

POLICY FOR BALANCED REGIONAL DEVELOPMENT: POLICY SETTINGS ON REGIONAL LEVEL – EXPERIENCE AND PRACTICE

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Abstract: *Legally defined regional development is the process of identifying, promoting, managing and exploiting the development potential of the planned regions and areas with specific development needs. The policy of regional development is a system of goals, instruments and measures aimed at reducing regional disparities and achieving balanced and sustainable development of the Republic of North Macedonia. Following the adoption of the Law, activities and measures for its full implementation were carried out both at the central and regional level, creating necessary pre-conditions for achieving the policy objectives of balanced regional development: reduction of disparities in development levels between the eight planning regions, and reduction of the disparities in development levels within the planning regions. Experiences that are the result of more than twelve years of implementation of measures and activities to support balanced regional development allow identification of the main factors that enhanced successful implementation of regional development policy on a regional level in North Macedonia, at the same time identifying the conditions that constrained it. Both of these groups of factors are important for the answer to the questions: (i) Are the institutions on the regional level functional? and (ii) what should be improved?*

Therefore, this paper aims to give an overview of the institutions in charge of planning and implementation of the regional policy of the Republic of North Macedonia at the regional level – Council for Development of the Planning Regions and Centres for Development of the Planning Regions.

Keywords: *EU regional policy, Regional policy in Macedonia, Centres for Development of the Planning Regions.*

1. THE INSTITUTIONAL FRAMEWORK FOR REGIONAL DEVELOPMENT IN NORTH MACEDONIA

The Law on Balanced Regional Development established eight planning regions (following the NUTS III level) and defines the following policy stakeholders:

- Council for Balanced Regional Development of the Republic of Macedonia;
- Ministry of Local Self-Government (MLS),
- Councils for Development of the Planning Regions, and the following operational stakeholders in the regional development:
- Bureau for Regional Development,
- Centres for Development of the Planning Regions, and
- Units of the Local Self-Government (Official Gazette No 24, 2021, Article 16).

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The framework links the national Council, Ministry of Local Self-Government and the Regional Councils on a policy level, whereas the link between the Centres and municipalities, and the Bureau is established at the operational level.

2. POLICY SETTINGS ON REGIONAL LEVEL – EXPERIENCE AND PRACTICE

2.1. Councils for development of the planning region (RCs)

2.1.1. The Role and the main challenges of the Councils for development of the planning regions in the Republic of North Macedonia

The council for development of the planning region is established for each planning region. The constitutive session of the Council for development of the planning region is convened by the Mayor of the unit of local self-government with the largest population in the planning region. Members of the Council for development of the planning region are the Mayors of the units of local self-government which are part of the planning region.

With the new Law for Balanced Regional Development from January 2021, Article 21, the representatives from the civil society and business organisations will become members of the RCs (one representative from the citizen associations and one representative from the business community), without the right to vote latest by the end of 2021.

The upgraded structure of the Council might contribute to:

- more regular and productive meetings,
- a stronger regional focus of the activities,
- adequate representation of regional priorities,
- monitoring and evaluation of implemented projects, as well as solid and sustainable communication with the private and civil sector.

To ensure adequate representation of regional priorities, monitoring and evaluation of implemented projects, and solid and sustainable communication with the private and civil sector, it is necessary to include voting members in the Councils for development of the planning regions from those two sectors, to a minority of at least 30%.

2.2. Centres for development of the planning regions

2.2.1. The role of the Centres for development of the planning region in the Republic of North Macedonia

The Centres as the main operational bodies responsible for implementing the policy of balanced regional development represent a fundamental link in the regional development processes in the country.

The tasks of the Centres are highly complex. On the one hand, they are responsible for the planning of development activities at the regional level, i.e. preparation of Programmes for Regional Development, and on the other hand, they are responsible for preparation and implementation of all projects financed by different sources, but mostly from state Programmes for Balanced Regional Development.

Ideally, the Centres would have to be responsible for the spreading and fostering of the regional culture in the regions, for building cooperation within and between regions in the country and beyond, to nourish the regional policy pathway thus leading the region towards innovation, research and development, and encouraging all possible forms of cooperation and association (clusters, public-private partnerships, etc.) (Karaeva, Serafimovska, 2019, p.101). The regions have to become attractive places for investors, both domestic and foreign. And of course, to apply for projects, as until now, but not to engage the entire workforce in projects as it is currently done because the number of employees and the engagement in the projects requires so.

2.2.2. The effectiveness of CRDs

2.2.2.1. Methodology of analysis

The analysis was prepared based on data collected with respect to the operational costs of the Centres for development of the planning region (CRDs) and the funding available for implemented projects.

The collected information was analysed for each of the regions separately, followed by comparative analysis to determine differences between the regions.

The findings from 2019 were also compared to those of 2018. The cost-effectiveness of the CRDs was also prepared by calculating the projects-operational costs ratio.

2.2.2.2. Operational costs of CRDs

The total amount of funds received by the CRDs in all 8 planning regions for covering operational costs in 2019 was 39.163.128 MKD (636.798 EUR)(Karaeva, 2020, p.8).

2.2.2.3. Implemented projects through CRDs

In 2019 the CRDs of the 8 planning regions have implemented a total of 111 projects. The total value of implemented projects in all 8 planning regions in 2019 was 12.8 Mil EUR, (Karaeva, 2020, p.10).

2.2.2.4. Cost effectiveness of CRDs

By using the data for operational cost of the CRDs and the data for the implemented project, analysis can be made in terms of cost effectiveness by each of the CRD and cumulative for all planning regions for the period 2009-2019. For this period the most successful CRD from all 8-planning regions was the Centre for development of the East planning region, which has managed for every MKD spent for covering costs for its operations to secure 30 MKD investments in projects (Karaeva, 2020, p.14).

3. CONCLUSION

The Mayors overlook the regional dimension of development, are prone to favour projects of benefit to own municipality; they lack time and capacity to do proper monitoring and evaluation of the regional development efforts and have very limited interest in involving the partners from the private and civic sector.

CRDs should continue applying for projects, in a more efficient mode, restricting the efforts of the team of the Centre towards leading and facilitation of the process by inclusion of a multitude of stakeholders and supporters (CSOs, citizens, consultants, businesses etc.). CRDs should also be responsible for building cooperation within and between regions in the country and the cross-border neighbourhood.

The successful functioning of the Centres and the continuous strengthening of their capacities to mobilize financial resources means paving the way for a more dynamic regional development.

Networking

The private and civic sectors are marginalized except on case-by-case basis when in bigger projects a partner from those sectors is required. But even then, the cooperation is for that project only and not longer-term cooperation.

Project implementation

The total value of projects implemented through 8 CRDs from their establishment in 2009/2010 until now has increased by more than 19 times. (from 965.903 EUR in 2009 to 12,8 Mil EUR in 2019) (Karaeva, 2020, p.13). During the period 2018 – 2019, 6 CRDs have increased the value of implemented projects by more than 100%. The structure of project financing in all regions is very different. While some of the regions are still mainly focused on implementing projects financed by the central budgets via MLS/BRD, others are showing impressive results achieved through the use of other sources of financing such as international donors and other national ministries. The East, Southeast and Northeast planning region differs from the other regions and achieves the best results according to: a) structure of funds for project implementation (predominantly donor-funded); b) highest volume of implemented projects with continuous growth over the period 2009-2016 and c) higher project-costs ratio. The ratio of the effectiveness of CRDs: operational costs / implemented project is constantly increasing. The ratio has increased from 4.8 in 2010 to 12.6 in 2018 and to 20,4 MKD in 2019 (Karaeva, 2020, p.14). For 2019, the most successful CRD from all 8-planning regions is the Centre for development of the Southeast planning region, which has managed for every MKD spent for covering costs for its operations to secure 36.2 MKD investments in projects.

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