
2.2.Local participation in the preparation of the strategic documents and the management structures	22
2.3.Macedonian progress with regard to the implementation of the IPA management structures	24
2.4.The III IPA component on “Regional Development”	26
PART III	28
Field research on the perceptions of the local level of governance	
3.1.Methodological overview	29
3.2.The local perception on the progress with regard to the implementation of the policy on balanced regional development	30
3.3.The local perception of the absorption capacity for applying for IPA	33
PART IV	40
Conclusion	
Bibliography	42

Europeanization of Macedonian regional policy

-The impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA-

INTRODUCTION

The 22 chapter on Regional Policy and coordination on structural instruments, does not strictly regulate this area compared to other issues in primary competence of EU. This chapter is quite “thin” compared to the others, and does not impose unified model to be implemented by all Member States. The area of regional policy, in terms of models of regionalization is a Member State competence; hence the European Union cannot decide on the internal arrangements of the Member States. However, the process of European integration has influenced the transformation of the regional policy in all aspirant states for membership. This is most evident in the previous enlargement 2004, as well as in the process of transformation and europeanisation of the Western Balkan countries. The EU integration process has important influence on the format of the regional setup in the candidate countries. Thus, the European Union wants to ensure efficient institutional infrastructure for management and implementation of the structural funds once the candidate country becomes Member State.

By 2007, Macedonia did not have integrated approach with regard to the regional development policy. This issue had not been the focus of the political elites, and no political will to address the problem of regional imbalances existed. The regional cleavages became more and more evident during the transitional years.

Since its independence, Macedonia has been highly centralized state, and local level had weak competences. Antagonism between the central and local level existed; the central level was very reluctant to let go some of its competences to the local level. On the other hand, the local level was very passive in using its competences and providing contra balance to the central level. Macedonia does not have much experience in practicing wide competences at local level. Additional problem in this regard were the financial problems faced by the Macedonian municipalities, and the low administrative capacity at local level. The situation has been dramatically changed with the adoption of the Law on Self Governance¹, when many competences were transferred to the local level, and finally, the principle of subsidiary, in line with the EU standards, was introduced.

The working hypothesis is that the euro integration process contributes to higher level of participation and inclusion of local level in the regional policy making. In addition to this, the euro integration process is the main factor for enhancement of the local administrative capacity.

In the beginning of the analysis, an overview of the policy on balanced regional development is provided, through a comparison of the situation pre and post the adoption of the law on balanced regional development. The focus in the second part is placed on the management and coordination of the foreign donor’s aid, the establishment of the new system of IPA management, the relevant documents related to IPA, seen from the prism of the inclusion of the local level. The third part of the analysis refers to the local perception of the policy on balanced regional development success and the absorption capacity for the IPA funds.

Since the policy on balanced regional development is a new experience for Macedonia, lack of information and data is noted. Hence, for the purpose of this analysis the primary data is gathered, directly from the representatives of the municipalities, regions, the people and institutions involved in the regional development policy making.

¹ Official Gazette of Republic of Macedonia No. 5, 29.01.2002.

1 // *PART I*

PARTICIPATION OF THE LOCAL LEVEL OF GOVERNANCE IN THE REGIONAL POLICY MAKING

1.1. Comparison of the Macedonian regional policy pre and post-2007

The regional policy before 2007 did not provide coherent and integrated approach on addressing the regional problems and imbalances, countrywide. No regional development law existed, and this area was regulated by several laws, among which the most important is the Law on Promotion of Economically Underdeveloped Areas². This law did not cover the whole territory of the country, but 64%; i.e. 22% of the total population³. As stipulated in the previous law, the Government adopted a list of underdeveloped areas⁴. For the period of 2003-2007, the Government adopted the decision listing the underdeveloped areas, categorized in rural centres, hilly and mountainous terrain areas, border areas and extremely underdeveloped areas⁵. This categorization is abandoned with the new law on balanced regional development, which covers the whole territory of the country. However, the new law does not ignore the problems specific to certain areas, and provides special category “areas with specific development need”⁶.

The previous law in general stipulated the criteria to be fulfilled for one region to be recognized as an economically underdeveloped area; GDP per capita, the original cost of the active basic means per capita, and the employment, were the basis on which these areas were established. Furthermore, in detail the criteria were set in the Government decision from 1999⁷. Unfortunately, no data was available on GDP per capita, unemployment rates etc., harmonized at NUTS III level⁸. That problem reflected the decision making of the underdeveloped areas eligible to be granted a financial aid.

The previous “system of regional policy” did not establish institutional infrastructure at regional level. Unfortunately, that paved the way for a monopoly of the central level in the decision-making and the policy making process in general. The central level represented through the bodies within the Ministry of Local Self-governance was the only authority to decide all issues related to regional development. The Bureau for Economically Underdeveloped Areas, within the Ministry of Local Self government was the main body responsible to implement measures on development of the underdeveloped areas⁹. Furthermore, the Bureau allocated budget money to the underdeveloped areas on the basis of projects they have submitted. According to law, the annual amount allocated from the Budget was set to 1% of the GDP¹⁰. Unfortunately, in reality the amount of money provided from the Budget was much less than that, ranging from 0.01% to 0.30% of the GDP¹¹. The new law on balanced regional development stipulates the same percent annually for the regional development¹². The practice on providing less budget money than the legally foreseen continues,

2 Official Gazette of Republic of Macedonia No. 2/94, 39/99.

3 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission’s Opinion on the application of the Republic of Macedonia for membership of the European Union, pg.19.

4 art.9, Official Gazette no. 2/94.

5 Decision on the establishment of the economically underdeveloped areas in Republic of Macedonia for the period of 2003-2007, Government of Republic of Macedonia, 07.04.2003.

6 Art. 6, Official Gazette No.63, 22.05.2007.

7 Decision on the criteria, the level, conditions and the mode of usage of the finances for stimulating development in the economically underdeveloped areas, Government of RM, government session 5.10.1999.

8 Analytical Report, for the Opinion on the application from the Republic of Macedonia for EU membership, {COM (2005) 562 final}, pg.104.

9 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission’s Opinion on the application of the Republic of Macedonia for membership of the European Union, pg.8.

10 Art.10. Official Gazette of Republic of Macedonia No. 2/94, 39/99.

11 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission’s Opinion on the application of the Republic of Macedonia for membership of the European Union, pg.19.

12 Art.27, Official Gazette No.63, 22.05.2007.

even under the new legislation. However, in the context of financing sources, the Law on Promotion of Economically Underdeveloped Areas did not refer to the EU funds as a source for regional development¹³. This is one of the areas in which the impact of the europeanisation of the Macedonian regional policy is evident; the new law on balanced regional development stipulates the EU funds as one of the sources on which the regional development will rely on¹⁴.

A previously mentioned, the Government of RM had exclusive competences in the decision making in the area of regional development. Beside its constitutional competences, the Law on Government sets other important competences; inter alia “promotion of economic development and achievement of more balanced spatial and regional development, as well as faster development of the economically disadvantaged areas”¹⁵. Moreover, the Law on Promotion of Economic Development in the Disadvantaged Regions stipulated that the Government had the final decision, i.e. it verifies the decision and the procedure conducted by the Bureau for Economically Underdeveloped Areas and the Ministry of Local Self Government. The Bureau was responsible to decide, i.e. rank and classify the projects of the local level according their priority and purpose in line with the criteria established by the Government. Furthermore, the Bureau was a body of the central level of governance, whose director was directly appointed and withdrawn by the Government of RM¹⁶. Within the Bureau a commission responsible to give a consultative opinion on the projects financed by the Budget, was established. Representatives from different sectors of the central level participated in the commission, while the local level of governance was not represented¹⁷.

On the other hand, the local level-the municipalities have competences to carry out activities related to the local economic development, in terms of planning of local development, setting development priorities, carrying out the local economic policy, support of the small and medium-sized enterprises etc¹⁸. However, these competences are focused on the territory of a particular municipality and do not cover wider area.

The main shortcoming, in the overall context of this policy, was the lack of consultative mechanisms and institutionalized possibility of mobilization of more municipalities actively to advocate their common needs and interests. The government was responsible to define the main, general principles; however the problem laid in the lack of inclusive mechanisms in the policy making process. The central level has obligation dully and in time to consult the municipalities in the planning process and for all questions that concern them. Unfortunately, this is regulated in a general manner, no due time for consultations, or concrete procedure or institutions through which the consultation process will be conducted are set¹⁹. Furthermore, also the Law on Government refers to the consultation processes, but fails to resolve the problem, in terms of setting more precise and articulated consultative procedure between the local and central level. The municipalities have the right to ask for an expertise and other professional help by the central level, in the excises of their competences; furthermore in the process of cooperation the local level shall provide data, information and other materials for the purposes of the government policy making²⁰. The Law on Government did not set an institutional channel for the local voice in the policy making, but provided room for the central level to impose itself in a patronizing and superior manner over the local level. Unfortunately, even the Law on Promotion of Economically Underdeveloped Areas failed to set an institution or a consultative mechanism, where the policy making would have been conducted on equal footing between the central and local level, since intermediate level of governance did not exist.

Obviously, the previous regional policy frame did not have the capacity and legitimacy to address the prob-

13 Art.11 Official Gazette No.2/94; art.10 Official Gazette No.39/99

14 art.27, Official Gazette No.63, 22.05.2007.

15 Art. 8, Law on the Government, Official Gazette, n.59/2000, 22.07.2000.

16 Art.17. Official Gazette of Republic of Macedonia No. 2/94, 39/99.

17 Art.19. Official Gazette of Republic of Macedonia No. 2/94, 39/99.

18 Art. 22, Law on Local self government, Official Gazette, no. 5, 29.01.2002.

19 Art. 78, Law on Local Self Government, Official Gazette, n.5, 29.01.2002.

20 Art.32 and art. 33, Law on the Government, Official Gazette, n.59/2000, 22.07.2000.

The impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA

lems faced by the underdeveloped areas. The central level of governance had monopoly in the policy making of this area. The Ministry of Local Self-government ²¹ had the competence to prepare and propose decisions related to the Law on Promotion of Development of Economically Underdeveloped areas, preceded by the legal obligation to communicate and coordinate the local level of governance, which often was disregarded. This problem was also pointed out by the European Union, which defied the coordination process between the national and local level as “neither regular nor structured...[and]... informal and ad hoc” ²².

The European Union wants to assure existence of special regional units (this does not imply regionalization) and solid institutions for regional development policy making. Thus, it aims to secure efficient and accountable management of the Structural Funds once the country becomes a member state. The non existence of regional administrative entities as intermediate level between the local and central level was pointed out by the EC, as one of the shortcomings ²³ of the Macedonian regional development policy. EU explicitly stated its fear that non existence of such an institutional mechanism would negatively impact and disable structural funds programming at regional level; and would affect the establishment of appropriate partnership arrangements. Although, a specific law on regional policy is not an EU requirement, EU has expressed concerns that the previous legislation, was not in line with the EU standards. The problematic part of the previous regional development framework was that it only referred to 64% of the country territory, whereas the implementation of the Structural and Cohesion Funds requires institutional setup covering the whole territory of the country. Furthermore, clear decision making and efficient implementation mechanisms at all levels were lacking. In this regard, necessity of establishment of a new institutional layer at regional level was emphasized, whereas improvement and better definition of the already existing institutions at central and local level was also required. Although, as a shortcoming in the regional development policy making, the role of the local and central level were pointed out, the greatest challenge was seen in the establishment of regional planning level, since it required a completely new institutional level and administration. Furthermore, a mechanism for implementation and monitoring had to be placed at regional level as an EU requirement.

Legitimate fears with regard to the success of the new regional policy existed due to several factors:

Administrative // Lack of administrative capacity, in terms of equipment and human resources is an issue that has to be tackled, since no institutional infrastructure had existed at regional level before.

Financial // The financial factor must not be underestimated. Within the present political context, only the concept of planning regions is possible, which implies their financial dependence on the central and municipal budgets, instead on their own independent resources.

“Mentality” // The existing levels of governance lack the tradition of thinking and planning out of their own scope and limits. The lack of communication and cooperation between the different levels has enhanced the narrow sighted approach used by each of them, making the interest of one exclusive over the interest of the other.

21 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission’s Opinion on the application of the Republic of Macedonia for membership of the European Union, pg.20.

22 Analytical Report, for the Opinion on the application from the Republic of Macedonia for EU membership, {COM (2005) 562 final}, pg. 103/104.

23 Ibid.

1.2. Overview of the new Law on Balanced Regional Development

The approximation of the Macedonian regional policy with the EU standards, and the adoption of new legislative framework, was one of the preconditions for the access to the IPA funds. New law on balanced regional development has replaced the previous Law on Promotion of Economically Underdeveloped Areas, on 1 of January 2008. The adoption of the new law was welcomed by EC in 2007, and the law was positively assessed, in compliance with the EU standards ²⁴.

This law made an important step ahead, with the introduction of the EU principles on regional development. The principle of programming, co-financing, additionality, concentration, transparency, subsidiary and sustainability are the pillars on which the Macedonian regional policy shall rely on ²⁵. Furthermore, planning regions, overlapping the statistical regions at NUTS III level, are established. A new institutional infrastructure responsible for the policy making in this area is established, aiming among other things to overcome the gap between the central and the local level.

The new law, unlike the previous, covers the whole territory of the country. Moreover, it does not neglect the areas with specific development problems, but provides special category for them ²⁶, overlapping the scope of the previous law. The new law has much wider scope and more integrated approach in addressing the regional imbalances compared to the previous.

The planning documents stipulated in the law are the National Strategy on Regional Development and the Development Programme of the Planning Region. The National Strategy for regional development provides 10 years time frame for the regional development, whereas the Regional Planning Documents refer to a period of 5 years. High level of coordination and alignment has to exist among these documents. The preparation process of the planning documents requires compulsory consultation of all relevant parties at national and local level ²⁷. That is provided through the newly established bodies under the law, gathering representatives of different institutions at central and local level. The National Strategy on Regional Development is adopted by the Parliament on the basis of a Government proposal. However, that is preceded by an agreement within the Council on Balanced Regional Development in RM (further in the text the National Council). The National Council provides more balanced roles and equal standing of the central and local level, through equal number of representatives of the both levels of governance. Thus, the National Council is consisted of the representatives of 8 ministries, the deputy prime minister, 8 mayors-presidents of the planning regions and representative of Association of the local self government units (further in the text ZELS). This mechanism aims to be a strong safeguard of the local representation and interests, as well as limitation to the influence of the central level. Moreover, it is in line with the principle of “partnership” - one of the pillars on which the newly established institutional infrastructure relies on.

The Development Programme of the planning region²⁸ is adopted by the Council of the Planning Region, following an assent of the National Council on Regional Development. It is prepared by the Development Centre of the Planning Region which is a technocratic body of the region. The Programme is prepared on the basis of the Methodology of the Ministry of Local Self-government, in order to unify and standardize the approach in all planning documents at regional level. Furthermore, these documents shall be in line with the National Strategy on Regional Development and with the programmic documents important for the Macedonian euro integration processes.

²⁴ Commission Staff Working Document the Former Yugoslav Republic of Macedonia 2007 Progress report, COMMISSION OF THE EUROPEAN COMMUNITIES, Brussels, 6.11.2007, SEC(2007) 1432.

²⁵ Art.4, Official Gazette n.63, 22.05.2007.

²⁶ Art.6, Official Gazette n.63, 22.05.2007.

²⁷ Art.9, Official Gazette n.63, 22.05.2007.

²⁸ Art.12 Official Gazette n.63, 22.05.2007.

The impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA

The Development Centres of the planning regions will have an important role. These Centres will provide professional services to NGOs in the process of project proposals for regional development; stimulate inter-municipal cooperation within the planning region; conduct projects on regional development financed by EU funds and other international sources etc.²⁹. Thus, the new law had to introduce the European funds as source of financing the regional development, among the other sources (budget of RM, the local self government's budgets, other international sources, donations of natural and legal persons etc.)³⁰.

Not only the EU funds but the funds provided in the Budget of RM are an important financial source for the regional development. The same amount of 1% of the GDP is foreseen in the new law, but differently from the previous situation now all regions covering the whole territory of the country could apply for the budget money. Most of the money (70%) will be allocated on the basis of projects submitted by the regions. In addition to this, 20% is foreseen for development of areas with specific development needs, whereas 10% is foreseen for rural development³¹. For the first category of projects³², each region prepares a list of projects which has to be approved by the Regional Council. If the planning regions fail to submit the projects in due time in the Bureau for Regional Development, they do not have the

right on the money allocated for their region, and that money become available to the other regions. This will certainly enhance the competitiveness among regions. Furthermore, if a planning region submits a list of project proposals, which financial value is less than the amount allocated, the region loses the right on the rest of the money. The budget money does not automatically belong to the regions, but the project proposals must fulfil some criteria. For example, the project proposals for the category "Development of the Planning Regions" must be in line with the Development Programme of the Region.

Later, the Government adopts a decision on the list of projects that will be financed by the budget. The projects to be financed, initially have to be agreed within the National Council for regional development³³, but the draft lists are prepared by a Commission established by the Minister on local self government³⁴. The adopted decision has to be balanced with regard to all municipalities within one region.

1.3. Implementation of the policy on balanced regional development and the problems faced

The newly established regional policy could be affected by non existence of regional intermediate level of governance (in terms of political level of governance, instead of planning). It could lead to confusion over the regional competences. Unfortunately, even after the adoption of the new law, there is lack of coordination between the local and central level, and often each of the levels denies any competence over some important regional issues. The only solution to this problem, by some experts³⁵, is seen in the establishment of political or administrative regional level of governance, which will have a legal personality. At this point, it is highly politically sensitive issue and unlikely scenario.

Another problem³⁶ that affects the implementation of the policy on balanced regional development are the regions themselves. The regions, unfortunately, cannot be characterized as compact, natural territories with common

29 Art.26 Official Gazette n.63, 22.05.2007.

30 Art.27 Official Gazette n.63, 22.05.2007.

31 Art.29 Official Gazette n.63, 22.05.2007.

32 Art.34 Official Gazette n.63, 22.05.2007.

33 Art.41 and 42, Official Gazette n.63, 22.05.2007.

34 Art.38 Official Gazette n.63, 22.05.2007.

35 Interview with Ivan Bimbilovski GTZ consultant 14.11.2008.

36 Ibid.

problems and features. It is questionable to what extent the regions are natural units. The Macedonian planning regions are overlapping the NUTS III division, and most of the regions at this level are artificial, created as a technical requirement within the euro integration process.

From the beginning the implementation the law faced many delays. Not only that the implementation of the institutional setup was delayed, but also the functioning of the main bodies of the regional policy faced obstacles. Namely, the National Council of regional development had only 2 meetings since it was established in September 2007³⁷. The central level of government is blamed for lack of political will for more efficient functioning of this body.

Furthermore, the National Strategy on Regional Development has not been adopted yet. On the other hand almost all of the Development programmes of the planning regions are in final phase of preparation, but could not be adopted prior to the National Strategy. According the most optimistic expectations the National Strategy will not be adopted before March 2009³⁸, which implies longer postponement of the Development Programmes of the Planning Regions. The delay of the National Strategy could be related to several reasons³⁹: the early parliamentary elections conducted in June 2008, the controversial transfer of the municipalities Lozovo and Sveti Nikole from the Eastern into the Vardar region etc. However, the main responsibility is in the hands of the contracted party for preparation of the National Strategy. Unfortunately, the delay of the Strategy is not the only problem, but also the process of its preparation. The preparation of the National Strategy is questionable from the aspect of quality, local input, participation and ownership of all relevant parties in the process. The process is conducted in elitist manner⁴⁰. The fear is that the Strategy refers mostly to comparative experiences of other European states regardless of their applicability in the Macedonian context. Moreover, the local input is completely ignored and marginalized in this process.

On the other hand, the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)⁴¹, aimed to promote the “bottom up” approach in the regional policy making. Initially, the Eastern and South-eastern regions were in the GTZ focus, and drafts of their development programs were prepared. The process was based on wide consultations of the local authorities. This process started quite late in the other regions, which implied less time for preparation of their programmes. Thus, the Eastern and South-eastern regions are in advantage, not only that had more time for preparation, but because the process itself was wider and thorough.

Although unified, standard Methodology for preparation of the development programmes has been issued by the Ministry of the Local self government the approach in the preparation of the development programmes differs in different regions. There are several reasons for that⁴².

A // The Methodology was adopted later, after the preparation of these documents was conducted, according different methodology, in the first two regions (the Eastern and the South-eastern). In these two regions the methodology applied was taken from the EU LEADER + programme for rural development, but modified and adjusted. The

37 Decision on the establishment of the Council on balanced regional development, Official Gazette no.110, 14.09.2007. The second meeting was held on 10.12.2008, (Ljubomir Janev, president of the Eastern region, Conference on the Decentralisation in Macedonia-balanced regional development and education, Friedrich Ebert Stiftung, 17.12.2008).

38 Andrej Petrov, former president of the Association of the Local Self Governance Units and former mayor of the Karposh Municipality, Conference on the Decentralisation in Macedonia-balanced regional development and education, Friedrich Ebert Stiftung, 17.12.2008.

39 Interview with Ivan Bimbilovski GTZ consultant 14.11.2008.

40 Interview 25.10.2008 with Julijana Daskalov consultant in Kocka.

41 The Project on regional economic development of the eastern part of Macedonia (REDEM), conducted in the framework of the bilateral cooperation between Macedonia and Germany <http://www.gtzredem.com.mk/DesktopDefault.aspx?tabindex=0&tabid=9>

42 Interview with Ivan Bimbilovski GTZ consultant 14.11.2008.

Ministry was reluctant to adopt that approach as an official Methodology. Eventually, the adopted methodology was somewhere in the middle of the approach used by GTZ and the Ministry proposal. An advantage of the adopted Methodology is the requirement of rich data base provided by each of the regions. Unfortunately, this is limited at the moment due to the lack of relevant statistics at NUTS III level. The situation to some extent is better with regard to the rural development statistics because of the agricultural census conducted in 2007. However the areas of infrastructure, education, environment etc. face statistical gap. Hence, the relevant parties working on the development programmes turned to alternative data sources provided by foreign donor projects. Although helpful that was not an efficient and sustainable solution in long run, since that data has not been updated for a long period.

B // Different approach in the creation of the development programmes was used in different regions. The approaches used in the Eastern and South-eastern regions⁴³ were not applied in the other regions, mostly due to lack of time and financial means. Maybe the key success factor in the case of the Eastern and the South-eastern regions was that the process started quite early in 2005, two years before the law was adopted. The process could be defined as “bottom up”, characterized by wide consultations, trying to reach all concerned parties. On the other hand, the approach in some of the regions, such as the Northern Eastern and Vradar region although bottom up, is more restrictive compared to the before mentioned regions. The focus is more put on the development of SME, hence the consultations are conducted only among the relevant parties in the SME sector. On the other hand the Polog region has completely different experience. Unfortunately, there the process could not be characterized as “bottom up” but rather as in-transparent and “top down”.

C // This process was conducted by contracted consultants instead by the regional centres. The regional centres were not equipped to take and conduct this process, and several consulting firms conducted the process relying on different approaches.

The Development programmes of the planning regions are the crucial documents, on which basis the region shall apply with projects, for the budget money. The programmes are consisted of measures to be undertaken in a specific area, instead of a list of concrete projects. This approach has been selected as better and more flexible in addressing the regional misbalances. The problem⁴⁴ of the Development Programmes is that some of them are unrealistic and refer to too ambitious projects for the next 5 years compared to the financial means at their disposal. More precisely, the priorities setting process is often the problem.

The reason of this problem is not the low capacity of the local level⁴⁵. The process of the preparation of the relevant planning documents is conducted by contracted consultants, who in some cases lack the capacity to provide adequate methodology and strategy in gathering and processing the relevant information of the municipalities and the regions.

Another problem that the implementation of the policy on balanced regional development faces is the reluctance of the central level to provide the 1% of the GDP from the national budget. The amount of budget money is minor compared to the one set by the law. The money provided for this purpose is not sufficient to address the regional imbalances. For 2008, 58 million euro budget money had to be provided for the purpose of the balanced regional development, unfortunately the money provided amounted around 3,5 million euro⁴⁶. Having in mind that the central level has legal obligation to participate in the financing of the institutions established at regional level such as the Development Centres, the budget funds for regional projects are even smaller. The funds provided are so small that cannot cover the expenses for even one bigger project per region⁴⁷.

43 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

44 Interview with Ivan Bimilovski GTZ consultant 14.11.2008.

45 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

46 Aleksandar Spasov, Decentralization in Macedonia-balanced regional development and education, December 2008, Friedrich Ebert Stiftung.

47 Ljubomir Janev, President of the Eastern Region, Conference on the Decentralization in Macedonia-balanced regional development and education, Friedrich Ebert Stiftung, 17.12.2008.

After a long delay, a government decision on the detailed criteria and indicators for determining the level of development of the planning regions, which is crucial for allocation of budget money per region, has been adopted⁴⁸. This was too late having in mind that the due time for the regions to apply with projects is set to be 15th of December, requiring the allocation to be decided much earlier. Unfortunately, the methodology for defining the areas with specific needs is still lacking, although 20% of the budget money should be provided for them⁴⁹.

This year no financial means were provided to the regions. The new law on balanced regional development only replaced the previous Law on Promotion of Economically Underdeveloped Areas. Since no transitional period and transitional legal provisions were provided, the newly established regions were disabled to apply for the budget money provided by then⁵⁰.

The greatest challenge that this policy faces, is the regional and local capacity. Enhancement of the administrative capacity, of all relevant institutions, at all level of governance is planned⁵¹. By 2010 all relevant institutions will be equipped with additional 75 employees.

At the level of the planning regions, the 8 Development Centres initially (in the first year-2008 of the implementation of the policy) will be equipped with 8 people, meaning one person per centre (the centre coordinators). In 2009, additional 2 employments in the Centres are planned, whereas in 2010 the total staff number in the 8 centres is expected to be 32, meaning 4 employees per centre.

However, the lack of human resources at the new regional level is not the sole problem. The status of the administration of the regional centres could generate bigger problems in the future⁵². The regional administration does not have the status of civil servants, which makes them “sensitive” to any political changes.

With regard to the administrative capacity the central level institutions are in superior position. The central level institutions have some basic administrative capacity. Namely, the Regional Development Sector, within the Ministry of Local Self Government was equipped with 20 civil servants, when the new law on balanced regional development entered into force. Within a period of 3 years, i.e. by 2010 the staff number will increase for 10 additional employees. Furthermore, the Bureau for Balanced Regional Development which emerged from the transformation of the preceding Bureau for Economically Underdeveloped Areas was equipped with 14 people. Nevertheless, additional 10 civil servants will be employed in the Bureau by the end of 2010.

The central level institutions have better starting position with regard to the human resources; nevertheless the number of projected employments is much higher there compared to employments in the newly established regional institutions.

Issue relevant for analysis is the threat of politization of the regional policy. The decision making procedure on the regional projects to be financed could be undermined due to political reasons, if some issues are not properly addressed. The National Council approves the regional projects to be financed. If one region submits a list of projects amounting less than the allocated budget funds, or one region does not get approval for all submitted projects, the surplus of money which were not used or approved shall be reallocated to some other region. Legitimate fears⁵³ exist that the

48 Official Gazette n.162, 25.12.2008.

49 Art.29 Official Gazette n.63, 22.05.2007 .

50 Ibid.

51 Annex 2: NPAA institutions(recruitments), for the period 2008-2010, <http://www.sei.gov.mk/portal/eng/default.asp?id=1035>

52 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

53 Interview with Ivan Bimbilovski GTZ consultant 14.11.2008.

political affiliation of the members of the National Council could have impact on the decision which projects will be financed and which will be rejected. The additional doubts are that the only criterion for reallocation of the budget money will be the political affiliation of the mayors in one region. Luckily, ZELS could play important role in confronting these doubts⁵⁴. First of all, it could articulate the local position with regard to the relevant regional issues. Within ZELS a commission on regional development consisted of the 8 regional presidents, functions. The commission decides with unanimity and that could contribute for an agreed and unified position among all regional presidents before the National Council meetings. This mechanism could be a strong safeguard against polarization and politization of the National Council.

Furthermore, there are chronic problems at local level which could reflect and spill over in the area of the regional policy. The local problems⁵⁵ could be analyzed from different aspects:

A // Financial // The regional institutions shall be financed equally by the local and central level (50:50), but the local financial capacity is very low compared to the central level. From the total public spending, 93% belong to the central level, whereas only 7% belong to the local level. Furthermore, the municipalities face great financial problems and debts. Even 17 municipalities, out of 84 have blocked accounts⁵⁶.

B // Administrative capacity // Most of the municipalities have low administrative capacity. This is especially evident in the rural municipalities and in the newly formed municipalities (established under the law on territorial organization of the local self government from 2004). All municipalities have to have Strategic Plan on Local Development which determines the priorities of the municipality. This document and its approach are quite new for the Macedonian municipalities. Thus, most of the Strategic Plans on Local Development are not implementable and compatible to the local needs. Lack of consistency between the SWOT analysis and the set priorities is a common feature of most Strategic Plans. Another obvious and common characteristic is the lack of prioritization and focus. Usually, the Plans have too many priorities covering wide scope, which ultimately makes the documents useless and incapable of setting clear direction for the local development. This problem is deeper and influenced by several factors⁵⁷:

Lack of equipment // The Department on local economic development (further in the text LER) is responsible for preparation of the Strategy on Local Development. Some municipalities do not have established such a department and in some this department lacks basic equipment.

Trainings // Usually the Mayor of the municipality discretionary decides who will attend training. In many cases, not the appropriate person is selected. Hence, the effect of the trainings on the administrative capacity building is low, although much training has been conducted in the previous years.

“Top down approach” of the foreign donors // Most of the Strategies on Local Development were financed by the foreign donors. Not only that the foreign donors provide the finances for preparation of the plans, but impose the methodology on which the Strategies should rely on. Furthermore, short dead lines are usually imposed for the preparation of these documents, which certainly impacts their quality. The processes feature lack of input by the local level. It seems, as if the foreign donors are more interested in the final product to pass their evaluations by complying only with the technical criteria, since no impact assessment on the results is conducted.

54 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

55 Interview 25.10.2008 with Julijana Daskalov consultant in Kocka.

56 Predrag Dimitrovski, No money, no real decentralization, Dnevnik, 16.10.2008.

57 Interview 25.10.2008 with Julijana Daskalov consultant in Kocka.

1.4. The negative impact of the europeanisation process-The “NUTS problem”

The regional statistics are essential for the EU regional policy and are the basis on which the eligible regions for Structural and Cohesion Funds are decided. Hence, EU is more than interested in proper implementation of the NUTS regulation in the candidate countries. The NUTS regulation sets the minimum and maximum thresholds of the size of the country's regions, aiming to provide uniform classification of the European regions.

In 2001, immediately after the Stabilization and Association agreement was signed, decision on establishment of NUTS was adopted by the Macedonia Government⁵⁸. It was explicitly said that this division is for statistical purposes. It did not refer to overlapping of the statistical regions to any political, administrative or even planning regions. Regions at NUTS II level were not established. The official position is that “... introduction of NUTS level II would not aid realistic and comparative regional statistics... [furthermore] if a NUTS level II region were created, the cumulative indicators for the units in NUTS level III that would be a part of this region would not establish realistic basis for conducting regional policy. On the other hand, the natural, communicational and functional heterogeneous characteristics of the regions in NUTS level III do not allow establishing of NUTS level II, which can appropriately solve certain regional-national problems.”⁵⁹ Interestingly, this coincided to the EU position; the EU did not see need for establishment of regions at NUTS II level, due to the small size of the country⁶⁰.

Unfortunately, the first NUTS division did not comply with the EU standards, i.e. the NUTS regulation. At NUTS III level the population criteria was not fulfilled by one of the regions. Eventually, in 2007 the decision was amended⁶¹. The NUTS change was important, since the new law on balanced regional development set an institutional infrastructure at NUTS III level. Now, the Statistical NUTS III regions overlap the planning regions established by the Law on Balanced Regional Development.

The previous Statistical division did not fulfil the criterion of minimum 150 000 population at NUTS III level; the Vardar region was short of 17 000 people⁶². Under the europeanisation pressure, the Government discretionary decided to transfer the municipalities of Lozovo and Sveti Nikole, which originally belonged to the Eastern region, to the Vardar region. No consultative process preceded this decision. This was the first more evident example of top down approach and intervention in the regional development policy, due to the europeanisation process. The concerned municipalities⁶³ were warning on the negative effects. Lozovo and Sveti Nikole geographically, economically, ecologically, administratively etc. belonged to the Eastern region. The two municipalities had nothing in common with the municipalities in the Vardar region, with regard to any development projects, infrastructure or strategies. Furthermore, many institutions, projects and development plans align these two municipalities with the Eastern region⁶⁴. Namely, the regional project on water supply-the hydro system “Zletovica”, is established for the purpose of the municipalities of the Eastern region, including the Sveti Nikole and Lozovo; the company for water resource management “Bregalnica” founded by the Government in 2004 operates on the geographic area of the Eastern region, and covers the two municipalities. According the National Strategy on Solid Waste Management and the regional ap-

58 Decision on NUTS, Government of Republic of Macedonia, 24.04.2001.

59 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission's Opinion on the application of the Republic of Macedonia for membership of the European Union, pg.9.

60 Analytical Report, for the Opinion on the application from the Republic of Macedonia for EU membership, {COM (2005) 562 final}, pg.103.

61 Official Gazette n. 158, 28.12.2007.

62 Ivan Bojadziski, Sveti Nikole and Lozovo municipalities transfer in the Vardar region, newspaper Utrinski Vesnik, 12.02.2008.

63 Ibid.

64 The municipality St. Nikole from the Eastern to the Vardar region, posted 11.01.2008, website of the St. Nikole municipality <http://www.svetinikole.gov.mk/mak/aktuelno.asp?id=53>

The impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA

proach set in the area of selection, transportation and deposit of solid waste, the two aforementioned municipalities are approached as part of the Eastern region. Moreover, the municipality of Sveti Nikole is directly involved in the project of the Eastern region on building modern infrastructure connecting the Eastern region and the capital, aiming to decrease the transport expenses of the Eastern and the South-eastern region. Interesting observation is that these two municipalities even administratively belong to the Eastern region, which makes the government decision more absurd. The local institutions in Sveti Nikole and Lozovo in the area of police, judiciary, public revenues, are under the jurisdiction of the higher institutions placed in Shtip, which is the centre of the Eastern region. Even according the electoral code these municipalities belong to the 3 electoral districts which overlap the Eastern region. Regardless of the arguments in favour of these municipalities, the central level ignored their requests.

Regardless of the problems faced on ground, EC welcomed this development, assessing only the technical compliance of the Macedonian legal framework to the NUTS regulation ⁶⁵.

Fortunately, the situation is moving forward at the moment. Sveti Nikole is playing double role and participates in the institutions of both of the regions. According to some experts ⁶⁶, this disadvantageous situation could have positive implications. The experience Sveti Nikole and Lozovo gathered in the Eastern region could be spilled over in the Vardar region, where the process of implementation of the regional policy is at initial phase.

65 Commission Staff Working Document the Former Yugoslav Republic of Macedonia 2008, Progress Report, Brussels, 5.11.2008, SEC(2008) 2695, pg.54.

66 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

2 // *PART 2*

THE LOCAL LEVEL OF GOVERNANCE AND EU PRE-ACCESSION AID MANAGEMENT

2.1. General overview of the management of EU funds

The European Agency for Reconstruction was responsible of management of the EU funds for Macedonia. Its competences have been taken over by the EC Delegation in Skopje, since September 2008⁶⁷. The new instrument for pre accession assistance-IPA will be the greatest challenge for Macedonia regarding the management of the EU money. IPA shall prepare the country for participation in the Community cohesion policy once the country becomes a Member State. By now, the Macedonian authorities did not have any competences over the management and administration of EU aid, but only coordinated the foreign aid through the established institutions. However, now 3 components of the new pre accession instrument will be managed and implemented through decentralized implementation system. That will happen once the relevant institutions are established and the country shows capacity to administrate and implement the EU aid. The EU Commission shall confer its management to the national authorities once they are accredited.

The whole process of management of EU funds, by now has been concentrated in the hands of EAR. The Macedonian institutions had role in the area of coordination of the foreign aid⁶⁸. Foreign Assistance Coordination Committee of Ministers (FACCM), responsible for the coordination of the foreign aid received by Macedonia, has been established within the government structure. The deputy president of the Government by default is the National Coordinator for Foreign Assistance and presides with FACCM. The other members of this body are:

- // A Deputy of the President of the Government of Republic of Macedonia responsible for the implementation of the Framework Agreement.*
- // The Minister of the Interior Affairs*
- // The Minister of Foreign Affairs*
- // The Minister of Finance*
- // The Minister of Economy*
- // The Minister of Education and Science*

Furthermore, at technical level Coordinative Technical Group of FACCM exists, consisted of civil servants from the relevant ministries. At this level, the Foreign Assistance Coordination Department and the Central Donor Assistance Data Base of the Government of RM-CDAD (within the Secretariat of European integration), operate. In addition to this, the Ministry for Finances has important role by being responsible for all issues related to registering, financial effects, VAT and customs and control. Unfortunately, the local level of governance does not have appropriate place in this institutional constellation and does not play any role in the process of coordination of the foreign aid. The only context, in which the local self-government units are mentioned, is in the project implementation phase as one of the assistance beneficiaries.

Interestingly, the Ministry of Local Self Government although not a member of FACCM, is invited to participate at its sessions when issues such as decentralization and regional development are discussed⁶⁹. However, since the Ministry is institution at central level it is obvious that the local voice cannot be articulated and appropriately represented through this institution.

67 <http://www.ear.europa.eu/macedonia/macedonia.htm>

68 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission's Opinion on the application of the Republic of Macedonia for membership of the European Union, pg.32.

69 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission's Opinion on the application of the Republic of Macedonia for membership of the European Union, pg.39.

The relationship between the central and local level, before the policy on balanced regional development has been adopted, has been characterised by a lack of coordination. Unfortunately no structured and institutional dialog existed, but ad hoc coordination meetings only in the process of monitoring of the project implementation ⁷⁰. The effects of the europeanisation process in this regard have reflected only in improved cooperation at project level and only when the projects have been directly related to the municipalities, either by providing technical assistance to the municipalities, or building of a local infrastructure (usually through the cross border programmes) ⁷¹.

2.2. Local participation in the preparation of the strategic documents and the management structures

Macedonia has been obliged to adopt and start to apply a completely new principle- “programming” in the process of regional policy making. Thus, new strategic documents common to the EU member states were introduced. One of the most important documents at national level, regarding the EU pre-accession aid is the National Development Plan. This document provides consistency of the institutional public investments for development; provides bases for multiannual programming of investments, as well as a solid ground for additional programming documents regarding the EU pre-accession aid ⁷².

The principle of partnership is explicitly mentioned as one of the pillars on which NDP relies on; furthermore, combination of the “top down” and “bottom up” approaches is set to be the leading approach in the process of preparation of the NDP. Unfortunately, the central level dominated the preparation of this strategic document. The process took place in 2006, within a limited timeframe and was conducted at two levels ⁷³:

// At political level the process was coordinated by an Inter-ministerial commission composed of governmental officials-representatives of the ministries, the Governor of the Central Bank, the Director of the State Statistical Office and the Director of the Civil Servants Agency.

// At technical level the NDP Secretariat, composed of highly ranked civil servants, was the responsible institution.

Since the Macedonian institutions lacked experience in this area, the whole methodology and actual coordination of the process was done by UNDP. Actually, the role of the official institutions was more passive; they had to provide only the information asked, whereas the technical expertise ⁷⁴ was conducted by UNDP.

In lack of capacity and structured dialog between the central and local level, UNDP prepared a special methodology ⁷⁵ on how to integrate the local input in the NDP ⁷⁶. Unfortunately, this process faced many shortcomings that undermined the local input and the bottom up approach. First of all the process faced tight deadlines and limited time period for such an ambitious task. The whole process of data collection at local level was “wrapped” in a period of three months. Although defined as “bottom up” approach, the process had more “top down” features; it was completely conducted by UNDP, in terms of defining the methodology, approaching and integrating the local inputs in the

70 Ibid.

71 Ibid.

72 National Development Plan 2007 -2009, Government of RM, Skopje February 2007, pg.4.

73 Ibid, pg. 10.

74 Identifying priorities, systematization of collected data and adoption of best practices from other countries etc.

75 In general the methodology referred to SWOT analysis for each of the 8 regions, setting priorities for each of the regions, identification of concrete development projects and programmes etc.

76 Ibid, pg. 11.

The impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA

NDP. The processed data provided at local level, has not been mainstreamed in all sections of the NDP but it was set as a separate chapter ⁷⁷, lacking real connection to the other chapters of the NDP.

Moreover, the process has suffered of additional problems more of a political nature. The regular parliamentary elections and the summer holidays of the administration overlapped the period of preparation of NDP (from May to August). Unfortunately, that had significant impact on the quality of the process, especially on the quality and relevance of the local inputs provided.

However, although the process faced shortcomings, important step was done with the inclusion of the local level in the preparation of the NDP. On the other hand, the process itself has been problematic, since the foreign donors had the major role in the coordination of the local level through their projects, which is not sustainable solution in long run. The process itself lacks institutional structured dialog, thus the strategic documents could face lack the legitimacy of all relevant parties, if this issue is not properly addressed.

The time period of 3 years to which NDP refers is product of the EU integration process and coincides with the EU documents relevant for the Instrument of Pre-accession Assistance, the Multi-Annual Indicative Financial Framework and the Multi-Indicative Planning Document, the Country Strategic Framework and the Operational programmes for each of the IPA components.

The Multi-Annual Indicative Financial Framework ⁷⁸ provides information on the indicative breakdown of IPA- the Instrument for Pre-Accession Financial Assistance. This document gives an overview of the fund allocation between the beneficiary countries. Moreover, the Multi-Annual Indicative Financial Framework presents the allocation of funds, broken down by component, country and multi-country action ⁷⁹. On the other hand, the Multi-Annual Indicative Planning Document MIPD is document designed for each of the Western Balkan countries providing information on the funds allocation per IPA component. The prioritization in these documents is done on the basis of EC assessment of the needs and challenges each of the countries face, as well as on the basis of the priorities set in the annual EC Progress Report, the Accession Partnership, the National Plan for Adopting the Acquis, the National Development Plan and the Pre-Accession Economic Programme ⁸⁰.

The Council Regulation establishing an Instrument for Pre-Accession Assistance refers to consultations with all relevant stakeholders in the beneficiary country when preparing the MIPD ⁸¹. Nevertheless, the process is still very much based on a “top down” approach. This could be ameliorated and balanced if the national strategic documents such as the National Development Plan are adopted through process which relies on structured and institutionalized dialog between the local and central level. Consultation and cooperation meetings have been conducted between the EC and the relevant stakeholders, the beneficiaries, the MS, the donor community and the representatives of the civil society in the process of adoption of the MIPD. All documents relevant for the EU integration process, inter alia IPA related documents have to be approved by the coordinative body within the Secretariat of the European Integration, in which the Association of Local Self Governments (ZELS) participates ⁸². This is one institutional possibility for the local level to influence the strategic documents, but it depends on the capacity of the local self governments to articulate their voice through ZELS. Positive development in this regard could play the newly established commission

77 It is a free standing chapter, placed in an annex of the NDP.

78 Communication from the commission to the council and the European parliament instrument for pre-accession assistance (IPA) multiannual indicative financial framework for 2008-2010.

79 COUNCIL REGULATION (EC) No 1085/2006, of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA) art. 5

80 Multi-annual indicative planning document 2008-2010, Macedonia, pg. 10.

81 COUNCIL REGULATION (EC) No 1085/2006, of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA) art. 6.

82 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

on regional development within ZELS, where all 8 presidents of the regions participate⁸³. Although the initial aim of this commission is to overcome some of the problems that the local level faces in the communication with the central level regarding the regional development issues, this commission could also be used as forum where the local/regional position could be agreed for all relevant strategic documents related to the EU pre-accession aid.

The influence of the local level represented through ZELS at project level, is significant. The EU integration process and the previous EU financial programmes (e.g. CARDS) provided institutional format through which the local voice through ZELS has been represented. ZELS participates in the so called steering committees where the selection criteria for the EU projects are defined. Surprisingly, at this level, the cooperation between the central level and ZELS is assessed as strong; and the impact of ZELS is recognized as significant⁸⁴. This is important since the project selection criteria are decided and agreed within these institutions. The ZELS participation provides relevant information and basis on which the criteria shall be adapted to the relevant local context. The input provided by ZELS is beneficial for EU as well as for the local authorities. It is beneficial for EU because it provides balance against the “top down” approach and gives local legitimacy of the process. On the other hand, it is beneficial for the local self governments, because the selection criteria are defined according to the real situation on the ground.

2.3. Macedonian progress with regard to the implementation of the IPA management structures

Important step for Macedonia is going to be the normative and institutional harmonization with the EU regulations in the area of management of the pre accession assistance-IPA. Macedonia has to align its institutional and legal framework to the EU standards in this area. The Council regulation on establishing of IPA⁸⁵ and the Commission Regulation⁸⁶ implementing the Council regulation are the main pillars that define this area. In general, the Council regulation provides the legal basis of all issues related to IPA. The regulation differentiates two types of beneficiary countries depending to their status. In Annex I⁸⁷ of the Regulation, the candidate country which have full access to all 5 IPA components are listed, whereas the second annex refers to the other countries which are eligible only for the first two components. Possibly, one country could move from Annex I to Annex II, but that shall follow a decision granting candidate status for EU membership to the country and amendment of the Regulation.

The regulation sets 5 components according which the assistance will be programmed and implemented⁸⁸:

- // Transition Assistance and Institution Building;*
- // Cross-Border Cooperation;*
- // Regional Development;*
- // Human Resources Development;*
- // Rural Development.*

83 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

84 Ibid.

85 COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA).

86 COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007, implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).

87 COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA), pg.11.

88 COUNCIL REGULATION (EC) No 1085/2006 of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA), pg.4, art.3.

The regulation provides legal basis for the Multi Annual Financial Framework and for the Multiannual Indicative Planning documents (art.5 and art.6). Furthermore, it establishes the general framework for the different possibilities of centralized, decentralized and shared management of IPA (art. 13). The Regulation also integrates the principle of conditionality, through art. 21 which provides suspension of the assistance in case the principle of democracy, rule of law, human rights, minority rights and fundamental freedoms are not met by the beneficiary country. In addition to this, reference is made to the Council conclusions from April 1997.

In detail the issue is approached by the Commission Regulation implementing the Council Regulation. Different types of management, centralized, decentralized and joint management are set and more in detail elaborated in the Regulation. From the Macedonian aspect this is important since the first two components will be managed in centralized manner by the Commission, whereas the last three components will be managed through the so called decentralized implementation system (DIS). Hence, an institutional setup for the IPA management has to be established. It is a preparation of the beneficiary country for the management of the Structural Funds once it becomes a Member State.

For the decentralized management the beneficiary country has to meet specific conditions and has to establish management and control systems, which have to be accredited ⁸⁹.

The establishment of the management and control system was decided by the Government in December 2006. The National Fund (NF) and the Central Contracting and Financing Department (CFCD) were established and the Programme Authorising Officer (PAO), the Competent Accrediting Officer (CAO) and the Senior Programme Officers (SPOs) have been nominated. In the first half of 2007 a gap assessment to comply with the new IPA Implementing Regulation has been carried out and the National Authorities have submitted a Gap assessment report to the Commission. In a subsequent step, gap plugging has been done during the second half of 2007, beginning of 2008. Following a compliance assessment and the accreditation of the system we then expect the CAO to submit the application to the Commission for conferral of management during the second half of 2008. ⁹⁰

According to art. 56 (2) of the Financial Regulation, the beneficiary country has an obligation to ensure appropriate segregation of duties between the relevant institutions of DIS ⁹¹. For this purpose a government decision on establishment of the inter relations among the bodies and structures of the decentralized management of the first 4 components of IPA, was adopted in October 2008 ⁹².

The Macedonian authorities ⁹³ expect 2009 to be the year when the EC will confer the authority of IPA management to the relevant institutions in Macedonia. The delay of this process is responsibility of both the national authorities and the EU.⁹⁴

Interestingly, ZELS has shown interest to be represented in the structures of the DIS ⁹⁵. However, the expectations are low that this initiative will be considered and that will influence modification of the newly established system. Although, the principle of partnership and consultations with all relevant parties at local and regional level are issues of great importance for EU, in the context of DIS no EU requirement for integration of the local authorities in the institutional structure exists.

89 COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007, implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA), art 11.

90 Multi Annual Indicative Planning Document 2008-2010, Macedonia.

91 Gjorgievski, EU Instrument for Pre-accession assistance: The path to a successful start, pg.10.

92 Official Gazette no.132, 21.1.2008, pg.2.

93 80 million euro are allocated for Macedonia for 2009, newspaper Vecer, <http://www.vecer.com.mk/?ItemID=0B3B0FE8E9089742887805F8ABAF5F50>

94 Gjorgievski, EU Instrument for Pre-accession assistance: The path to a successful start, pg.11.

95 Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

2.4. The III IPA component on “Regional Development”

The third component “Regional Development” is perceived as the most important financial source for the 8 planning regions and for the policy on balanced regional development, in general. This component together with the component on rural development, are important for the preparation of Macedonia for the Community cohesion policy and rural development instruments. Unfortunately, Macedonia cannot use the finances foreseen under the III component, until the Decentralized Implementation System is accredited and the competences transferred from the Commission to the newly established institutions.

Interestingly, the funds foreseen for the regional development are very small, but a trend of gradual increase through the years can be noticed.

// *Table 1.*

COMPONENT	2008	2009	2010	TOTAL
III – Regional Development	12.3	20.8	29.4	62.5

Being aware of that, EU has suggested “strong concentration ...[of funds in specific areas]... in order to achieve impact in the areas of intervention”⁹⁶. Hence, in the first years, the transport and environment sectors will be the priority sectors where the funds are going to be concentrated⁹⁷. From 2010 the scope will be expanded and focus will be placed also on “regional competitiveness”. Initially, a single operational programme will cover the transport and environment sectors. From 2010, three separate programmes are expected to be prepared for each of the relevant sectors, transport, environment and regional competitiveness. The priorities of these two sectors are in line with the priorities set in the Accession Partnership and are referring to several ambitious projects⁹⁸:

- // Corridor X Motorway Completion
- // Upgrading and Modernization of the Transport infrastructure
- // Improvement of Environmental infrastructure
- // Technical Assistance

More precisely in the transport sector financial support is foreseen for the corridors VIII and X. In the environment sector introduction of waste water collection and treatment systems, as well as introduction of an integrated waste management system meeting EU requirement are the priorities.⁹⁹ The following table¹⁰⁰ presents the allocation the III component per sector:

// *Table 2.*

	2008-2009	2010
Environment	20 % - 30 %	30 % - 40 %
Transport	70 % - 80 %	40 % - 50 %
Regional competitiveness		10 % - 20 %

96 Multi Annual Indicative Planning Document 2008-2010, Macedonia.

97 Ibid, pg. 14.

98 Commission Decision of 29/11/2007 adopting the multi-annual operational programme “Regional Development” for Community assistance from the Instrument of Pre-Accession Assistance for the Regional Development component in Macedonia, CCI 2007MK16IPO001, Brussels, 29/11/2007, C(2007) 5721 final, pg. 4.

99 Multi Annual Indicative Planning Document 2008-2010, Macedonia pg. 2.

100 Ibid pg. 33.

The impact of the EU integration process on the local participation in the regional policy making and on the local capacity actively to apply for IPA

By 2013 this proportions are going to change, aiming to achieve better balance among different sectors. Thus, the regional competitiveness will reach 20 to 30%, the environment sector 35 to 45% of the funds and the transport sector 35 to 45%.

The funds provided will not achieve dramatic changes in the area of regional development. The results and impact are expected to be limited, but the aim is to “ensure a strong concentration and synergies with other funding, in order to achieve some impact in the areas of intervention”¹⁰¹. For this purpose wide consultations with other donors working in Macedonia have been conducted, which was beneficial for the preparation of the MIPD. In this regard, the coordination with World Bank, GEF, EBRD and KFW has been crucial¹⁰². EU also points out the importance of consultations at national, local and regional level.

The process of preparation of the operational programme “Regional Development” was conducted by the national authorities. For that purpose the relevant stakeholders at national and sub-national level have been consulted in the basis of the Strategic Coherence Framework¹⁰³. However, the level of participation and inclusion of the local and regional authorities is not at satisfactory level. There are two main reasons for that. On the one hand, the local level does not have the capacity to impose itself as strong partner in the policy dialog, but on the other hand the national authorities often deliberately exclude the local level and presuppose exclusive monopoly over this issue. Unfortunately, “the experiences from the previous candidate countries, but also from the member states regarding their use of Structural and Cohesion Funds confirms that whenever consultations with local partners were not been made, the chances for successful implementation of projects had been less likely”¹⁰⁴.

101 Multi Annual Indicative Planning Document 2008-2010, Macedonia pg. 28.

102 Ibid, pg.8.

103 Ibid pg.30.

104 Gjorgievski, EU Instrument for Pre-accession assistance: The path to a successful start, pg.17.

3 //

PART 3

FIELD RESEARCH ON THE PERCEPTIONS OF THE LOCAL LEVEL OF GOVERNANCE

3.1. Methodological overview

The local perception of the regional policy is important and useful to be analyzed. It could provide information on the positive developments of the policy on the one hand and on the other hand could point out the weakest links of the process. Another issue of relevance is the local capacity to apply and implement IPA projects.

Having in mind that this is a new policy and there is a lack of analysis and data, the research had to turn to other primary sources of information. A methodological framework was designed aiming to provide first hand information on the problems the municipalities face regarding the regional policy.

A representative sample of municipalities to be surveyed was defined and a questionnaire was prepared. The questionnaire consists of two parts; the first refers to the local views on the implementation of the policy on balanced regional development, whereas the second part provides inside information on the capacity of the municipalities to absorb the IPA funds. The questionnaire consists of closed questions; however for each of the answered question deeper explanation was requested by the interviewed persons. Most of the interviewed persons were representative of the department on local economic development (LER). However, not all of the surveyed municipalities have established such a department; hence, the person who is the most involved in the local development issues has been surveyed in those cases.

The questionnaire was distributed in 18 municipalities, in all 8 regions in the period from 1 to 15 December 2008. The sample refers to 20% of all Macedonian municipalities. Furthermore, the number of surveyed municipalities per region is proportional to the number of municipalities in each region. The following table presents the number of municipalities per region vs. the number of questioned municipalities per region.

// **Table 3.**

NUTS III region	Number of municipalities	Number of municipalities questioned
Vardarski	9	2
Eastern	11	2
South western	13	3
South eastern	10	2
Pelagoniski	9	2
Poloshki	9	2
Northeast	6	1
Skopski	17	4
Total 8 regions	84	18

The sample takes into account several indicators:

A // Territorial balance // All 8 regions have been covered with the survey. The size of the region, i.e. the number of municipalities in one region has been the criterion according which the number of questioned municipalities per region has been decided.

B // Rural/urban balance // Great attention was paid on the balance of the rural and urban municipalities when designing the sample. The problems the rural on the one hand and the urban municipalities on the other hand face are different. Moreover, the administrative capacity and the absorption capacity of IPA funds are areas where these two categories of municipalities significantly differ.

C // The size of the municipality // The size of the municipality has been another important indicator considered. The issue of representation of local interests at region level can be approached only if the experience of the all municipalities, bigger, i.e. more “powerful” and smaller i.e. “weaker”, is taken into consideration. Moreover, this is important issue when analyzing the absorption capacity of the IPA funds.

D // Ethnic background of the majority population living in the municipalities // The research sample reflects the national statistics regarding the ethnic background of the population living in Macedonia.¹⁰⁵

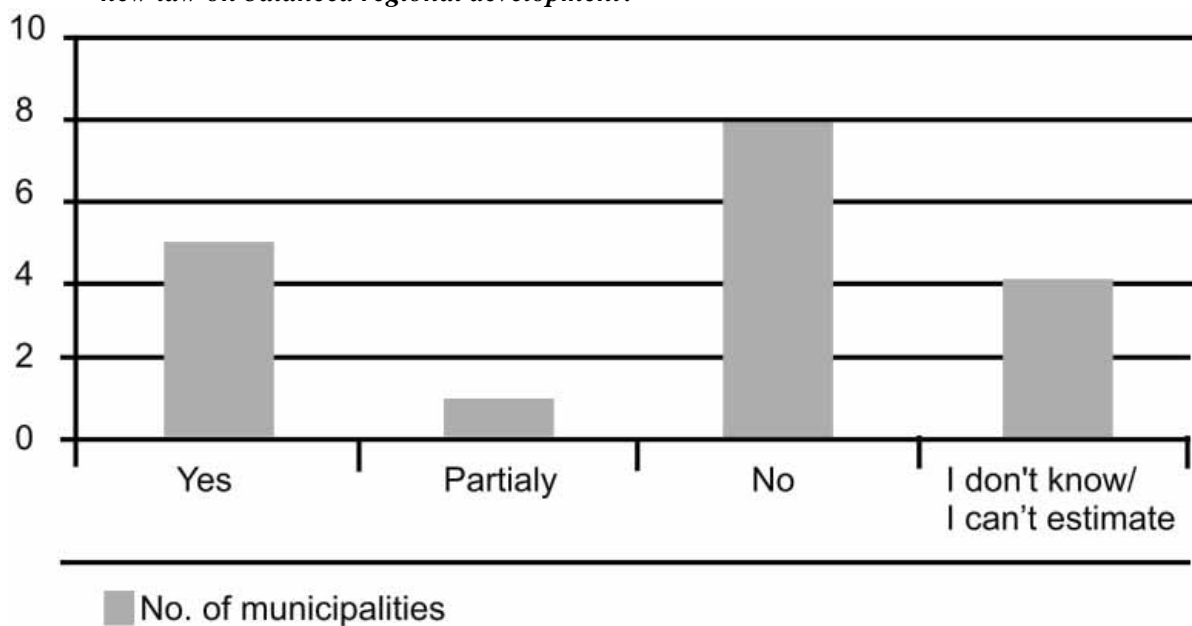
3.2. The local perception on the progress with regard to the implementation of the policy on balanced regional development

The local position and perception on the implementation of the policy on balanced regional development is important and could be very useful in the process of policy making. It could serve as a useful direction for the central level, i.e. the “leading partner” in the process of the policy implementation.

The first part of the questionnaire aimed to point out the local perspective on several key issues. Initially, it refers to the local perception on any improvements in the regional development following the adoption of the law. Secondly, the representation of the local interests at the newly established regional level has been raised as an issue. Furthermore, since the planning regions financially depend on both the central and the “poor” local level, the question of financing as an important issue to be considered. At the end, the first part of the questionnaire referred to the role of the central level in the implementation of the policy on balanced regional development.

The new law aims to introduce completely new approach in the regional development. The most relevant indicator on the improvements in this area is the difference felt at local level, compared to the situation before the law was adopted.

// Table 4. Do you think that the environment for balanced regional development has improved due to the new law on balanced regional development?

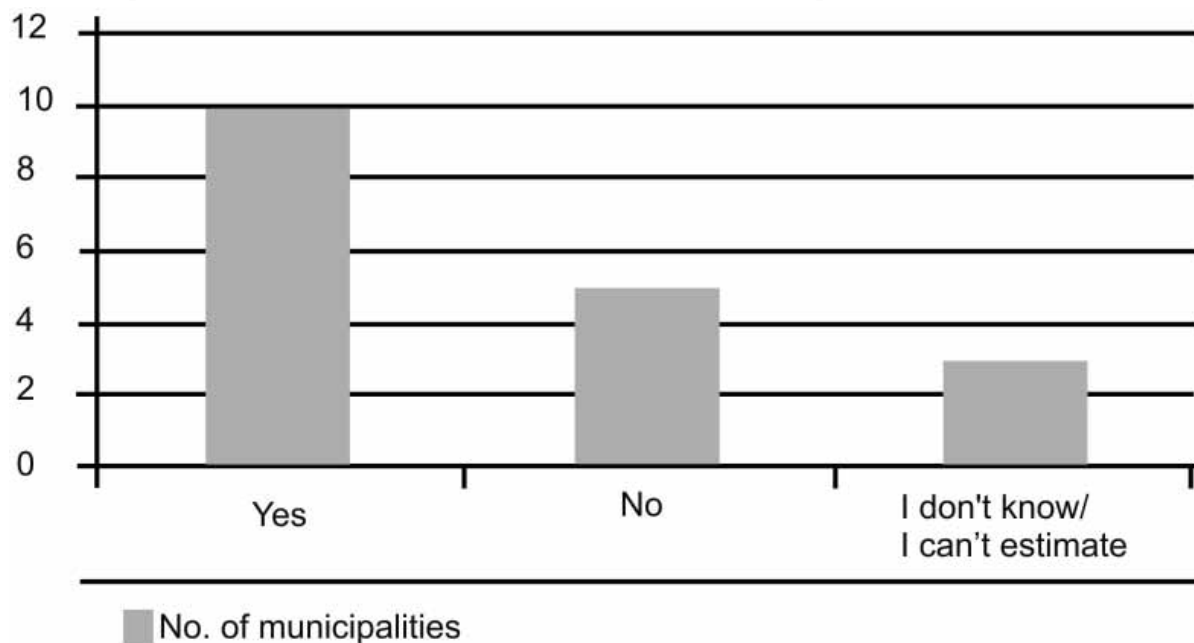


¹⁰⁵ Census 2002.

Most of the surveyed municipalities do not feel any improvement after the adoption of the new law. Smaller, but significant number of municipalities feels that the environment for balanced regional development has improved due to the new law on balanced regional development. Interestingly, most of the municipalities that answered “Yes” emphasized that they see improvement because of the adoption of such an important law, although no major effects are evident on the ground. On the other hand the municipalities that answered “No” were more critical. All of them welcomed the adoption of the law, however are anxious to see the effects of the policy. A fear that the budget money for regional development, will not be provided to the municipalities was expressed. Furthermore, some municipalities due to political problems within their regions said that cannot feel any improvements and progress in the policy implementation. Namely, the South-western region faced deadlock in the process due to the decision on the establishment of the regional centre. According to the law that has to be the biggest city of the region. All regional institutions of the South-western region have been established in Ohrid, which has been disputed by Struga as the biggest municipality. The regional development policy at the moment is a hostage of the political disputes between the two biggest cities of the region.

With regard to the second question, surprisingly high number of municipalities believes that their interests will be adequately and equally represented at the level of the planning region. The main reason for this optimism is that the process at regional level by now was conducted by consultants who according to their methodologies approached all municipalities of one region. As a result the documents at regional level are created on the basis of the input of all municipalities. It is questionable if this will be the result in future when the processes will not be managed by foreign donors and consultant firms, but by the regional institutions themselves. Namely, one of the surveyed municipalities said that the bigger municipalities of the region made efforts to prioritize their interests over the interests of the smaller municipalities; however did not succeed because the process was conducted by the contracted consultants.

// Table 5. Do you think that your municipality interests and needs will be adequately and equally represented and addressed, with regard to the other municipalities in the region?

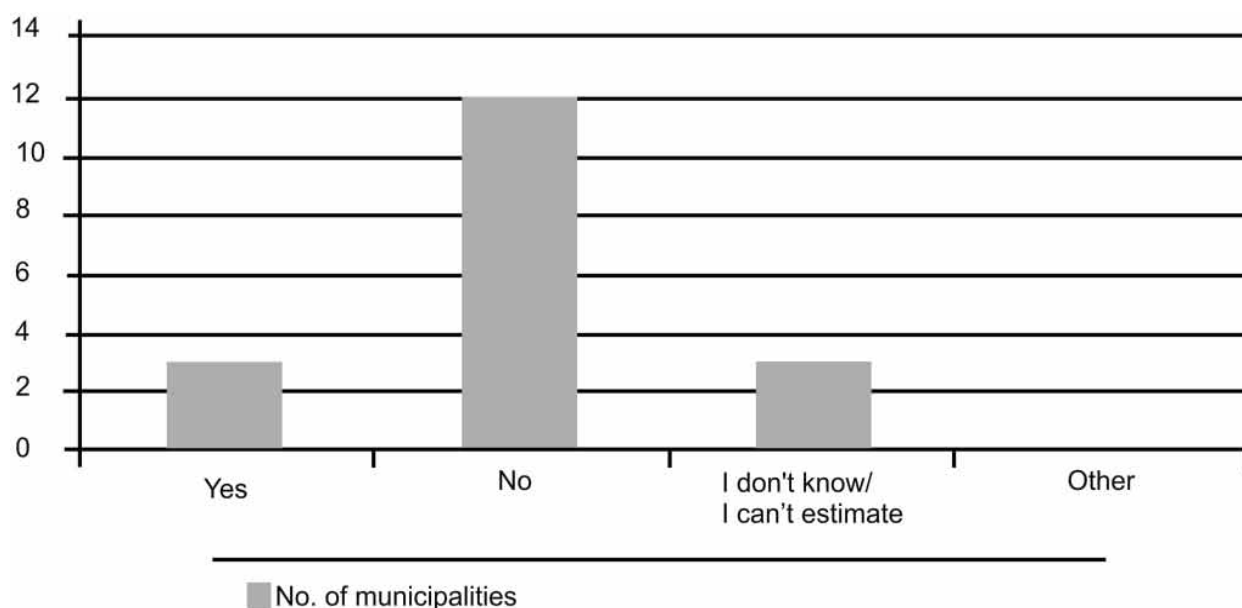


The municipalities that answered “No” fear that the bigger municipalities will impose their interest over the smaller ones and will get more of this policy. Furthermore, Sveti Nikole feels that the artificial solution for the Vardar region (mentioned before in Part I 1.4.) affects and will affect in long term its interests. In addition to that, doubts were expressed that its interests could be adequately represented in the Vardar regional institutions, since this municipi-

pality does not have anything in common with that region. The big municipalities who fear that their interests will not be adequately represented at the regional level refer mostly to political disputes as the one mentioned in the South western region.

The institutions at the level of the planning region, i.e. the Development Centres of the Planning Region shall be financed by the central and local level (50:50). Having in mind the financial situation of the municipalities, the presumption was that this expenditure could be a financial burden for most of the local self government unities. Interestingly, the survey presents completely different image. The majority of the municipalities believe that the financing of the Development Centres would not be a problem for them (some of those municipalities have blocked accounts).

// Table 6. Do you think that the policy on balanced regional development would be a financial burden to your municipality budget, since some of the regional institutions, i.e. Development Centars will depend on the financial contribution of the local level?



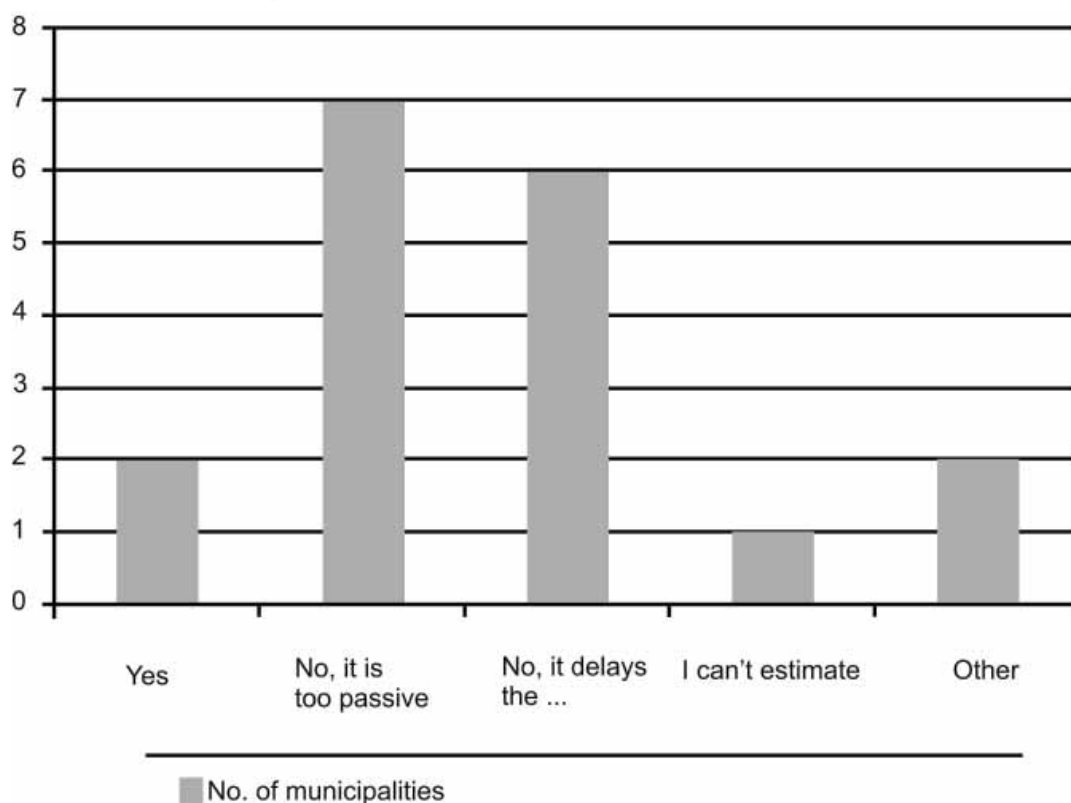
The financing of the regional institutions is an issue decided at regional level. The municipal financial contribution per municipality will depend on its population number and will be calculated on the basis of a unified rate per capita. The rates differ among regions; and the highest noted is 10 denars (around 0.16 euro) per capita. It is a small amount of money, compared to the expectations the municipalities have of the policy.

At the end, the central level was recognized responsible for the slow dynamic of implementation of the regional policy. Only two of the questioned municipalities have positively assessed the role of the central level. One of them stressed that the government has fulfilled all obligations, and that the only problem was the delay of the National Strategy, which interestingly was not pointed out as a failure of the central level. Most of the questioned municipalities feel that the central level is too passive in the whole process. In addition to this, significant number of municipalities is even more critical by saying that the central level has been more of an obstacle for the implementation and a reason for delay of the process.

Two of the questioned municipalities provided different answers (“Other”) of the options offered. One of them welcomed the establishment of the new institutions of the regional policy; however identified a problem in their functioning. Namely, the National Council on Regional Development has met only two times. It seems as if the central level is more interested in technical fulfilment of the EU benchmarks, instead of giving real substance to this

policy. This policy is approached by the central level as imposed obligation, rather than an issue emerging from the Macedonian context. The other municipality pointed out that the central level lacks a clear concept for the regional development, as well as knowledge and experience. Hence, fails in the trap to “copy/paste” European best practices which are not compatible and implementable in Macedonia. Furthermore, the central level competences (Bureau on Regional Development) to assess the regional projects was pointed out as a problematic and a potential obstacle in future, since the central level lacks project management knowledge and experience.

// Table 7. Do you think that the central level puts enough efforts for successful implementation of the regional policy?



3.3. The local perception on the absorption capacity for applying for IPA

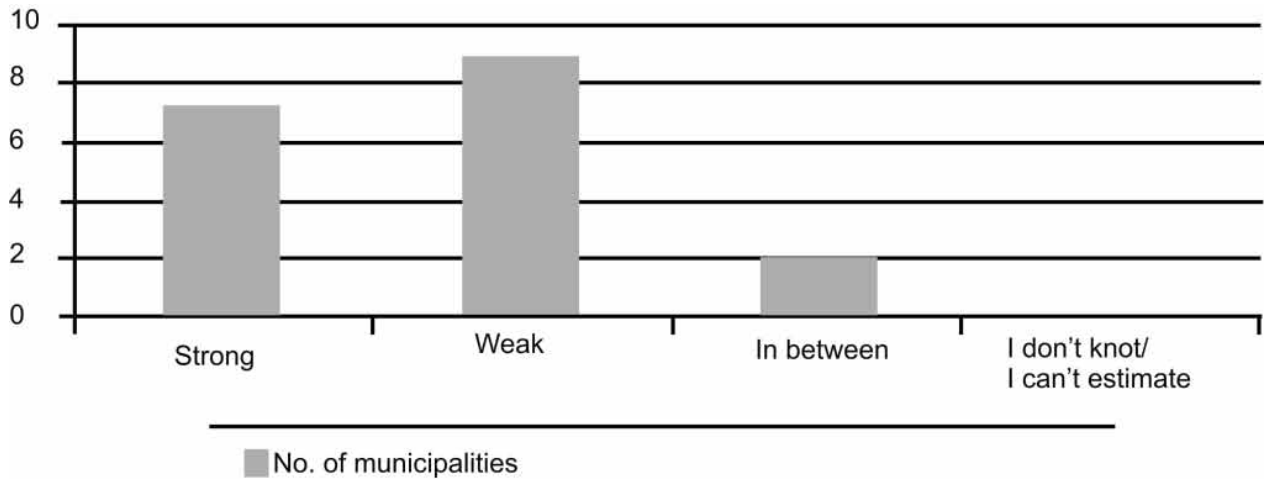
IPA will be the biggest test of the absorption capacity of the local level. Nevertheless, the Macedonian municipalities have some experience with EU programmes, which could be relevant indication on the future (un)success with IPA. Being aware of the IPA challenge the relevant institutions have started with trainings for the local administration.

Analysis of the problems the municipalities face when applying for EU projects is essential for defining a clear strategy on addressing those problems. IPA money could be key trigger of the regional development; however it depends on the local and regional absorption capacity.

This part will provide assessment on the local capacity based on information gathered from the questionnaire. Thus, the questions of the second part of the questioner refer to several issues such as the administrative capacity and main weaknesses, the number and the quality of the trainings organized, previous experience with EU projects and main problems faced in the process of applying for EU projects.

As expected, most of the municipalities believe to have low administrative capacity regarding IPA.

// Table 8. How do you assess your capacity to apply for IPA?



In addition to that, as the “weakest links”, the municipalities have pointed out the following problems:

- // Lack of human resources.
- // Lack of educated staff. In addition to this many municipalities, particularly the rural, have lack of administrative staff that has knowledge of the English language.
- // Lack of trainings on IPA.
- // Lack of financial capacity. It is a big problem especially in the phase of implementation of the projects. Usually the EU funds are not provided on time; however the project implementation must start. This means that the municipalities should provide funds from their budgets for the project implementation, until the EU money is transferred.
- // Department on Local Economic Development (LER) has not been established in all municipalities.
- // The municipalities face enormous financial expenses for preparation of the technical documentation for infrastructural projects.

The lack of educated staff is a problem often mentioned, although enormous efforts and funds have been invested in the capacity building of the local staff. In the period of 2004-2007, 30 million euro has been provided by international donors for the decentralization process, out of which 15-20% were spent on training¹⁰⁶. This figure presented through the total number of local administration trained-10 000 is even more striking. The statistic refers to all types of trainings conducted in the period of 2004-2007 for the local administration.

Importantly, in the up coming years, IPA will be in the focus of the trainings. Management of the EU Instrument for Pre-accession Assistance (IPA) funds, together with fiscal decentralization are already set as a priorities within the Annual Training Programmes¹⁰⁷.

The trainings¹⁰⁸ organized for the municipal administration by now, were referring to financial management, urban planning and local economic development. Interestingly, the evaluations conducted by ZELS asking on the type of training the municipalities need to improve their local capacities and administrative performances, the financial management and local economic development are pointed out as the main areas that need to be addressed. This could imply that the trainings organized have not fulfilled their goal. Two reasons are usually pointed out for the low effects of the trainings:

¹⁰⁶ Brenda Lee Pearson, An external review of trainings delivered to local government staff 2004-2007, OSCE Spillover Mission in Skopje, October 2008Pg.6.

¹⁰⁷ Ibid, pg. 15.

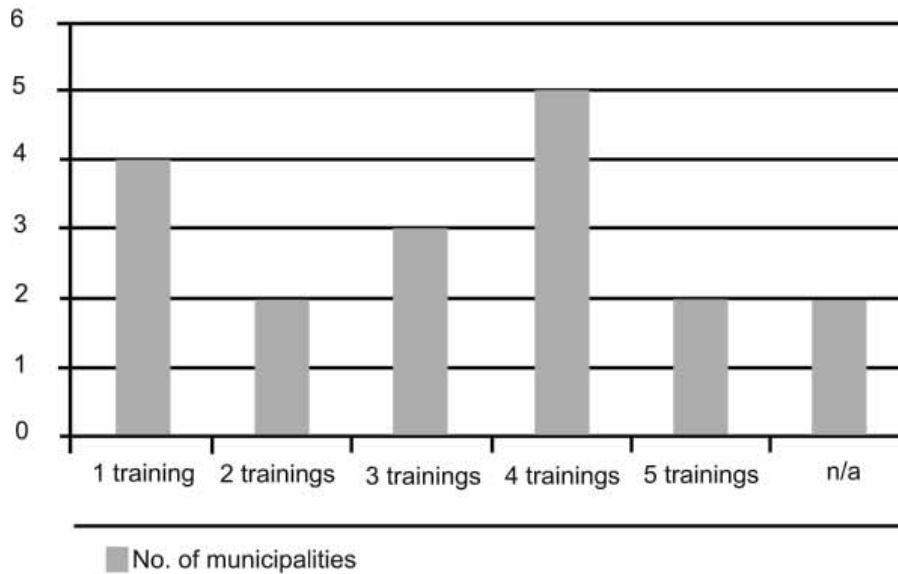
¹⁰⁸ Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.

// Low quality training programs

// Inappropriate selection of civil servants attending the trainings.

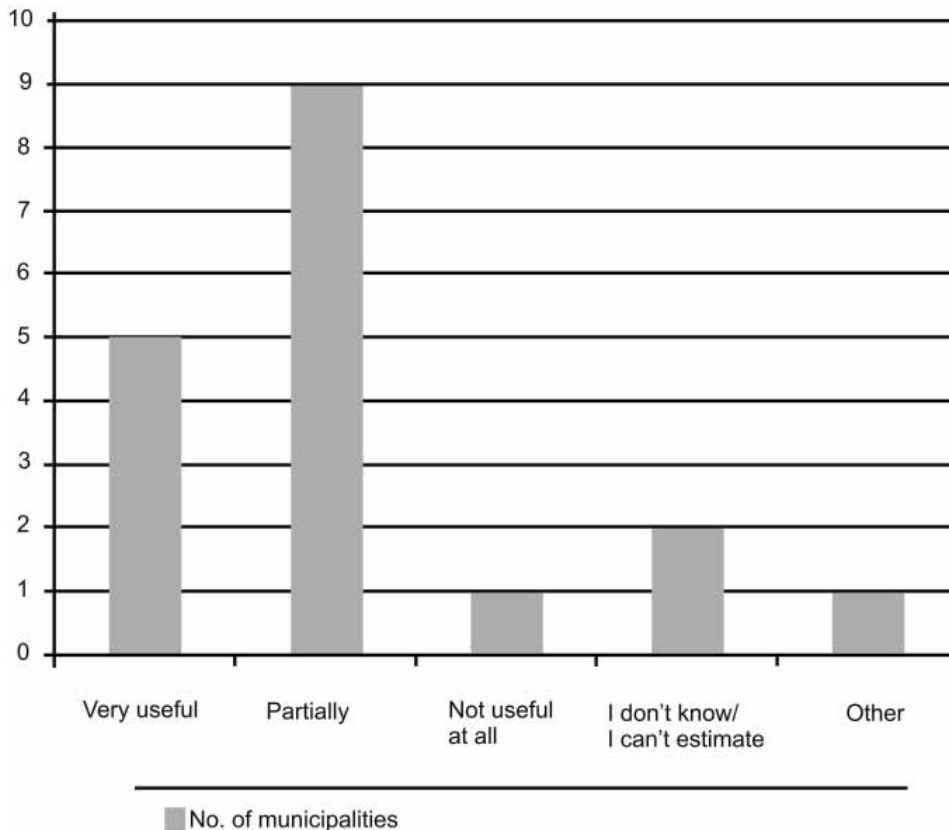
Problem also exists with regard to the IPA trainings. Many trainings on IPA are organized by NGOs and foreign consultants, but clear general strategy and coordination lacks. The following table refers to the number of IPA trainings conducted in the questioned municipalities:

// Table 9. How many trainings on IPA your administration has attended by now?



Most of the municipalities believe that the trainings have been useful to some extent; however many of them recognized room for improvement of the training modules and programmes.

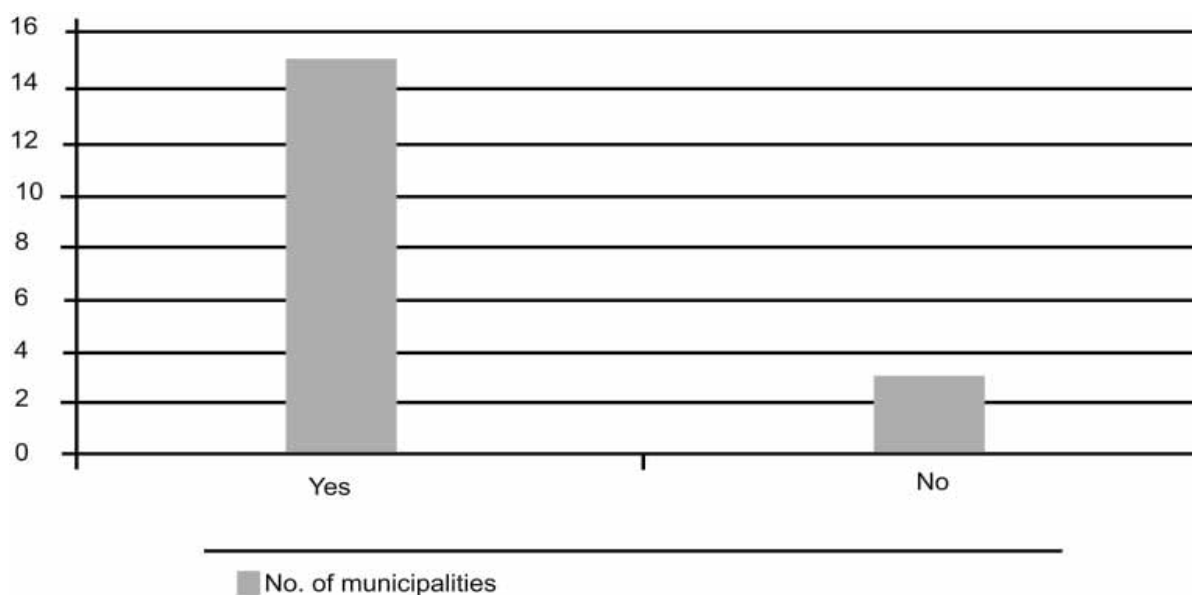
// Table 10. Were those trainings useful?



The majority municipalities pointed out that the trainings are too general and provide only general information on IPA. Unfortunately, the training programmes lack practical information and applicable tips in the process of project application. In addition, it was said that more training is needed. Interestingly, a representative of one of the questioned municipalities presented another serious problem; in that particular municipality the responsible authorities do not allow the municipal staff to attend trainings.

Most of the municipalities have some experience with EU projects; the number of those that have never applied for EU projects is small.

// Table 11. Has your municipality applied for EU programmes by now?



Based on this experience, some conclusions and predictions on the upcoming challenges and problems, could be drawn. The previous experience could be relevant indicator on the local absorption capacity in the context of IPA.

Hence, the next table on one hand presents the number of project applications for EU calls for proposals, and on the other hand provides information on the number of EU projects granted to each of the municipalities. In most of the municipalities questioned, the ratio between the number of applications and the number of projects granted is quite high. This could imply that the project proposals did not comply with the quality level imposed by the strict EU criteria.

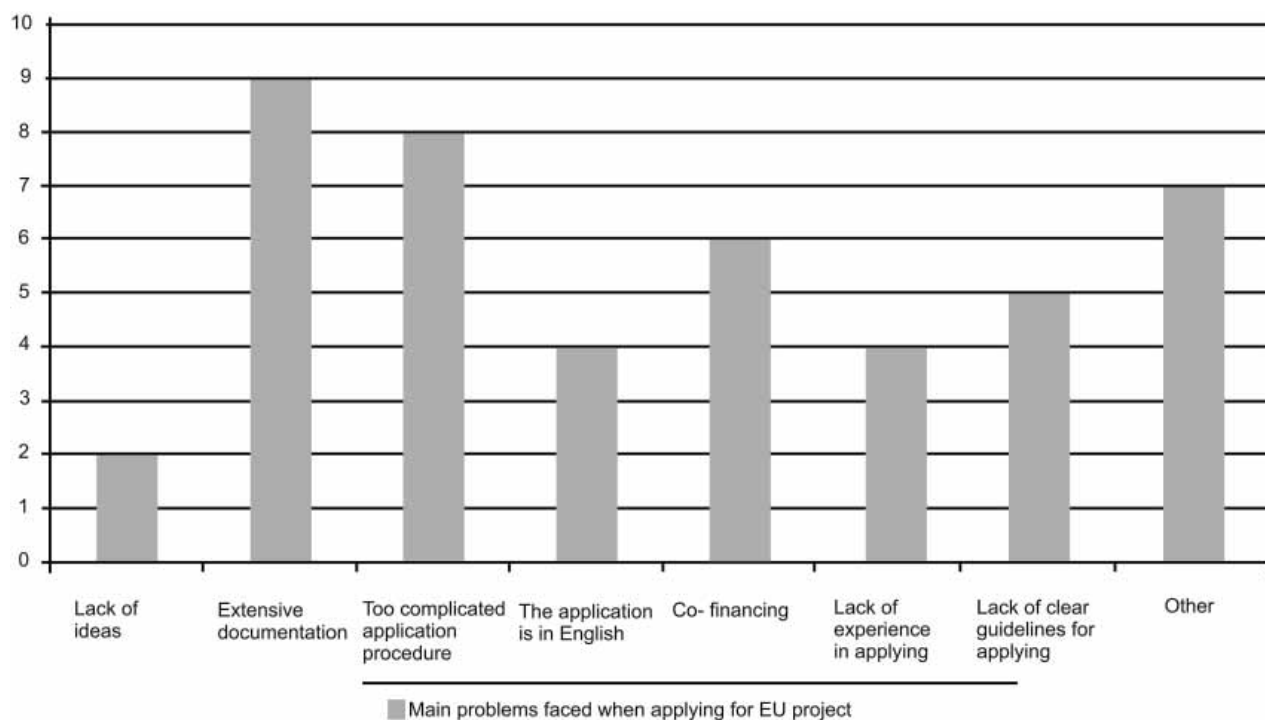
// Table 12.

	Oslomej	Ohrid	Makedonski brod	Sveti Nikole	Chashka	Delcevo	Shtip	Novo selo	Strumica	Gostivar	Tearce	Demir Hisar	Krushevo	Saraj	Shuto Orizari	Ilinden	G j o r c h e Petrov	Kumanovo
No. of granted eu projects	1	2	3	0	0	1	0	1	4	2	2	1	1	0	0	1	3	1
No. of applications for EU projects	2	7	3	4	0	5	4	4	6	5	4	2	2	0	0	2	5	2

There are many reasons for this situation, many of them generated from the problems municipalities face when applying for EU projects.

The following question refers to the problems faced by the municipalities in the process of applying for EU project. More than one answer was allowed for this question; thus the number of answers is much higher than the number of questioned municipalities. It aims to disguise the problems faced by the municipalities in the process of applying for EU projects. Moreover, it could provide relevant information for any further strategy or IPA training programme.

// Table 13. Main problems faced when applying for EU projects



The most frequent problems pointed out are:

- // Extensive documentation
- // Complicated application form
- // Co-financing
- // Clear guidelines for applying

Three out of the four main problems pointed out, could be tackled by training. These answers could also serve as the most relevant argument that the trainings organized by now did not accomplish their goal. On the other hand this supports the local position, when asking for more practical information provided at the trainings.

Additional important information that emerges when analyzing this question is that the rural municipalities face lack of municipal staff that has knowledge of the English language. That is crucial problem since the application is in English.

Furthermore, significant number of municipalities pointed out other problems (under the category “Other”), which were not covered by the options offered. The most often problem mentioned was the lack of human capacity. Furthermore, the problem of non educated and trained staff was also stressed as a disadvantage.

The project applications are complicated, time consuming and require serious efforts, thus, according to one of the municipalities that labour and time should be additionally paid. If not, it could be the main reason for lack of motivation among the underpaid municipal civil servants to get into such a serious challenge as an EU project application.

The problem of expensive technical documentation for the infrastructural projects was mentioned as a big problem of financial nature. Such documentation usually amounts more than 8 000 euro, which is too expensive for the “tight” municipal budgets.

The role of the central level was again mentioned in a negative connotation. The central level was blamed for hindering information on many of the EU calls for proposals. Interestingly, the problem of lack of information on EU programmes and possibilities for applying was even previously recognized in the context of the EU cross border programmes¹⁰⁹. With regard to the information methods in the context of the cross border programmes, the municipalities have different experiences; some municipalities are/were obliged to find the information by themselves on the internet and other similar resources, thus often they were informed quite late about the call for proposals; some of the municipalities get/got the information though informative meetings; other municipalities have their own representatives as participants of seminars on topics related to the programme etc¹¹⁰. Nevertheless “the Government of Macedonia, and the Secretariat of European Affairs in particular, is responsible for informing the local authorities of the existence of the programme and the possibilities for applying with a project proposal. The method which the Secretariat uses for informing stakeholders is organization of workshops and presentations in one or two bigger municipalities in the eligible area where all the municipalities and non-governmental organizations and associations are invited to participate. The negative aspect of this information method is the fact that the presentations are made in few municipalities, not very often and with a minimum participation from the local authorities.”¹¹¹

Additional issue is the dynamic of the decentralization process, for which the central level is again pointed as the most responsible party. The municipalities are not owners of the land, which arises as a problem when implementing EU projects.

Importantly, many of the municipalities believe that the real problems are coming when the municipalities are granted an EU project. The EU money usually is late, although the implementation must start and be conducted in the due time set. This requires the municipalities to cover all expenses of the project implementation until the EU money is transferred. Unfortunately, the tight municipal budgets cannot bear such a financial burden. In addition to this the municipalities face legal limitations to reallocate funds from one to another budget line.

109 CRPM team, the Macedonian experience with cross border cooperation programmes; Occasional paper 14, Centre for Research and Policy Making CRPM, Skopje 2007

110 CRPM team, the Macedonian experience with cross border cooperation programmes; Occasional paper 14, Centre for Research and Policy Making CRPM, Skopje 2007, pg.20.

111 Ibid.

4 // PART 4

CONCLUSION

The EU integration process has contributed for a more inclusive institutional infrastructure regarding the local level of governance. It provided better environment for articulation of the local governance voice. However, the real impact of the local level on the regional policy making, due to the euro integration process is limited. The main reason of that is the unwillingness of the central level of governance to change the philosophy of thinking as well as the way of working, by understanding and applying the very essence of the new principle of “partnership”. It seems as if this reform is only conducted to fulfil some technical EU requirements, without paying attention to its substance. Moreover, in some cases, it seems, the EU even encourages this approach. The EU is not very flexible with regard to its standards no matter of the consequences on the ground. It seems as EU is blind and indifferent to any local experience or problem when the implementation of the EU standards is at stake. However, the EU is not to blame, but the central level of governance, which is not putting enough efforts to provide suitable solutions that on the one hand, will reach the EU standards, but on the other hand, will be adequate to the local context. In this regard it can be concluded that the real leverage of the local level to impose as a strong partner to the central level of governance is weak.

Furthermore, the euro integration process introduced new challenges to the Macedonian municipalities. Many administrative weaknesses of the local level emerged as a potential obstacles on the path to the IPA funds. Luckily, the most common and often problems faced at local level could be overcome with clear strategy and quality training programmes. At this point the local administrative capacity is low, nevertheless of the previous experience with the EU programmes. Thus, the successful absorption of the IPA funds remains questionable.

BIBLIOGRAPHY

LEGAL SOURCES:

National legislation:

- Official Gazette of Republic of Macedonia No. 5, 29.01.2002.
- Official Gazette of Republic of Macedonia No. 2/94, 39/99.
- Official Gazette No.63, 22.05.2007.
- Official Gazette n.162, 25.12.2008
- Official Gazette n. 158, 28.12.2007.
- Official Gazette no.132, 21.1.2008
- Law on the Government, Official Gazette, n.59/2000, 22.07.2000.
- Law on Local self government, Official Gazette, no. 5, 29.01.2002.
- Decision on NUTS, Government of Republic of Macedonia, 24.04.2001.
- Decision on the establishment of the economically underdeveloped areas in Republic of Macedonia for the period of 2003-2007, Government of Republic of Macedonia, 07.04.2003.
- Decision on the criteria, the level, conditions and the mode of usage of the finances for stimulating development in the economically underdeveloped areas, Government of RM, government session 5.10.1999.
- Decision on the establishment of the Council on balanced regional development, Official Gazette no.110, 14.09.2007.

EU legislation:

- COUNCIL REGULATION (EC) No 1085/2006, of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA).
- Multi-annual indicative planning document 2008-2010, Macedonia.
- COMMISSION REGULATION (EC) No 718/2007 of 12 June 2007, implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA).
- Commission Decision of 29/11/2007 adopting the multi-annual operational programme “Regional Development” for Community assistance from the Instrument of Pre-Accession Assistance for the Regional Development component in Macedonia, CCI 2007MK16IPO001, Brussels, 29/11/2007, C(2007) 5721 final.

OFFICIAL DOCUMENTS:

National documents:

- National Programme for Approximation of the Acquis, Secretariat for European Affairs, Annex 2: NPAA institutions(recruitments), for the period 2008-2010, <http://www.sei.gov.mk/portal/eng/default.asp?id=1035>
- 22 Chapter, Regional Policy and Coordination of Structural Funds, Answers to the Questionnaire for the preparation of the European Commission’s Opinion on the application of the Republic of Macedonia for membership of the European Union
- National Development Plan 2007 -2009, Government of RM, Skopje February 2007
- Census 2002.

EU documents:

- Analytical Report, for the Opinion on the application from the Republic of Macedonia for EU membership, {COM (2005) 562 final}.
- Commission Staff Working Document the Former Yugoslav Republic of Macedonia 2007 PROGRESS REPORT, COMMISSION OF THE EUROPEAN COMMUNITIES, Brussels, 6.11.2007, SEC(2007) 1432.
- Commission Staff Working Document the Former Yugoslav Republic of Macedonia 2008, Progress Report, Brussels, 5.11.2008, SEC(2008) 2695.
- Communication from the commission to the council and the European parliament instrument for pre-accession assistance (IPA) multiannual indicative financial framework for 2008-2010.

INTERVIEWS CONDUCTED AND PUBLIC SPEECHES USED:

- Interview 25.10.2008 with Julijana Daskalov consultant in Kocka.
- Interview with Ivan Bimbilovski GTZ consultant 14.11.2008.
- Interview with Dushica Perishik, Executive director of ZELS, Interview conducted on 19.11.2008.
- Andrej Petrov, former president of the Association of the Local Self Governance Units and former mayor of the Karposh Municipality, Conference on the Decentralisation in Macedonia-balanced regional development and education, Friedrich Ebert Stiftung, 17.12.2008.
- Ljubomir Janev, President of the Eastern Region, Conference on the Decentralization in Macedonia-balanced regional development and education, Friedrich Ebert Stiftung, 17.12.2008.

PAPERS AND ANALYSES:

- Aleksandar Spasov, Decentralization in Macedonia-balanced regional development and education, December 2008, Friedrich Ebert Stiftung.
- Gjorgievski, EU Instrument for Pre-accession assistance: The path to a successful start.
- Brenda Lee Pearson, An external review of trainings delivered to local government staff 2004-2007, OSCE Spill over Mission in Skopje, October 2008.
- CRPM team, the Macedonian experience with cross border cooperation programmes; Occasional paper 14, Centre for Research and Policy Making CRPM, Skopje 2007

PRESS CLIPPING AND WEB SITES:

- Predrag Dimitrovski, No money, no real decentralization, Dnevnik, 16.10.2008.
- Ivan Bojadziski, Sveti Nikole and Lozovo municipalities transfer in the Vardar region, newspaper Utrinski Vesnik, 12.02.2008.
- 80 million euro are allocated for Macedonia for 2009, newspaper Vecer, <http://www.vecer.com.mk/?ItemID=0B3B0FE8E9089742887805F8ABAF5F50>
- The municipality St. Nikole from the Eastern to the Vardar region, posted 11.01.2008, website of the St. Nikole municipality <http://www.svetinikole.gov.mk/mak/aktuelno.asp?id=53>
- <http://www.eur.europa.eu/macedonia/macedonia.htm>

ISBN ISBN ISBN ISBN

Center for Research and Policy Making
Cico Popovic 6-2/9 1000, Skopje
Tel/fax +389 2 3109932

www.crpm.org.mk | crpm@crpm.org.mk