

REGIONAL POLICY AND COORDINATION OF STRUCTURAL INSTRUMENTS

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I. TERRITORIAL ORGANISATION

1. What is the relevant territorial organisation of your country and what are your plans to introduce a provisional NUTS classification?

The territorial organisation of the Republic of Macedonia, pursuant to the Law on the Territorial Organization of the Local Self Government of the Republic of Macedonia, adopted on 11th of August 2004 (Official Gazette of the Republic of Macedonia No. 55/04), is structured in 84 municipalities and the city of Skopje as a separate unit of local self government. This Law regulates the forming, the establishing of the areas of the municipalities and the city of Skopje, the establishing of names, seats, municipality borders, as well as the procedures for joining, separation and change of municipality borders. This law will apply after the local elections, which, pursuant to the amendments of the Law on Local Elections (Official Gazette of the Republic of Macedonia No. 60/04) shall be held on 13th of March 2005.

Until the enforcement of this law, the territory of the Republic of Macedonia is structured in 123 municipalities and the city of Skopje as a separate unit of local self government, in accordance with the Law on Territorial Organisation of Republic of Macedonia and Establishing of Regions of the Local Self Government Units (Official Gazette of the Republic of Macedonia No. 49/96).

A municipality is a unit of local self government, as a community of residents in a certain area established by law, which, through its bodies, administration and organised public services enables carrying out of competencies prescribed by law.

A municipality is established for the area of one or more settlements in which the citizens are connected with mutual needs and interests, area that has conditions for material and social development, as well as for participation of the citizens in the decision-making for the local needs and interests. The area represents a naturally, geographically and economically connected unity, with communication between the settlements, and gravitation towards the centre of municipality. The municipality borders are shaped with the borders of the cadastral municipalities of the settlements composing the municipality.

The city of Skopje is a separate unit of local self government in which the mutual needs and interests of the citizens are fulfilled, stemming from the nature of the city of Skopje which is the capital of the Republic of Macedonia established by the Constitution of Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 52/91 and 91/01). The city of Skopje consists of 7 municipalities (Official Gazette of the Republic of Macedonia No. 49/96), and with the new Law on the City of Skopje (Official Gazette of the Republic of Macedonia No. 55/04), it shall consist of 10 municipalities with the same competencies as the other municipalities in the country.

The competencies of the municipalities are determined with the Law on Local Self Government (Official Gazette of the Republic of Macedonia No. 5/02). The city of Skopje carries out the matters of public interest significant for the city, and which are not within the competencies of the state administration bodies. The separation of competencies between the municipalities in the city of Skopje and the City of Skopje are determined by the Law on the City of Skopje (Official Gazette of the Republic of Macedonia No. 55/04).

The organisation and operation of the bodies of the local self government units (the municipalities), their scope of activities, the monitoring of legality of work of the institutions and their bodies, are regulated by the Law on Local Self Government (Official Gazette of the Republic of Macedonia No. 5/02) and the Law on the City of Skopje (Official Gazette of the Republic of Macedonia No. 55/04).

The establishment of the areas of the municipalities as units of local self government and the area of the city of Skopje as a separate unit of local self government is within the competencies of the Assembly of Republic of Macedonia.

The existing municipalities (123) in the Republic of Macedonia are different by their area, the number of inhabitants, the number of settlements, the population density, the national composition, etc.

The average size of a municipality in the Republic of Macedonia is 209 square kilometres, with a population of 16.443 and a median population density of 79 inhabitants per square kilometre. According to the size of the territory, 6 municipalities are with an area greater than 500 square kilometres, 8 with an area from 401 to 500 square kilometres, 13 with an area from 301 to 400

square kilometres, 25 with an area from 201 to 300 square kilometres, 34 with an area from 101 to 200 square kilometres, and 37 with an area from 0 to 100 square kilometres.

The size of the municipalities, according to the population, is the following:

Municipalities	Number of municipalities	Percentage (%) from the total number of municipalities
Less than 1.000 citizens	5	4
1.001 – 5.000	42	34
5.001 – 10.000	24	20
10.001 – 20.000	26	21
20.001 – 50.000	15	12
50.001 – 100.000	9	7
More than 100.001citizens	2	2

Source: *Census of population, households and dwellings in the Republic of Macedonia, 2002*, Volume X, State Statistical Office, Skopje, May 2004.

Pursuant to the Law on Territorial Organisation of the Republic of Macedonia and Establishing of Local Self Government Units (Official Gazette of the Republic of Macedonia No. 49/96) there are 1.795 settlements in our country. They are distributed unevenly across the municipalities. The municipalities Resen and Stip have the greatest number of settlements – 44, and the municipality of Vevcani has only one settlement within its borders. Most of the municipalities have between 1 and 10 settlements (38,2% of the municipalities in the country) or between 11 and 20 settlements (39,8%).

The city of Skopje consists of 7 municipalities: Gazi Baba, Gorce Petrov, Karpos, Kisela Voda, Centar, Cair and Suto Orizari, with a total of 467.257 inhabitants. The biggest is the municipality of Kisela Voda with the population of 125.379 (it is the biggest municipality in the country as a whole), and the smallest, the municipality of Suto Orizari with a population of 17.357. These municipalities, except for the municipality Centar, apart from parts of the city area, also encompass the villages around them.

The Nomenclature of Territorial Units for Statistics – NUTS, has been adopted by the Government of the Republic of Macedonia in April 2001, and published in the Official Gazette of the Republic of Macedonia No. 31/2001, and it was standardised with the EU Regulations of that time. According to this Nomenclature, at NUTS level I and II the whole territory of the country is one unit (politically-administrative unit), there are 8 units at NUTS level III (statistical region, i.e. non-administrative region), 34 units at NUTS level IV (municipalities group – non-administrative unit), and 123 units at NUTS level V (municipality – politically-administrative unit).

The territorial unit at the NUTS level IV (municipalities group) which is not a political-administrative unit encompasses the areas of the municipality as it existed until 1996, and from which new municipalities have been formed.

In the following period, the coordination of the Decision on NUTS (Official Gazette of the Republic of Macedonia No. 31/01) with the Law on Territorial Organisation of the Local Self Government in the Republic of Macedonia (Official Gazette of the Republic of Macedonia No.55/04), and the EU Regulation 1059/2003 will be carried out at the local level (NUTS level IV and NUTS level V).

Table 1. Nomenclature of Territorial Units for Statistics of the Republic of Macedonia – NUTS						
NUTS level I and NUTS level II	NUTS level III	NUTS level IV	NUTS level V	Population	Area in square kilometres	
1 unit	8 units	34 units	123 units			
Republic of Macedonia	Statistical regions	Municipality group	Municipalities			
Republic of Macedonia				2.022.547	25.713	
	Pelagonian				238.136	4.722
		Bitola	Bač	755	238	
			Bistrica	5.042	234	
			Bitola	86.408	236	
			Dobruševo	2.174	98	
			Kukurečani	2.511	156	
			Mogila	4.536	157	
			Novaci	2.478	186	
			Staravina	316	331	
			Capari	1.424	164	
				105.644	1.800	
		Demir Hisar	Demir Hisar	7.178	219	
			Sopotnica	2.319	261	
				9.497	480	
		Kruševo	Žitoše	2.128	28	
			Kruševo	9.684	190	
				11.812	218	
		Prilep	Vitolište	494	495	
			Dolneni	11.583	390	
	Krivogaštani		6.007	88		
	Prilep		73.351	544		
	Topolčani		2.923	159		
		94.358	1.676			
	Resen	Resen	16.825	549		
			16.825	549		
	Vardar				133.180	3.392
		Veles	Bogomila	1.252	262	
			Veles	57.602	518	
			Gradsko	3.760	291	
			Izvor	1.049	234	
			Čaška	2.878	231	
				66.541	1.536	
Kavadarci		Kavadarci	38.391	392		
		Konopište	350	606		
		Rosoman	4.141	133		
			42.882	1.131		
Negotino		Demir Kapija	4.545	312		
		Negotino	19.212	414		
			23.757	726		
North-Eastern					172.787	2.314
		Kratovo	Kratovo	10.441	375	
				10.441	375	
	Kriva Palanka	Kriva Palanka	20.820	482		
		Rankovce	4.144	240		
			24.964	722		
	Kumanovo	Klečevce	1.609	164		
Kumanovo		103.205	297			

		Lipkovo	27.058	270	
		Orašec	1.252	135	
		Staro Nagoričane	4.258	351	
			137.382	1.217	
South-Western	219.741				2.350
	Debar	Debar	17.952	85	
		Centar Župa	6.299	107	
			24.251	192	
	Kičevo	Vraneštica	1.322	109	
		Drugovo	3.249	383	
		Zajas	11.605	161	
		Kičevo	30.138	48	
		Oslomej	10.425	137	
			56.739	838	
	Makedonski Brod	Makedonski Brod	5.588	403	
		Plašnica	4.545	54	
		Samokov	1.553	472	
			11.686	930	
	Ohrid	Belčista	2.940	363	
		Kosel	1.369	182	
		Mešešite	2.567	60	
		Ohrid	54.380	210	
			61.256	815	
	Struga	Vevčani	2.433	35	
		Velešta	8.156	23	
		Delogoždi	7.884	56	
		Labuništa	8.935	57	
Lukovo		1.509	197		
Struga		36.892	136		
		65.809	505		
Skopje	578.144				1.766
	Gazi Baba	Aračinovo	11.992	38	
		Gazi Baba	72.222	92	
		Ilinden	15.894	97	
		Petrovec	8.255	222	
			108.363	449	
	Karpos	Ġorče Petrov	41.490	63	
		Karpoš	59.810	21	
		Kondovo	11.155	74	
		Saraj	24.253	156	
			136.708	314	
	Kisela Voda	Zelenikovo	4.077	177	
		Kisela Voda	125.379	43	
		Sopište	9.522	223	
		Studeničani	17.246	276	
			156.224	719	
	Centar	Centar	82.604	9	
			82.604	9	
	Čair	Čair	68.395	53	
		Čučer-Sandevo	8.493	215	
		Šuto Orizari	17.357	6	
			94.245	275	
	South-Eastern	171.416			
Valandovo		Valandovo	11.890	331	

			11.890	331
	Gevgelija	Bogdanci	8.707	114
		Gevgelija	20.362	317
		Miravci	2.626	167
		Star Dojran	3.426	129
			35.121	728
	Radoviš	Konče	3.536	233
		Podareš	3.746	128
		Radoviš	24.498	374
			31.780	735
	Strumica	Bosilovo	12.457	143
		Vasilevo	12.122	231
		Kukliš	4.449	125
		Murtino	6.544	52
		Novo Selo	11.966	257
		Strumica	45.087	134
			92.625	942
Polog			305.930	2.468
	Gostivar	Vrapčiste	8.586	59
		Vrutok	5.999	89
		Gostivar	49.545	50
		Dolna Banjica	9.467	55
		Mavrovi Anovi	984	484
		Negotino – Polog	16.813	98
		Rostuša	9.451	372
		Srbinovo	3.709	112
		Čegrane	12.310	69
			116.864	1.388
	Tetovo	Bogovinje	14.555	71
		Brvenica	15.855	164
		Vratnica	3.563	96
		Želino	24.390	201
		Jegunovce	7.227	78
		Kamenjane	14.442	70
		Tearce	22.454	137
		Tetovo	70.841	85
		Džepčiste	7.919	32
		Šipkovića	7.820	145
			189.066	1.080
Eastern			203.213	4.181
	Berovo	Berovo	13.941	597
		Pehčevo	5.517	208
			19.458	805
	Vinica	Blatec	2.024	97
		Vinica	17.914	335
			19.938	433
	Delcevo	Delčevo	17.505	423
		M. Kamenica	8.110	189
			25.615	612
	Kočani	Zrnovci	3.264	52
		Kočani	33.689	229
		Obleševo	5.071	82
		Orizari	4.403	128
		Češinovo	2.419	51

		48.846	542
Probištip	Zletovo	3.428	121
	Probištip	12.765	205
		16.193	326
Sveti Nikole	Lozovo	2.858	166
	Sveti Nikole	18.497	483
		21.355	649
Štip	Karbinci	4.012	231
	Štip	47.796	583
		51.808	814

Source. The State Statistical Office and the State Geodetic Institute
Data processing: Ministry of Local Self Government

2. How many regions are there in the existing regional breakdown which correspond to the future NUTS level II?

According to the Constitution of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 52/91 and 91/01), the Law on Local Self Government (Official Gazette of the Republic of Macedonia No. 5/02) and the Law on the Territorial Organization of the Local Self Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 55/04), there are no regions listed as administrative-territorial units. The existing legal framework does not define any regions corresponding to the NUTS level II. Pursuant to the Decision on Establishing the Nomenclature of Territorial Units for Statistics – NUTS (Official Gazette of the Republic of Macedonia No. 31/01), NUTS level II corresponds to NUTS level I which includes the whole of the territory of the Republic of Macedonia.

3. How many regions are there in the existing regional breakdown which correspond to the future NUTS level III?

There are no administrative-territorial regions in the Republic of Macedonia corresponding to the NUTS level III. Pursuant to the Decision on Establishing the Nomenclature of Territorial Units for Statistics – NUTS (Official Gazette of the Republic of Macedonia No. 31/01), eight (8) statistical regions have been established: Pelagonian, Vardar, North-Eastern, South-Western, Skopje, South-Eastern, Polog, and Eastern, which correspond to the future NUTS level III.

NUTS level III statistical regions 8 units	Number of Settlements	Population	Area (in square km)	Population Density (population per square km)
Pelagonian	344	238.136	4.719	50,5
Vardar	174	133.180	3.346	39,8
North-Eastern	193	172.787	2.306	74,9
South-Western	288	219.741	3.280	67,0
Skopje	160	578.144	1.818	318,0
South-Eastern	188	171.416	2.741	62,5
Polog	185	305.930	2.479	123,4
Eastern	263	203.213	4.188	48,5
Source: State Geodetic Institute (for the area) State Statistical Office (for the other data)				

4. Do any entities for regional development exist at the regional level at present?

There are no entities for regional development on the regional level. Pursuant to the Law on Organization and Operation of State Administration Authorities (Official Gazette of the Republic of Macedonia No. 58/00), there is a Bureau for Economically Underdeveloped Areas, as a ministerial body within the Ministry of Local Self Government. The Bureau is an implementer of the measures for support and promotion of the settlements' development in the economically underdeveloped areas in ways and by criteria stipulated by the Law on Promotion of Economically Underdeveloped Areas (Official Gazette of Republic of Macedonia No. 2/94, 39/99). The economically underdeveloped areas are determined by a decision of the Government of the Republic of Macedonia. The Bureau distributes the funds allocated from the budget of the Republic of Macedonia (1% from the budget) and controls their usage according to the procedure stipulated by law ([21 II 3e](#)).

Within the ministries (Agriculture, Economy, Transport and Communications) there are departments or agencies which deal with the developing activities of certain economy branches (industries) which are not coordinated with a common institutional framework. The Agency for Promotion of Agricultural Development in the Republic of Macedonia has 6 regional centres (Bitola, Kumanovo, Tetovo, Skopje, Strumica and Stip) and 30 regional units. These centres provide consulting services, monitoring and distribution of budgetary funds for agriculture development. The Entrepreneurship Promotion Agency of Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 60/03) implements the Programme of measures and activities for entrepreneurship support and generating small business competitiveness, as well as the development of the institutional network. In a certain number of municipalities there are structures formed through different projects for promoting of local economic development. These projects are financially and technically supported by international institutions such as the European Commission, UNDP, GTZ, USAID, etc. For example, through the Local Government Reform Project (LGRP) in the Republic of Macedonia, funded by the USAID, 13 Offices for local economic development were formed. These offices will be involved in preparing of the profiles of their municipalities and strategic and action plans for the economic development. Through the PHARE programme, financed by the European Commission, 5 regional centres for support of small and medium sized enterprises were formed (in Skopje, Bitola, Kumanovo, Strumica, and Veles); also, 3 Enterprises Support Agencies (ESA) were opened through the British Know-how Fund in Ohrid, Tetovo and Gostivar. Within Swiss Aid, a regional agency for development of small and medium sized enterprises was formed in the Prilep region (PREDA – Prilep Region Enterprises Development Agency).

The local self government units (municipalities) are responsible for the local economic development. The Law on Local Self-Government provides the opportunity for the local self government units to join their funds and to form joint public services, in order to realise their competencies. The Government of the Republic of Macedonia on 01.11.2004, adopted the Information on the legal and .institutional framework for balanced regional development with a proposed Action Plan which anticipates:

- Development of Regional Development Strategy;
- Development of a draft Law on Regional development;
- Establishment of adequate institutions for implementation of regional development policy at NUTS III level;
- Establishment of institutions for regional development;
- Defining criteria for measurement of the development level;
- Provision of statistical data on NUTS III level;
- Development of a draft national development plan;
- Development of draft regional development plans;
- Provision of financial resources for implementation of the regional policy;

- Introduction of instruments for support of the development, and
- Human resources development. Need for staff for a) central government bodies, and b) regional bodies;
- Transformation of the Bureau for Economically Underdeveloped Areas;
- Securing financial control over the implementation of the regional policy;
- Provision of consistency between the legislation of public procurement, competition, government assistance, environment, and financial control.

With the implementation of this action plan, the entities/bearers of the regional development on the national and regional level shall be defined, and assessment for the possibilities of co-financing with the EU funds shall be made.

5. What type of regions corresponds to the future NUTS level II: political, administrative or other (define)?

There are no political, administrative or other types of regions corresponding to the NUTS level II in the Republic of Macedonia. Because of the relatively small territorial area of the Republic of Macedonia of 25.713 square km, and the population of 2.022.547, the NUTS level II is identical with NUTS level I (the Republic of Macedonia). In accordance with the Regulation 1059/2003EC, in the Republic of Macedonia it is possible to introduce 2 regions on NUTS level II (with a minimal population of 800.000). However, the introduction of NUTS level II would not aid realistic and comparative regional statistics because of the disparities of the units that would be a part of them. That is to say, 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.

6. What type of regions corresponds to the future NUTS level III: political, administrative or other (define)?

There are no political, administrative or other types of regions corresponding to the NUTS level III in the Republic of Macedonia (8 statistical regions). The statistical data are not published at this level, but there are personal and technical conditions for their processing.

7. Do you intend to create a NUTS I level statistical division of your territory according to EC Regulation 1059/2003?

The statistical division of the territory of our country on NUTS level I is not anticipated with the planned harmonisation of the Decision on Establishing the Nomenclature of Territorial Units for Statistics – NUTS (Official Gazette of the Republic of Macedonia No. 31/01) with the EC Regulation 1059/2003. Instead, only a creation of a single unit on the level of the whole country is anticipated. The harmonisations relate to the local levels (NUTS level IV and NUTS level V).

8. At which future NUTS level are representatives elected?

- a) Do they play a role in the structures in place for regional development?**
b) In what form?

The representatives for the representative bodies in the Republic of Macedonia are elected:

- on a national level; and
- on the level of the local self government units (the municipalities and the city of Skopje as a separate local self government unit).

On the national level, which corresponds to NUTS level I and level II, the representatives of the Assembly of Republic of Macedonia are elected on general, direct and free elections, with a secret

ballot, for a mandate of four years. The procedures and the election pre-conditions are regulated by the Law on Election of Members in the Assembly of Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 42/02, 46/04).

On the level of municipalities as local self government units, which corresponds to NUTS level V, the representatives of the Municipal Councils and the mayors are elected on general, direct and free elections, with a secret ballot, for a mandate of four years. The procedures and pre-conditions for election of members of Councils are regulated by the Law on Local Elections (Official Gazette of the Republic of Macedonia No. 45/04 – purified text; 52/04).

On the level of the city of Skopje as an individual unit of local self government which does not correspond to any NUTS level, members of the Council of the City of Skopje, as well as the Mayor of the City of Skopje are elected in general, direct and free elections, with a secret ballot, for a mandate of four years. The procedures and pre-conditions for election of members of the Council of the City of Skopje are regulated with the Law on Local Elections (Official Gazette of the Republic of Macedonia No. 45/04 – purified text; 52/04).

a) The Assembly of the Republic of Macedonia, being a representative body of the citizens of the Republic of Macedonia, has the legislative power in the country. In the given context, the Assembly, within the scope of its Constitutionally determined obligation to promote more homogeneous spatial and regional development, is obliged to pass a physical plan for the country as a long-term development document which defines the physical organisation of the country and the concepts of physical development of the areas in the individual sectors, as well as the pre-conditions for their implementation. Pursuant to the Law on Local Self Government (Official Gazette of the Republic of Macedonia No. 5/2002) municipalities should be consulted during the procedures for preparing the physical plan of the country in an appropriate and timely manner determined by law. The mechanisms for consultation with the municipalities during the preparation of the physical plan of the country are not yet determined.

The Councils of the local self government units, being representative bodies of the citizens, within the scope of their duties determined by law, as: urban and rural planning; local economic development planning; development of their competencies determined by law, are responsible to pass on the plans, determined by the law.

b) In June 2004 the members of the Assembly have adopted the Physical Plan of the Republic of Macedonia 2004-2020 (Official Gazette of the Republic of Macedonia No. 39/04). The Plan pays special attention to the regional and the inter-regional aspects of development and the reduction of regional disproportions. At the same time, the Law on Implementation of the Physical Plan of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 39/04) has been adopted. The law stipulates that the physical plan is implemented with preparation and passing of physical plans of regions, physical plans of areas of special interest, and physical plans of municipalities and the city of Skopje, as well as with urban plans and other documents for planning and organizing, envisaged by law.

The new Law on Physical and Urban Planning is being prepared as one of the new laws envisaged with the Operational Programme for Decentralisation of Government 2003-2004, and, among other things, it should regulate the matters relating to the procedures of preparation and adoption of all types of physical and urban plans.

The final form of the structures for regional development and the role of the representatives in the representative bodies on the national level and on the level of the local self government units are not yet determined. However, with the adoption of legislation for balanced regional development, appropriate bodies shall be established, and the competencies of the representatives on different levels in the country shall be defined.

9. Do municipal governments have their own funding through local taxes?

Yes, the municipal governments have their own funds through local taxes.

The Law on financing of local self-government (Official Gazette of the Republic of Macedonia No. 61/2004) units regulates the sources of financing the local self-government units and the City of

Skopje, which financing is also regulated by the Law on the City of Skopje. The law determines the personal income sources, including local taxes, for which the amount of rates and amount of taxes is prescribed by the municipality council within frameworks regulated by law.

According to the provisions of this law, municipal taxes include property tax, tax for property turnover, and heritage and gift tax, which are also regulated with the Law on Property Taxes that was adopted by the Macedonian Assembly, and is to be applied after the 2005 local elections, i.e. after constitution of the municipality councils. According to the provisions from the same law, municipal taxes include: communal taxes and part of administrative taxes, these laws were adopted by the Macedonian Parliament, and will be applied after the 2005 local elections, i.e. after the constitution of the municipality councils.

Law on Communal Fees (Official Gazette of the Republic of Macedonia No. 61/2004) regulates the payment of communal taxes, which are paid for use of certain rights, items or services of local public interest by legal entities and citizens, which perform activities, and by the citizens. The law contains provisions on the subject of taxation, payer of communal taxes, determination of the amount of communal tax, exemption from payment of communal taxes, determination and payment of communal tax, supervision and penalty provisions. Communal fees are the following (except for those identified in the group of the property taxes, and fees for usage and maintenance of public lights): the company name or business premises display fee; camping on public land and other similar temporary usage fee; using sidewalks in front of business premises for conducting business fee; posting advertisements, announcements and ads in public places fee; live music in restaurants fee; having gambling equipment in bars fee; placing display cabinets out of business buildings fee; usage of public spaces designated by the municipality for parking passenger motor vehicles, freight motor vehicles and their trailers, and buses fee that are established by the municipality for this purpose; usage of public squares and other places in cities or other settlements for displaying goods, organizing exhibitions and other entertainment activities for economic purpose fee; usage of streets with passenger, freight motor vehicles, buses, special vehicles and motorcycles fee.

Law on Administrative Fees (amendments to the law) (Official Gazette of the Republic of Macedonia No. 61/2004) contains part of the provisions that regulate the payment of administrative taxes for documents and activities in administrative procedures among municipality bodies and bodies of City of Skopje, for act on establishing an activity, act that approves construction/building conditions, act that approves construction of objects, technical review and issuing of an act for putting into operation of building objects.

Own funds are also provided with the temporary residence fee (tourist fee), the construction land organisation fee, and urban and physical planning fee.

The Assembly of the Republic of Macedonia passed a package of laws: the Law on Financing the Local Self-Government Units (Official Gazette of the Republic of Macedonia No. 61/2004); the Law on Property Taxes (Official Gazette of the Republic of Macedonia No. 61/04); the Law on Communal Fees (Official Gazette of the Republic of Macedonia No. 61/2004); and the Law on Amending the Law on Administrative Fees (Official Gazette of the Republic of Macedonia No. 61/2004), which establish the municipalities' own funding through local taxes, and which will be enforced after the next local elections in March 2005, i.e. after constituting the municipality councils and the election of mayors.(See [10 I A 01](#)).

10. Do municipal governments have a role in:

- a) Preparing local development strategies and programmes;**
- b) Implementing development strategies and programmes;**
- c) Initiating and selecting projects in the context of government or donor-funded programmes;**
- d) Management and/or monitoring of projects;**
- e) Implementing national employment policies and adapting them to local needs?**

In accordance with the Law on Local Self-Government (LLSG), (Official Gazette of the Republic of Macedonia No. 5/2002), the municipalities independently, and within the law, regulate and carry out

the activities of public interest of local importance, determined by the Law on Local Self-Government or other laws and are responsible for the carrying out thereof. The municipalities can collaborate in carrying out their competencies. Further, pursuant to the same Law, the municipalities have own and other funds at their disposal and have the right to manage and operate property, funds and rights. In accordance with Article 22 of LLSG, the municipalities, among other matters, are also competent for the matters relating to the local economic development, and especially for: local economic development planning, establishing of development and structural priorities, management of the local economic policy, supporting the development of small and medium sized enterprises and of the entrepreneurship at the local level, and in the same context in participation in establishing of local network of institutions and agencies, as well as in promotion of partnership.

a) and b) LLSG verifies that within the execution of municipal competencies, the municipal bodies pass and implement a Statute, programmes, plans and other regulations. The municipal administration is responsible for their preparation, with the possibility of engaging external experts and institutions. Further, pursuant to Article 8 of the LLSG, the municipal bodies, the commissions of the Council and the municipal public services, are obliged to inform the citizens, about the plans and the programmes significant for the municipality development, without compensation, and in a manner determined by the municipal Statute.

In brief, the legal framework gives the municipal governments possibilities for preparing, adopting and implementing strategies for local development, but on the other hand, also gives them independence in the choice of ways and methodology of approaching that issue, and because of that, the situation in every municipality can be different. This is regulated in details by the municipal governments through their municipal Statutes. An exception from this are situations when, for the purpose of realisation of certain national development plans and strategies, it is possible to oblige the local self-government units by law to prepare appropriate plans for their territory. The most important example for this is the realisation of the Physical plan of the Republic of Macedonia, a governing document with a character of an integral development project, and for which the Law on Implementation of the Physical Plan of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 39/2004), Article 16, obliges the city of Skopje and all the municipalities to coordinate their physical plans with it in a given period, and the municipalities that do not have physical plans to start procedures for their adoption.

At the moment there are already a number of municipalities in the Republic of Macedonia that have adopted development strategies and are preparing annual development programmes. Very often, donation funds are used for such activities. In many municipalities, in accordance with their Statutes, special Municipal Council's Commissions for Development are constituted and are functioning (in some cases they are expanded in their work, the mayor and external experts being involved). Nevertheless, generally speaking, the situation is very diverse, depending on the Statutes and the administrative and financial capacities, and also on the size of the municipalities, which for the time being varies a lot.

c) and d) Although a unified answer to this part of the question is not possible, it can be said that there is a practice in the Republic of Macedonia of distribution of the municipal programmes that are financed by Government funds or by donors to projects that were submitted as initiatives by the municipal governments themselves, according to their own priorities. Depending on the type of the programme (the sector, the goals of the programme, the sum of available funds, etc.), most often there are established criteria that point out the municipalities and/or the types of projects that are relevant for the respective programme, while the actual projects are proposed by the municipal governments. The methodology of selecting projects for funding varies from one programme to another. The involvement in management and monitoring of projects varies from one programme to another, also.

The programmes of the European Commission in the Republic of Macedonia are still managed within a centralised system through the Centre of the European Agency for Reconstruction (EAR) in Skopje. This in itself shows that the management and monitoring are also done by EAR, in collaboration with the Government of the Republic of Macedonia. Nevertheless, even in a constellation like this, with

the purpose for gradually approximation to the way of management of programmes to the one typical for the EU cohesion and structural funds, within the CARDS Local Infrastructure Development Program 2002-2003-2004, which is being implemented through the Ministry of Local Self-Government, the municipal governments are represented in the Administrative Committee of the Programme (which, among other things, approves the list of projects selected for financing on the bases of a public call and previously established criteria) through the Association of Local Self-Government Units (ALSG). The municipal governments of the municipalities that have been granted funding of a project, have the obligation to appoint a technical representative that track the implementation of the project for them, in addition to the regular monitoring by the EAR and the Government. Complementing this, within the same programme, there are activities for training local governments and municipal civil servants.

e) The national employment policy and strategy are determined by the macroeconomic policy, the National Action Plan (NAP), and other projects and programmes. These acts are the bases of the local economic development strategies and the employment policies on the local level. On the basis of the same acts, and in accordance with the employment policy of EU and NAP, territorial local employment agreements which contain employment related measures may also be prepared and implemented. Actual projects for local development and increasing of employment have already been implemented on the local level in the past.

11. Do you have local or regional employment offices in your country? Do local employment offices have a role in:

- a) Implementing national labour market policies;**
- b) Making use of active labour market policies to combat structural unemployment;**
- c) Management and/or monitoring of projects?**

The Employment Agency of the Republic of Macedonia, apart via the Central Office, also carries out its functions via 30 local employment centres. The employment centres perform their functions for the territories of one or several municipalities. More details about this subject can be found in Chapter 13 - Social Policy and Employment, Section VI-A, question 3, (see [13 VI A 03](#)).

a) Implementing national labour market policies

The employment centres implement the national labour market policy with management, coordination and monitoring help of the Central Office of the Employment Agency of the Republic of Macedonia with the seat in Skopje.

b) Making use of active labour market policies to combat structural unemployment

The employment centres have an active role in implementing the practical aspects of the labour market policy to combat structural unemployment, by carrying out the activities for analysing the labour force structure, as well as the other aspects of the local labour market, and by planning and implementing appropriate measures, according to the situation and the needs. Bearing in mind the situation that most of the unemployed persons have low or inadequate qualifications and skills for the needs of the labour market, the employment centres implement active employment measures, such as employment counselling and employment preparation programmes, i.e. training, re-qualification and additional training programmes. The purpose of these employment preparation programmes, is labour force adjustment to the real needs of the labour market.

With the recent changes in the legislation, other than the most often applied forms of unemployed persons' training for a known employer and training of persons proclaimed as redundant, in the next period new types of training are planned, such as training in pre-dismissal phase, training at the workplace, short-term trainings for the needs of public work, and specialised type of training for disabled persons. Apart from the vocational trainings, they will be carried out at the additional skills level.

c) Management and/or monitoring of projects

The local employment centres, in coordination with the Central Office of the Employment Agency and the project offices, are active participants in many projects in the area of employment. In most of the projects (e.g., within the CARDS program, carried out through the Ministry of Labour and Social Politics, or the donation projects of USAID, UNDP, MRFP and others, or for the needs for workers in local businesses, etc.) they participate by providing relevant information from the local labour market for the projects' needs, by assistance during selection of persons from the unemployed persons' records for participation in the project activities, by giving professional help for the planning of certain activities within the projects, such as public announcements for persons needed for training, employment, etc. The employment centres participate in the projects by monitoring the realisation of the project activities, as well as by evaluating their effects.

12. How has the administrative reform foreseen for 2004 affected the regions? What impact has it had on:

- i) Regional breakdown;
- ii) Decision-making structures;
- iii) Implementing structures?

There are no administrative-territorial regions in the Republic of Macedonia. The statistical regions on NUTS level III shall be harmonized with the new municipal borders (NUTS level V) stipulated with the Law on the Territorial Organization of the Local Self Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 55/04).

i) This harmonization shall not cause significant changes of the borders of the statistical regions. The only changes of the borders of the statistical regions shall be caused by the transfer of the settlements: the village of Kafa from the municipality of Oslomej (South-Western region) to the municipality of Gostivar (Polog region); the villages Mogorče, Osoj and Gari from the municipality of Mavrovo - Rostuše (Polog region) to the municipality of Debar (South-Western region). The total number of inhabitants in the transferred villages from the Polog to the South-Western region is 1.805.

ii) The package of laws on the administrative reform in 2004 does not concern the issue of regional development and the defining of administrative regions, i.e. it does not cover the issue of decision-making structures on the regional level.

For more information on the changes of the municipal borders with the new Law on Territorial Organisation of the Local Self Government in the Republic of Macedonia, please see the answer of question 19, Section C, Chapter I (see [I C 19](#)).

REVIEW ON MUNICIPALITIES IN THE REPUBLIC OF MACEDONIA (Official Gazette of the Republic of Macedonia No. 55/04)							
Municipalities in 1996			Municipality to be merged with an urban municipality		Municipality to be merged with a rural municipality	New municipalities in 2004	
1	Aračinovo					1	Aračinovo
2	Berovo					2	Berovo
3	Bitola					3	Bitola
4	Bistrica	1	Bistrica				Bistrica
5	Kukurečani	2	Kukurečani				Kukurečani
6	Capari	3	Capari				Capari
7	Novaci					4	Novaci
8	Bač			1	Bač		Bač
9	Staravina			2	Staravina		Staravina
10	Bogdanci					5	Bogdanci
11	Star Dojran					6	Dojran
12	Bogovinje					7	Bogovinje
13	Kamenjane			3	Kamenjane		Kamenjane

14	Brvenica					8	Brvenica
15	Valandovo					9	Valandovo
16	Veles					10	Veles
17	Časka					11	Časka
18	Bogomila			4	Bogomila		Bogomila
19	Izvor			5	Izvor		Izvor
20	Vinica					12	Vinica
21	Blatec	4	Blatec				Blatec
22	Vrapčiče					13	Vrapčiče
23	N. Pološko			6	N. Pološko		N. Pološko
24	Gevgelija					14	Gevgelija
25	Miravci	5	Miravci				Miravci
26	Gostivar					15	Gostivar
27	G.Banjica	6	G.Banjica				G.Banjica
28	Srbinovo	7	Srbinovo				Srbinovo
29	Vrutok	8	Vrutok				Vrutok
30	Čegrane	9	Čegrane				Čegrane
31	Debar					16	Debar
32	Centar Župa					17	Centar Župa
33	Delčevo					18	Delčevo
34	Demir Hisar					19	Demir Hisar
35	Sopotnica	10	Sopotnica				Sopotnica
36	Demir Kapija					20	Demir Kapija
37	Dolneni					21	Dolneni
38	Žitoše			7	Žitoše		Žitoše
39	Želino					22	Želino
40	Ilinden					23	Ilinden
41	Jegunovce					24	Jegunovce
42	Vratnica			8	Vratnica		Vratnica
43	Kavadarci					25	Kavadarci
44	Konopište	11	Konopište				Konopište
45	Kičevo					26	Kičevo
46	Vraneštica					27	Vraneštica
47	Drugovo					28	Drugovo
48	Zajas					29	Zajas
49	Oslomej					30	Oslomej
50	Plašnica					31	Plašnica
51	Kočani					32	Kočani
52	Orizari	12	Orizari				Orizari
53	Zrnovci					33	Zrnovci
54	Češinovo					34	Češinovo
55	Obleševo			9	Obleševo		Obleševo
56	Kratovo					35	Kratovo
57	Kr. Palanka					36	K. Palanka
58	Kruševo					37	Kruševo
59	Mogila					38	Mogila
60	Dobruševo			10	Dobruševo		Dobruševo
61	Kumanovo					39	Kumanovo
62	Orašec	13	Orašec				Orašec
63	St.Nagoričane					40	St.Nagoričane
64	Klečevce			11	Klečevce		Klečevce

65	Lipkovo					41	Lipkovo
66	M. Kamenica					42	M. Kamenica
67	M. Brod					43	M. Brod
68	Samokov	14	Samokov				Samokov
69	Rostuše					44	Mavrovo-Rostuše
70	M. Anovi			12	M. Anovi		M. Anovi
71	Negotino					45	Negotino
72	Novo Selo					46	Novo Selo
73	Bosilovo					47	Bosilovo
74	Ohrid					48	Ohrid
75	Kosel	15	Kosel				Kosel
76	Belcista					49	Debarca
77	Meseista			13	Meseista		Meseista
78	Pehcevo					50	Pehcevo
79	Petrovec					51	Petrovec
80	Zelenikovo					52	Zelenikovo
81	Prilep					53	Prilep
82	Vitolista	16	Vitolista				Vitolista
83	Topolcani	17	Topolcani				Topolcani
84	Krivogastani					54	Krivogastani
85	Probistip					55	Probistip
86	Zletovo	18	Zletovo				Zletovo
87	Radovis					56	Radovis
88	Podares			14	Podares		Podares
89	Konce					57	Konce
90	Rankovce					58	Rankovce
91	Resen					59	Resen
92	Rosoman					60	Rosoman
93	Gradsko					61	Gradsko
94	Sopiste					62	Sopiste
95	Studenicani					63	Studenicani
96	Struga					64	Struga
97	Velesta	19	Velesta				Velesta
98	Delogozdi	20	Delogozdi				Delogozdi
99	Labuniste	21	Labuniste				Labuniste
100	Lukovo	22	Lukovo				Lukovo
101	Vevcani					65	Vevcani
102	Strumica					66	Strumica
103	Kuklis	23	Kuklis				Kuklis
104	Murtino	24	Murtino				Murtino
105	Vasilevo					67	Vasilevo
106	Sveti Nikole					68	Sveti Nikole
107	Lozovo					69	Lozovo
108	Tearce					70	Tearce
109	Tetovo					71	Tetovo
110	Sipkovica	25	Sipkovica				Sipkovica
111	Dzheciste	26	Dzheciste				Dzheciste
112	Cucer Sandevo					72	Cucer Sandevo
113	Stip					73	Stip
114	Karbinci					74	Karbinci
							Municipalities in the city of Skopje

115	Saraj					75	Saraj
116	Kondovo	27	Kondovo				Kondovo
117	Gazi Baba					76	Gazi Baba
118	Gjorce Petrov					77	Gjorce Petrov
119	Karpos					78	Karpos
120	Centar					79	Centar
121	Suto Orizari					80	Suto Orizari
122	Kisela Voda					81	Kisela Voda
						82	Aerodrom
123	Cair					83	Cair
						84	Butel

II. LEGISLATIVE FRAMEWORK ON REGIONAL POLICY

1. Does your country have a regional development law? If not, is such a law envisaged? If envisaged, what is the state of affairs and the time-frame?

No regional development law that would govern this matter in a complex manner for the whole territory of the Republic of Macedonia has been adopted in our country.

However, the Law on Promotion of Economically Underdeveloped Areas (Official Gazette of Republic of Macedonia No. 2/94, 39/99) is in force, which explicitly regulates the issue of regional area, and it covers 64% of the country's territory.

With the aim to provide single regulation of the issues of regional development for the whole territory of the country, and to establish mechanisms for regional development policy, the Government of the Republic of Macedonia, on its 28th session held on 1 November 2004, accepted a Conclusion for starting the activities for preparation of legal and institutional framework for balanced regional development, and also adopted an Information on the legal and institutional framework for a balanced regional development with a proposed Action Plan for activities to be undertaken in the next period. Pursuant to this Information the Draft Law on Regional Development should be prepared during the fourth quarter of 2005. Currently, the activities for preparation of legal and institutional framework are defined.

(See [21 Annex 05](#)) - Resume - Concept on the Legal and Institutional Framework for balanced Regional Development.

2. Please provide a list of all directly relevant legislation.

Apart from the Law on Promotion of Economically Underdeveloped Areas (Official Gazette of Republic of Macedonia No. 2/94, 39/99), which explicitly regulates the development of the insufficiently developed areas, there are also other laws which are directly or indirectly relevant for the regional development.

a) Legislation which determines the local self-government units' structure and organisation:

- Constitution of Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 52/91)
- Law on Administrative Bodies' Organisation (Official Gazette of the Republic of Macedonia No. 58/00)
- Law on Local Self-Government (Official Gazette of the Republic of Macedonia No. 5/2002)
- Law on the Territorial Organization of the Local Self-Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 55/04)
- Law on the City of Skopje (Official Gazette of the Republic of Macedonia No. 55/04)

- Law on Local Elections (Official Gazette of the Republic of Macedonia No. 60/04)

b) Laws that regulate the financing of the local self-government units and the state aid:

- Law on Financing Local Self-Government Units (Official Gazette of the Republic of Macedonia No. 61/2004)
- Law on Property Taxes (Official Gazette of the Republic of Macedonia No. 61/04)
- Law on Value Added Tax (Official Gazette of the Republic of Macedonia No. 44/99, 19/04)
- Law on Budgets (Official Gazette of the Republic of Macedonia No. 79/93, 3/94, 71/96, 46/00, 11/01, 93/01, 46/02, 61/02, 24/03 and 85/03)
- Law on State Aid (Official Gazette of the Republic of Macedonia No. 24/03)
- Decision on criteria, amount, pre-conditions and ways of using the funds for promotion of the economically underdeveloped areas development (Official Gazette of the Republic of Macedonia No. 67/99)
- Law on Communal Fees (Official Gazette of the Republic of Macedonia No. 61/2004)
- Law on Administrative Fees (amendments to the law) (Official Gazette of the Republic of Macedonia No. 61/2004)

c) Legislation that regulates physical planning at national and local level, and establishes economically underdeveloped areas

- Law on Physical and Urban Planning (Official Gazette of the Republic of Macedonia No. 4/96, 8/96, 5/97, 28/97, 18/99, 76/99, 53/01, 45/02)
- Physical Plan of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 39/04)
- Decision on establishing economically underdeveloped areas in the Republic of Macedonia for the period from 2003 to 2007 (Official Gazette of the Republic of Macedonia No. 28/03 and 2/04)

3. Please answer the following questions about your regional development legislation. If the answer is affirmative, indicate which law or Government decision is applicable:

- a) Does your legislation specify one administrative unit or entity responsible for coordination at the national level? Which entity? What is its composition?**
- b) Does your legislation specify one unit, group or entity responsible for decision-making at the national level? Which entity?**
- c) Is it specified in your legislation which unit or group functions as the secretariat that prepares the decisions referred to in question b)?**
- d) Does your legislation specify other responsible administrative units?**
- e) Does your legislation specify decision-making procedures?**
- f) Does your legislation specify at the national level an administrative unit(s) or entity responsible for implementation/management and monitoring of programs/projects? Which? What is the composition of this/these unit(s)?**
- g) Does your legislation specify a decision-making group, council, unit or other entity at the regional level? Which?**
- h) Are the members of this entity specified in your legislation? Are they political appointees or technical, or both?**
- i) Is it specified in your legislation which unit or group functions as the secretariat that prepares these decisions?**
- j) Does your legislation specify at the regional level an administrative unit(s) or entity responsible for implementation and monitoring of programs/projects? Which?**
- k) Is this entity independent from the central level or from the decision-making entity? If no, in what way are they related?**

As already elaborated, there is no law which regulates the regional development matter in a single and complex manner in the Republic of Macedonia. The Law on Promotion of Economically Underdeveloped Areas (Official Gazette of the Republic of Macedonia No. 2/94 and 39/99) is in

effect, which explicitly and in segments regulates the issues of regional development. It regulates the development issues on 64% of the total territory of the country, it covers 68% of the total number of settlements in the Republic of Macedonia, and 22% of the total population. Therefore, we think that it is necessary to elaborate the regional development policy which is implemented based on this law and the related decisions of the Government of the Republic of Macedonia.

Because of the current differences in the degree of development, within the efforts for securing more balanced and sustainable development of certain parts of the country, a policy of promotion of the development of economically underdeveloped areas based on the market principles is implemented in the Republic of Macedonia. Within this policy, the development is specifically supported through creation of conditions for improvement of life quality and for conduct of business activities, and above all through the development of the rural centres, aid for construction of economic and non-economic infrastructure, agricultural development, especially the cattle breeding industry, as well as development of small enterprises for manufacturing and providing services.

The Law on Promotion of Economically Underdeveloped Areas regulates the responsibility of the Bureau for Economically Underdeveloped Areas (as a body within the Ministry of Local Self-government), to undertake measures for promotion of the development of economically underdeveloped areas. The Government of the Republic of Macedonia, with a special decision, establishes the economically underdeveloped areas in the Republic of Macedonia for a four-year period. For the period from 2003 to 2007, a total of 1092 settlements are covered, or more precisely: 500 settlements in hilly and mountainous terrain areas; 157 settlements in border areas; 319 settlements in extremely underdeveloped areas; and 116 settlements are established as rural centres. The number of settlements in the economically underdeveloped areas represents 68% of the total number of settlements in the Republic of Macedonia (1700). The total population in the economically underdeveloped areas is 427.382 or more precisely: 109.726 in the hilly and mountainous terrain areas; 61.049 in border areas; 99.260 in the extremely underdeveloped areas; and 197.337 in the rural centres, which represents 22% of the total population in the Republic of Macedonia. The economically underdeveloped areas cover a territory of 16.425,00 square kilometres, which represents 64% of the total territory of the Republic of Macedonia. Although the measures taken as part of the policy for promotion of the development of the economically underdeveloped areas are intended to stop or alleviate the processes of migration, the migration from villages to the cities is particularly present in these areas. There are almost totally abandoned regions in these areas, without any inhabitants (e.g. Mariovo, Azot, Kozjak region, Kopak region), and a large number of settlements with a small, mostly aged population.

The Law on Promotion of the Development of the Economically Underdeveloped Areas stipulates that funds in amount of 1% of the gross domestic product will be allocated in the Budget of the Republic of Macedonia annually for the promotion of the development of the economically underdeveloped areas.

In spite of such a legal provision, the legally established percentage of funds from the Budget was not allocated in the period since the establishment of the Bureau. Actually, the budgetary funds allocated for this purpose vary from year to year from 0.01% to 0.30% of the GDP.

Other than this basic funding source, the Law provides possibilities for using funds from other sources for the promotion of the development of economically underdeveloped areas, such as from dividends on bonds and shares which might be bought with the available funds for promotion of the development of these areas owned by the Republic of Macedonia; from selling of those bonds and shares; share of the revenue that the country would accumulate from concessions, etc.

Special foreign credit lines may be used for the promotion of the development of the economically underdeveloped areas through authorised banks in the country.

The allocation of the funds for promotion of the development of economically underdeveloped areas is determined by a Decision on Criteria, Amount, Conditions and Manners of Using the Funds for Promotion of Development of Economically Underdeveloped Areas (Official Gazette of the Republic of Macedonia no. 67/99).

Beneficiaries of the funds channelled through the Bureau may be natural or legal persons on the territory of the Republic of Macedonia who wish to carry out investment and other projects in the settlements located in the economically underdeveloped areas. They may submit requests, together with the relevant documents, to the Bureau for Economically Underdeveloped Areas.

a) Does your legislation specify one administrative unit or entity responsible for coordination at the national level? Which entity? What is its composition?

Considering the already mentioned fact that there is no law in the Republic of Macedonia which regulates the regional development matter in a complex manner, the existing legal framework, more precisely the Law on Organisation and Operation of State Administrative Bodies (Official Gazette of the Republic of Macedonia no. 58/2000), establishes a competence of the Ministry of Local Self-government for proposing the system, the policy, the measures and the instruments for attainment of a more balanced regional development and for promotion of the development of economically underdeveloped areas.

The same Law regulates one organisational unit – the Bureau for Economically Underdeveloped Areas as a body within the Ministry of Local Self-government, with a legal competence to implement the measures for promotion of the development of economically underdeveloped areas.

Four departments are established within the Ministry, of which the Department for Financing and Development of Municipalities carries out the competence for proposing policies for attainment of a more balanced regional development and development of the economically underdeveloped areas.

The Bureau for Economically Underdeveloped Areas implements the measures for achievement of a more balanced regional development through two departments, namely the Department of Indirect Measures, and the Department of Project Implementation.

b) Does your legislation specify one unit, group or entity responsible for decision-making at the national level? Which entity?

In accordance with the Law on the Government (Official Gazette of the Republic of Macedonia no. 58/2000), the Government of the Republic of Macedonia is competent for taking decisions on the economic and development policy, for promotion of economic development and achievement of a more balanced spatial and regional development, and for more rapid development of the economically underdeveloped areas.

However the decision-making process is preceded by a procedure established by the Law on Promotion of Economically Underdeveloped Areas.

Pursuant to the provisions of this Law, the initiatives for implementation of certain investment projects regarding the infrastructure of local public interest and for other purposes are given by the local self-government units. Following the establishment of the priority development needs at local level, such as the investments in the area of local infrastructure and the other needs, by the bodies of the local self-government units, the local governments submit the initiatives to the Bureau for Economically Underdeveloped Areas for providing financial support for their implementation. In the following stage, the submitted initiatives are considered by the Bureau, then ranked and classified according to their purpose and priority, and finally included in an annual Program for Implementation of Activities, which is subject to approval by the Government of the Republic of Macedonia. The Ministry of Local Self-government prepares and submits the annual Program for Implementation of Activities to the Government of Republic of Macedonia.

c) Is it specified in your legislation which unit or group functions as the secretariat that prepares the decisions referred to in question b)?

The existing legislation establishes the competence of the Ministry of Local Self-government to prepare and propose decisions relating to the Law on Promotion of Development of Economically Underdeveloped Areas.

In discharging such legal competence, the Ministry of Local Self-government carries out cycle of communication with the local governments, which consists of collection and consideration of the initiatives submitted by the local self-government units or the local communities. As a next step, the Ministry inspects the geographic or the economic situation of the respective municipality, regardless

of whether it is a rural or other type of settlement. On the basis of the established facts and economic indicators, a list of areas that satisfy the legal criteria for being determined as economically underdeveloped areas for a period of four years is defined by the Ministry. After defining the list, the Ministry of Local Self-government submits it to the Government of the Republic of Macedonia for approval.

Accordingly, it can be said that the Ministry of Local Self-government, in collaboration with the local self-government units, functions as a Secretariat that prepares the decisions in the area of promotion of development of the economically underdeveloped areas.

In addition, the Law on Promotion of Economically Underdeveloped Areas stipulates that a Commission is to be formed for allocation of grant funds for larger economic infrastructure projects and for participation in the permanent share for financing of certain economic investment projects. The Commission delivers an opinion to the Bureau regarding the allocation of those funds. The Bureau reaches a decision on financing only after receiving a positive opinion from the Commission. The Commission is formed within the Bureau for Economically Underdeveloped Areas, and it consists of five members appointed by the Government of the Republic of Macedonia as representatives of the relevant ministries.

d) Does your legislation specify other responsible administrative units?

Following the answer to the previous question, it should be noted that apart from the Ministry of Local Self-government, the Bureau for Economically Underdeveloped Areas, as a body within the Ministry, has a legally established competence for implementing measures regarding the development of economically underdeveloped areas. Such competence of the Bureau is regulated by the Law on Organisation and Operation of State Administrative Bodies (Official Gazette of the Republic of Macedonia no. 58/00) and by the Law on Promotion of Economically Underdeveloped Areas.

In this context, the Bureau for Economically Underdeveloped Areas takes decisions on financing projects with different purposes.

However, there is a sound legal basis for the local self-government units to carry out activities aimed at achieving the goal of reaching balanced and sustainable regional development. Pursuant to the Law on Local Self-government (Official Gazette of the Republic of Macedonia no. 5/02), the local self-government units, within their competencies, carry out activities related to the local economic development, which means planning of the local economic development, establishing development and structural priorities, carrying out local economic policy, supporting the development of small and medium-sized enterprises, participating in the establishment and development of the local network of institutions and agencies, and promoting partnership. The same Law provides that the local self-government units may cooperate for the achievement of common interests and carrying out common operations within their competencies. The municipalities may join funds and establish common services or common administrative bodies for certain areas, in accordance with the law, which also includes the area of regional development.

In that sense, the local self-government units are given an essential competence related to the promotion of partnerships at local level and of endogenous development, which means that the initiatives should originate from the bottom-up. This should represent the basis for the new regional economic policy in the Republic of Macedonia.

e) Does your legislation specify decision-making procedures?

The decision making procedures are defined by the Law on General Administrative Procedure (Official Gazette of SFRY nos. 52/56, 10/56, 4/77, 11/78, 9/86, and the Official Gazette of the Republic of Macedonia no. 44/02) and the Law on Organisation and Operation of State Administrative Bodies (Official Gazette of the Republic of Macedonia no. 58/00), and the Law on Public Procurement (Official Gazette of the Republic of Macedonia no. 19/04).

The decisions on allocation of funds for specific purposes are reached in accordance with the Law on General Administrative Procedure.

Pursuant to the Law on Promotion of Economically Underdeveloped Areas and the Decisions, the funds in the Bureau are approved based on the submitted projects. The potential beneficiaries that

satisfy the legal criteria submit their requests with the accompanying documents required for reaching a decision, i.e. a main project, a revision of the main project, consents from the relevant ministries, evidence of provided funds, and other documents. The requests are considered by the Department for Project Implementation, where the accounting value proposed by the applicant is checked. On the basis of this, an opinion on approval of the request is prepared for internal use by the Bureau. At the same time, every investment project is inspected on site by the Bureau representatives. After carrying out the activities, the Director of the Bureau issues a decision on approval of funds for participation in the funding of the infrastructure project or some other purpose for which the Commission has previously delivered an opinion (see the answer to subsidiary question c). The Bureau does not have the capacity of an investor; it is only a funding participant. Because of that, the investor or the beneficiary of the Bureau funds, autonomously implements the public procurement procedure according to the Law on Public Procurement, and decides on the basis of the best offer. In the course of the implementation of the project, the Bureau supervises the construction stages on site, and after the construction is finished, it carries out technical inspection before it is used. The funds are disbursed on the basis of submitted payment and other documentation (temporary and final construction situations, cession agreements, etc.). If during the project implementation the funds are misused, the Bureau has a legal right to initiate a procedure for paying-back the misused funds, including a default interest.

f) Does your legislation specify at the national level an administrative unit(s) or entity responsible for implementation/management and monitoring of programs/projects? Which? What is the composition of this/these unit(s)?

Pursuant to the Law on Promotion of Economically Underdeveloped Areas, the Bureau for Economically Underdeveloped Areas is competent for implementation of the procedures for carrying-out regional development measures. Two departments are established within the Bureau for Economically Underdeveloped Areas.

Regarding the monitoring of programs, the Ministry of Local Self-government implements the monitoring in the first instance procedure, while at national level the Government of the Republic of Macedonia monitors the policy through the approval of the annual Program for Implementation of the Bureau Activities. The legislation stipulates that the Program and the Report should be discussed by the Commission of Economic System and Current Economic Policy within the Government of the Republic of Macedonia, which gives an opinion to the Government. The Government of the Republic of Macedonia has a legal authority to approve the Program and the Report.

The Economic Council of the Government of the Republic of Macedonia, being a permanent consultative body, also reviews the Program and the Report, on request of the Government of the Republic of Macedonia, or on its own initiative, and gives an expert opinion. The opinion of the Economic Council is not binding.

The Report on Implementation of the Program for Implementation of Activities of the Bureau for Economically Underdeveloped Areas is submitted to the Members of the Assembly of the Republic of Macedonia for information. Before that, the Report is discussed by the Commission of Macroeconomic Policy and Development within the Assembly of the Republic of Macedonia.

g) Does your legislation specify a decision-making group, council, unit or other entity at the regional level? Which?

There is no complex regional development law in the Republic of Macedonia and consequently no legislation specifying a decision-making group, council, unit or other entity at regional level.

However, the systemic Law on Local Self-government stipulates significant competencies of the local government level, establishing functions in the domain of spatial/physical and urban planning, construction and maintenance of local infrastructural facilities, providing utility services for the citizens, local economic development, management, development and maintenance of public sector institutions, such as those in the area of education, culture and social welfare., The local self-government units shall start carrying out the activities in the area of culture, education, social welfare, etc. in 2005.

For discharging of the competencies referred to as traditional ones, or the competencies in the economic area, the local self-government units adopt programs, such as the Program for arrangement of construction land, the Program of the Road Fund, etc. All the programs are integrated in the draft budget proposal that is submitted for review to the representative body, i.e. the Municipal Council. Within the legally determined deadlines for review and discussion on the proposed budget, the elected representatives in the local council reach a decision on the priorities for the next fiscal year in the form of a Municipal Budget Act, in accordance with the Law on Budgets ("Official Gazette of the Republic of Macedonia" nos. 79/93, 03/94, 71/96, 46/00, 11/01, 93/01, 46/02, 24/03 and 85/03). Upon entry into force of the Law on Financing of Municipalities, an improvement of program budgeting and consequently municipal strategic planning is expected.

Therefore, it may be said that at local - municipal level of government, the elected representatives in the Municipal Council are competent for reaching decisions on the development within the framework of their legally determined competencies.

However, the Law on Local Self-government provides the legal basis for inter-municipal cooperation, which can be used to establish entities at regional - planning level for the purpose of making decisions in the area of planning and implementing the regional development policy.

After having established their priorities with the adoption of the local budgets, the municipalities which satisfy the criteria for being supported by the Bureau for Economically Underdeveloped Areas, submit the relevant initiatives to this state entity for implementation of their programs. The procedure for selection of the municipalities to be financially supported by the Bureau of Economically Underdeveloped Areas is elaborated in the previous answers.

h) Are the members of this entity specified in your legislation? Are they political appointees or technical, or both?

As in the answer under g), in the Republic of Macedonia there is no legislation for a complex regional development, there are no decision making groups or entities on the regional level, the composition of which can be elaborated under this question.

However, pursuant to the Law on Local Self-government, the local level of government has competencies which relate to the development of a given territory. Different development programs, in accordance with the Law on Budgets, are integrated within the consolidated budget adopted by the Municipal Council. The number of members of the Municipal Council depends on the size of the municipality, i.e. it is established with the systemic Law on Local Self-government. The Law on Local Elections (Official Gazette of the Republic of Macedonia no. 60/04) establishes the criteria and manner of election of the members of the Municipal Council at free and direct elections.

i) Is it specified in your legislation which unit or group functions as the secretariat that prepares the decisions?

In accordance with the previously stated fact that there is no law for complex regulation of the regional development on the whole territory of the Republic of Macedonia, and that the regional policy is implemented through measures of development promotion of the economically underdeveloped areas, which cover 64% of the territory of the country, the legislation does not specify entities competent for decision making at regional level, so there are no legally determined relevant decision making entities or groups, except at national level.

At municipal, local government level, various programmes relating to the local infrastructure construction, and other established programmes for development promotion, are prepared by the municipal administration of the local self-government units. In that sense, they function as a secretariat that prepares the decisions which are reached by the municipal councils.

With regard to the preparation of technical documentation for construction of infrastructure facilities of local public interest, it is most often prepared by professional planning offices based on special request by the municipality.

j) Does your legislation specify at the regional level an administrative unit(s) or entity responsible for implementation and monitoring of programs/projects? Which?

In accordance with the current legislation, there is no law which regulates the regional development problems in Republic of Macedonia, so there is no administrative unit or entity competent for monitoring programs/projects at the regional level.

Regarding the local level of government, the mayor of the municipality is the competent body for execution of the municipal budget and consequently for the implementation of the policies funded by the municipal budget. However, some municipalities implement certain development programs through the public utility enterprises founded by them, and in that case, the relevant public utility is responsible for the implementation of the actual program. At the end of the budget year, a financial statement of the municipality budget is prepared, which integrates the various programs, including the programs implemented by the public utilities founded by the municipality, and it is submitted to the council for review and adoption. In that sense, the Municipal Council monitors the implementation of programs and decides on acceptance or rejection of the financial statement for the municipal budget. If certain programs are funded by the budget of the Republic of Macedonia as capital grants, the competent body of state administration carries out the monitoring of the usage of the transferred funds. The monitoring of regulation passed by the municipality is carried out pursuant to the Law on Local Self-government, which stipulates that the Ministry of Local Self-government carries out the monitoring of the legality of the regulations passed by the municipalities. If the regulation of the municipality does not comply with the Constitution and law, the Ministry of Local Self-government may decide to withhold the application of the regulation, giving an explanation thereof. This decision is published in the Official Gazette of the Republic of Macedonia. If the municipality does not harmonise such regulation with the Constitution and the legislation within the legally determined deadline, the Ministry of Local Self-government shall challenge the regulation before the Constitutional Court of the Republic of Macedonia.

k) Is this entity independent from the central level or from the decision-making entity? If no, in what way are they related?

As in the answer to the previous question, there is no law which regulates the regional development problems in the Republic of Macedonia in a complex manner; there is no administrative entity for implementation and monitoring of programs at the regional level.

At the local level of government, the executive body (the municipality mayor) which is competent for execution of the municipal budgets and for implementation of development programs/projects is independent from the central level of government, within the competencies determined by law. The monitoring of certain programs/projects by the central level of government is carried out in cases when they are financially supported with funds from the Budget of the Republic.

4. Does your legislation specify a national budget for regional policy and/or for labour market policy? In what form and at what level?

The laws in the Republic of Macedonia do not specify a national budget for regional policy and for labour market policy, but the financing of the regional policy and the labour market policy is carried out through the relevant programmes of the line ministries and the other civil administration bodies. Namely, the Budget of the Republic of Macedonia provides funds for these policies, or more specifically:

- The development of the economically underdeveloped areas is funded for the economic and non-economic infrastructure, for the support of development of industry, agriculture and tourism projects, premiums for opening new jobs in small industrial facilities, and for training of personnel in these areas;
- The construction of water supply systems, sewerage systems and water treatment stations in the local self-government units (LSGU);
- The electrification of rural areas;
- The local roads' infrastructure;
- The construction of waste dumpsites
- The support of projects for establishment of small and medium sized enterprises;
- The technical support of projects in the field of energy;

- The employment support programme, in accordance with which, the refunding of the legal contributions for new employments is financed;
- The employment of disabled persons; and
- The retraining and training of unemployed persons.

5. Does your legislation specify a breakdown of the budget for regional policy and/or for labour market policy between the central level and other levels of government?

There is no normative solution for a breakdown of the budget for regional policy and for market labour policy among the central level and other levels of government. According to the Law on Budget (Official Gazette of the Republic of Macedonia No. 79/93, 3/94, 71/96, 46/00,11/01, 93/01, 46/02, 61/02, 24/03 and 85/03), the Law on Budget's Execution (Official Gazette of the Republic of Macedonia No. 85/03), and the Law on Financing of the Local Self Government Units (Official Gazette of the Republic of Macedonia No. 61/2004), the conditions for financing of these policies are provided both on the central and the local level, i.e. the financing of such projects through appropriate programs is allocated from the Budget of Republic of Macedonia and the budgets of the local self government units (LSGU). The financing of the aforementioned policies is pursuant to the existing legislation for regional and labour market policy.

Also, pursuant to the Information on the legal and institutional framework for a balanced regional development with a proposed Action Plan, adopted at the session of the Government of the Republic of Macedonia held on 1 November 2004, right after the establishment of the relevant administrative structures for regional development and pursuant to the designed Law on Regional Development, legal and structural prerequisites for precise allocation of the budgetary funds for the regional and labour market policy shall be provided.

6. What adaptations are necessary to your legislative framework to ensure compatibility of future operations to be financed by the Structural and Cohesion Funds with the following Community policies and legislation:

- a) Rules on competition;
- b) Rules on the award of public contracts;
- c) Rules on environmental protection and improvement;
- d) Rules on the elimination of inequalities and the promotion of equality between men and women?

a) Rules on competition

Detailed information about the compliance of the legislation of the Republic of Macedonia in the area of market competition with the relevant EU legislation and about the plans for their further harmonisation are given in Chapter 06 – Competition policy – Section I, Antitrust (see [06 I](#)).

b) Rules on the award of public contracts

Detailed information about the compliance of the legislation of the Republic of Macedonia in the area of public procurements with the relevant EU legislation and about the plans for their further harmonisation are given in Chapter 01 – Free circulation of goods – Section V, Public procurement (see [01 V](#)).

c) Rules on environmental protection and improvement

There are 5 environment laws in the Republic of Macedonia appropriate with the relevant European Union Directives, namely: The Law on Waste Management (Official Gazette of Republic of Macedonia No. 68/2004); the Law on Quality of Environmental Air (Official Gazette of Republic of Macedonia No. 67/2004); the Law on Nature Protection (Official Gazette of Republic of Macedonia No. 67/2004); as well as the Draft Law on Environment and the Draft Law on Waters, which are in the second phase of their passing. They determine the time frames (pursuant to the Stabilisation and Association Agreement) for gradual and complete implementation of the obligations stemming from

the transposed EU Directives. Pursuant to the National Program on Legislation Approximation (NPLA), the future activities for the transposing of the other EU Directives in the environmental area are scheduled. For more details, please refer to Chapter ([see 22](#)).

d) Rules on the elimination of inequalities and the promotion of equality between men and women?

More information about the existing regulations in this area is given in [Chapter 13](#), questions (see [13 II A 1](#); [13 II A 2](#); [13 II A 3](#); [13 II A 4](#); [13 II A 5](#); [13 II A 6](#); [13 II A 7](#); [13 II A 8](#) and [13 II A 9](#)).

7. What adaptations are needed to your legislative framework to allow for multi-annual budget programming with a view to provide the national co-financing for the Structural and Cohesion Funds assistance?

The legislation approximation to the relevant EU regulations for securing a multi-annual budget planning, in a function of providing resources for national co-financing for the Structural and Cohesion Funds, is in progress at several levels.

For that purpose, a new Law on Budgets is in preparation, and it will allow implementing of provisions which would regulate the passing of a middle-term development plan, fiscal strategies and multi-annual (three-year) planning of the budget resources. At the moment, the national co-financing is provided within the frame of the legal process for budget preparation for every following year. Namely, after the adoption of the Fiscal Strategy, which establishes the middle-term projection of revenues and expenditures, as well as the maximum expenditure amount for every budget beneficiary, the proposed budget breakdowns are submitted, where the budget beneficiaries state their needs for funds and national co-financing. In accordance with the determination for acquiring EU membership, provisions for regulation of the legal prerequisites for using foreign funds and providing national co-financing shall be implemented in the Law on Budgets, which is the fundamental law that regulates the public funds management.

Apart from this, pursuant to the Information on the legal and institutional framework for balanced regional development with a proposed Action Plan adopted on the Government of the Republic of Macedonia session on 1 November, 2004, a draft Law on Regional Development is going to be prepared by the end of 2005. De facto, these legal provisions for balanced regional development shall explicitly define the necessary level of structural and cohesion changes, which shall be integrated in the Law on Budgets.

8. Are there any provisions in the national budget which allow to transfer budgets of national co-financing between programs, funds and years?

a) If yes, please describe them.

b) If no, are there any plans to introduce such provisions?

a) With the adoption of the Budget of the Republic of Macedonia, each year a certain amount is allocated in the budget of the Ministry of Transport and Communications, as a participation granted by the state in the construction of waterworks and treatment of waste water stations for the settlements of the local self government units, without their obligation to recompense the funds.

On the basis of the allocated funds, the Ministry of Transport and Communications publishes a public announcement in the daily press for submitting projects proposal for construction of waterworks and sewage systems, and on the basis of the done evaluations, the Ministry of Transport and Communications prepares and submits a Proposal for a Decision for Distribution of Funds allocated for this purpose, to the Government of the Republic of Macedonia, which adopts a final Decision which is published (in the Official Gazette of the Republic of Macedonia), and later implemented.

The transfer of funds according to the adopted decisions is done by the Ministry of Transport and Communications, which is a competent body of the state administration, directly responsible for the successful implementation of the projects for construction of waterworks and sewage systems in the local self government units. The transfer is carried out upon previously submitted, verified and complete fund transfer documentation for proper use of the funds by the local self government units.

Also, funds from the budget of the Republic of Macedonia are allocated for the annual budget of the budget beneficiary - Bureau for Economically Underdeveloped Areas, and they are in use on the basis of the annual program, adopted by the Government of the Republic of Macedonia, where the use of the funds is defined. On the basis of the adopted program, the municipality submits requests to the Bureau together with the necessary documents, as well as their designs for allocation of the funds. A Commission, formed by the line ministries (Ministry of Environment and Physical Planning, Ministry of Transport and Communication, and Ministry of Economy) decides upon the submitted requests according to the priority list for separate municipalities, for the current budgetary year, in the frames of the funds allocated for this purposes. If the allocated budgetary funds are not spent in the course of the year because of justified reasons, the budget beneficiary may transfer those budgetary funds only upon a prior approval by the Ministry of Finance.

Pursuant to the existing legislation, there are no specific provisions for transfer of budgetary funds within national co-financing between years. The conditions for transfer of budgetary funds between programs in the course of a year are stipulated with the Law on Budgets ("Official Gazette of the Republic of Macedonia" No. 79/93, 03/94, 71/96, 46/00, 11/01, 93/01, 46/02, 24/03 and 85/03).

With the aim of providing transfer of budgetary funds with co-financing between years, the Ministry of Finance will include provisions in the new Budgets Law which will include prerequisites for establishing a middle-term projection of these funds, which shall be further transferred as a plan in the annual budget of the Republic of Macedonia.

III. INSTITUTIONAL FRAMEWORK AND ADMINISTRATIVE CAPACITY

1. Please provide a brief description of the authorities responsible for the programming and implementation of EU and other assistance in your country. The description should also include a brief overview of tasks and responsibilities for each authority.

Since gaining of independence, the Republic of Macedonia has been a beneficiary of the donors' assistance. The intensive donor activity in recent years has created a need for building a system which would provide long-term, centralized, governmental, efficient, rational and sustaining coordination, as well as to provide:

- Improvement of assistance programming and appropriate defining of donor's policy (systematic evaluation of priorities; global and departmental strategic planning; defining of political directions for efficient and planned allocation of foreign assistance; formulating projects, their successful and timely realisation; and their monitoring);
- Improvement of domestic and foreign irredeemable assistance coordination (through intensifying liaisons and contacts between the line ministries, the Government and the donors, and correct channelling of foreign assistance according to the Government priorities);
- More harmonised and coordinated appearance in front of the donors, which ensures avoiding discrepancies in presenting the strategy, the policy and its implementation dynamics.

The National System for Coordination proved to be a need and an expression of the country's maturity to represent itself in front of the donors and the international financial institutions with unified attitudes towards the country's policy, strategy and its priorities. At the same time, the National System for Coordination is also necessary for the purpose of synchronising the requests and avoiding duplicating, overlapping or repeating the assistance. That is the only way for achieving

maximum effects via correct channelling of the foreign and domestic resources, and achieving of the expected results in a given time frame.

The experience from the several years' functioning of the National System for Coordination of Foreign Assistance leads to an ascertainment that a successful coordination is not possible without an active participation of the country's authorities – the Government of the Republic of Macedonia – and the donors, as well as a highest level of bilateral or multilateral understanding between them.

The National System for Coordination of Foreign Assistance (the organizational structure of the National System for Coordination of Foreign Assistance is given as a supplement at the end of the answer) consists of five levels with separate competencies on every level, or more precisely:

I. The Government of the Republic of Macedonia - President

Determines the strategies, creates the policy, determines and gives guidelines via different departmental documents for representing in front of the donors, and decides on issues of national importance.

II. National Coordinator for Foreign Assistance – Deputy President

With a decision of the Government of the Republic of Macedonia, one National Coordinator for Foreign Assistance (NCFA) is appointed and functions as a deputy of the President of the Government of the Republic of Macedonia, authorised for coordinating the European integration process.

The main tasks of the NCFA is responsibility of the coordination, synchronisation and consistency of the whole assistance granted to the Republic of Macedonia on all bases; to presides with the Foreign Assistance Coordination Committee of Ministers; to take care of the implementation of the Foreign Assistance Coordination Committee of Ministers' and the Government decisions; to establish direct contact with the donor's main offices; to present the previously harmonised standpoints of the Committee, i.e. the Government.

Foreign Assistance Coordination Committee of Ministers (FACCM)

The Deputy President of the Government of the Republic of Macedonia in the same time National Coordinator for Foreign Assistance, is authorised for coordination of the European integration process, and presides with the Committee. The Committee consists of:

- The Deputy of the President of the Government of Republic of Macedonia responsible for the implementation of the Framework Agreement.
- The Minister of Finance;
- The Minister of Foreign Affairs;
- The Minister of Economy; the Minister of Internal Affairs; and
- The Minister of Education and Science.

The ministers competent for certain Sectors, who are not members of the FACCM are invited to participate in the Committee's work, depending on the theme or area discussed. This structure of FACCM is conditioned by the contacts of its members with some of the donors (e.g. the Minister of Finance is responsible for negotiations with the international financial institutions, and with some of the bilateral donors, while the Minister of Foreign Affairs is responsible for contact with the larger number of bilateral donors, etc.)

The Foreign Assistance Coordination Committee of Ministers provides political and strategic guidelines for foreign assistance, taking into consideration the established departmental policies and priorities, and takes care of the inter-departmental assistance coordination.

III. FACCM's Coordinative Technical Group

The Coordinative Technical Group consists of the officially nominated representatives of the

ministers which are members of the Foreign Assistance Coordination Committee of Ministers. The Coordinative Technical Group is responsible for:

- The technical preparation of the contents which would be a part of the Agenda of the Foreign Assistance Coordination Committee of Ministers' sessions.
- The survey of projects from the viewpoint of duplication with similar, already financed projects or announced by different donors;
- Harmonisation of the orientation at an operative and technical level;
- Preparation of proposals for conclusions, recommendations and decisions for the needs of the Foreign Assistance Coordination Committee of Ministers; and
- Monitoring of the realisation of the adopted conclusions, recommendations and decisions of the Foreign Assistance Coordination Committee of Ministers.

Department of Foreign Assistance Coordination within the Sector for European Integration

Operational service of the National Coordinator for Foreign Assistance and the permanent Secretariat of the Foreign Assistance Coordination Committee of Ministers, as well as a contact for transfer of data, information and proposals between donors' initiatives and the needs and priorities of the Government of the Republic of Macedonia which are defined by the Committee of Ministers, and directly connected with the Ministry of Finance. The Department manages the Central Database of the Government of Republic of Macedonia (CDAD).

IV. Ministry of Finance

The Ministry of Finance carries out:

- The obligatory registration and keeping records (contact with the Central Database of the Government of the Republic of Macedonia) of all the scheduled and harmonised projects ready for implementation, prior to their realisation;
- Ensuring complementariness with the budget of the Republic of Macedonia, and implementing procedures relating to import, customs clearance, VAT, etc.
- Monitoring and supervision of the usage of all funds received as assistance for the Republic of Macedonia, and provides implementation of the public procurement procedures established by law.

V. Project implementation

Is done by the ministries, other state institutions, local self-government, non-governmental organisations, and other assistances' beneficiaries who coordinate the project implementation under their competencies.

An inseparable and, at the same time, very important instrument of foreign assistance coordination is the Central Donor Assistance Database (CDAD) of the Government of the Republic of Macedonia. The Central Database of the Government of Republic of Macedonia for foreign assistance enables detailed project analysis, monitoring the project implementation dynamics with a clear overview of the sectors involved with the intervention on bilateral and multilateral basis, through collection of complete and updated data on those activities, and at the same time providing their broad accessibility.

CDAD enables avoiding assistance overlapping, a clearer overview of the assistance allocation priority sectors, and avoiding assistance channelling into non-productive sectors. The database represents a basis for creating policies, reaching decisions, negotiations with the donors and donor's conferences.

Prior to starting the procedures for VAT return and customs exemption, all the projects implemented in the Republic of Macedonia are registered within the Central Database for Foreign Assistance of the Government of Republic of Macedonia.

It should be pointed out that in the recent years, taking into consideration the clearly expressed strategic determination of the Government of Republic of Macedonia for full membership in the

European Union, the trend of intensive donors' activity moves in the direction of assistance in the priorities of the country in the process of European integration. For this purpose, the Government of Republic of Macedonia makes efforts for coordinating foreign assistance through efficient functioning of the National System for Coordination of Foreign Assistance.

The assistance used by the Republic of Macedonia may be reviewed by the type of donors (bilateral, multilateral, international financial institutions) and the types of assistance which a particular department gets from the donors.

The European Union has been the biggest multilateral donor of the Republic of Macedonia since gaining independence. The European Union assistance is implemented through the financial instruments PHARE (national and horizontal, multi-user programmes), OBNOVA and CARDS (national and regional programmes) with the aim to help implementing the priorities in the European integration process. Apart from these, the country has also used macro financial help and budgetary support; the refugee crisis aid; loans from the European Investment Bank; assistance via the rapid reaction mechanism for overcoming the consequences of the internal crisis in 2001. The Republic of Macedonia has for a longer period of time been participating in the European Commission programmes for implementing projects through the TEMPUS and CAFAO offices, and INTERREG A and B. After the Thessalonica Summit in 2003, the European Union has expanded the possibilities for using assistance through participation in the work of the EU Programmes, joining the work of the EU Agencies, using of the Twinning mechanism and TAIEX, the New Neighbourhood Programmes, etc.

The activities of the bilateral donors and the international financial institutions are also of great importance, especially pointing out their role and support in the integrative processes in the Republic of Macedonia, through granting irredeemable assistance and favourable loans.

Being very important for the successful usage of donors' assistance, the assistance programming and implementation are in the focus of the attention of the National Coordinator for Foreign Assistance (NCFA), and the Sector for European Integration - Department for Foreign Assistance Coordination. Here a special emphasis is put on programming and implementation of EU assistance, as well as on the assistance provided by some bilateral donors. Namely, the Deputy President of the Government of Republic of Macedonia for European integration, the National Coordinator for Foreign Assistance, and the Department for Foreign Assistance Coordination, in cooperation with the relevant ministries and the European Commission, coordinates the process of:

- Preparing of strategic documents which are defining the country's priorities which shall be financially supported in mid-term plans, taking into consideration the priorities of the National Strategy for Integration of the Republic of Macedonia in the European Union, the European Partnership Action Plan, as well as the National Programme for Legislation Harmonisation. The last of those documents is the CARDS National Strategic Document 2002-2006, on the basis of which the two Biannual Indicative Programmes 2002-2004 and 2005-2006 respectively, have been prepared.
- The preparation of the CARDS Annual Action Programmes for the period 2002-2006.
- Implementation of the projects of all Annual Action Programmes.

Also, the Deputy President of the Government of the Republic of Macedonia responsible for European integration in the role of a National Coordinator for Foreign Assistance:

- Signs the annual financial agreements on behalf of the Government of the Republic of Macedonia;
- Participates in resolving the problems which occur during the projects implementation.

The line ministries and the other state institutions are not only responsible for the preparation of departmental policies, but also for successful programming and implementation of the projects in partnership with the European Agency for Reconstruction (EAR). More precisely, by a joint initiative of the European Commission and the National Coordinator for Foreign Assistance, representatives of the relevant General Directorates of the European Commission are accomplishing mission in the Republic of Macedonia in which all the ministries are involved. At the same time, the National

Coordinator for Foreign Assistance, taking into consideration the priorities in the strategic documents, starts the negotiations with the European Commission until a list of priorities is agreed upon, which is then approved by the Foreign Assistance Coordination Committee of Ministers and by the Government of the Republic of Macedonia, and later by the relevant entities in the European Commission. The same procedure is carried out throughout the programming at project level in cooperation with EAR. During project implementation, the ministries are following the European Commission rules for the way of implementing projects, carrying out public procurement procedures, preparing reports in certain project stages, and use the results that have followed from the projects.

Finally, the Ministry of Finance provides complementariness with the budget of the Republic of Macedonia and carries out the procedures relating to import, customs clearance, VAT, etc.

At the present moment, a partner in the programming and implementing EU assistance at annual level is the European Agency for Reconstruction. The Republic of Macedonia makes and will be making efforts to overtake the package of projects financed by the European Union in December 2006, before the mandate of the European Agency for Reconstruction expires, and from the beginning of 2007 to ensure a complete participation in the new Instrument for Pre-accession Assistance as a country candidate for EU membership.

The coordination of bilateral donors is accomplished via the National System for Coordination of Foreign Assistance. Considering the national priorities, as well as the interest of the bilateral donors for assistance in a certain sector, lists of potential projects are prepared annually, which are later approved by both parties according to the agreed procedures.

The assistance of the international financial organisations, such as the World Bank, the IMF, the European Bank for Reconstruction and Development, the European Investment Bank, the Development Bank at the Council of Europe, and the International Fund for Agricultural Development, is carried out through cooperation and coordination with the Ministry of Finance. More precisely, the Ministry of Finance participates in the negotiations for granting loans, irredeemable assistance or conclusion of arrangements, while the implementation of assistance from these institutions is carried out through the line ministries.

The regional policy in Republic of Macedonia is in its initial stage of legal and institutional establishment. In the following period there are plans for creating appropriate administrative capacities which, apart from preparing quality projects, will concern themselves with providing national co-financing, will develop capacity for project implementation, and also for monitoring and evaluation.

The coordination at the Government level and between the ministries is a cross cutting issue with the questions 2 and 5 from Chapter 21, section III – Institutional framework and administrative capacity, (see [21 III 2](#) and [21 III 5](#)).

Competence

- Strategies
- Policies
- Priorities
- Programmes

I

B. Organisation/ Organizational structure on foreign assistance coordination
Government of the Republic of Macedonia
President

II

Deputy President of the Government - National coordinator for foreign assistance

Foreign Assistance Coordination Committee of Ministers (FACCM)
 - A Deputy President of the Government of the Republic of Macedonia for coordination of the European integration process and National Coordinator for Foreign Assistance - presiding with the FACCM
 - 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
 - The Minister of Foreign Affairs
 - The Minister of Finance
 - The Minister of Economy
 - The Minister of Education and Science

- Technical Coordination
- Database
- Communication

III

Coordinative Technical Group of FACCM - representatives of the ministers

General Secretariat/Sector for European Integration -Foreign Assistance Coordination Department

Central Donor Assistance Database of the Government of the Republic of Macedonia - CDAD

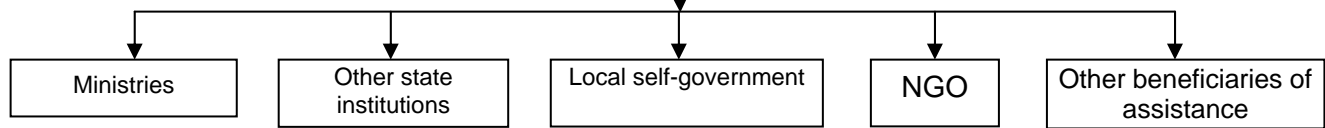
- Registering
- Financial effects
- VAT, customs
- Control

IV

Ministry of Finance

- implementation

V



2. What overall staff levels (also breakdown per organisation if available) are involved in programming and implementation of EU assistance in your country?

The structure of staff involved in the process of programming and implementation of the EU assistance, is the following:

- Vice President of the Government of the Republic of Macedonia in charge of European integration and a National Coordinator for Foreign Assistance (for more details, please refer to question 1, Chapter 21, section III: Institutional framework and administration capacity (see [21_III_01](#))).
- Sector for European Integration - Department for Foreign Assistance Coordination. One of the competencies of the Sector, apart from the overall coordination of the European integration process, is the foreign assistance coordination, i.e. the coordination of programs'/projects' implementation. The total number of employees in the Sector for European Integration is 68 (full-time employed, and part-time employed, via contracts or projects), while in the Department for Foreign Assistance Coordination 9 employees are being engaged (for more detail, please refer to question 13, Chapter 30, section C (see [13_C_13](#))). For the purpose of more efficient foreign assistance coordination, the Sector for European Integration has liaisons with 7 other ministries: the Ministry of Finance, the Ministry of Economy, the Ministry of Local Self-Government, the Ministry of Agriculture, Forestry and Water Economy, the Ministry of Justice, the Ministry of Interior, and the Ministry of Transport and Communications, with the main aim to maintaining regular contacts with the Sector for European Integration, and assisting in efficient monitoring of the Sector projects' implementation.
- A network of liaisons with all the ministries (with the exception of the Ministry of Defence) cooperating with the Sector in data supplying for the Central Database of foreign assistance within the Government of the Republic of Macedonia.
- A network of sectors/departments for European integration at the ministries' level. One of the activities of these sectors and departments is the foreign assistance coordination, i.e. the programming and implementation of EU funded projects. The officers in these departments are to enable realisation of the sector's priorities for European integration through development of actual projects.
- The Ministry of Finance is the authority with certain competencies in the EU assistance programming and implementation, especially in the aspect of aligning the EU funds with the national budget. The Ministry of Finance also regulates the manner and procedures for securing finances for VAT refund, and carries out all the other activities regarding the customs and other import taxes relief, pertaining to the donor's assistance.

The competent ministries, the Sector for European Integration, the European Reconstruction Agency, and the Delegation of the European Commission participate in the work of the Administrative Committees formed within the separate projects. Decisions regarding the implementation of the projects are brought by the Committees, and the reports (the initial, the quarterly and the final) prepared by the consultants engaged for the projects, are also considered and approved there.

All the inefficiencies that have been noticed during the programming and implementation of programs or projects will be corrected in the near future, prior to the complete introduction of the Decentralised Implementation System. Namely, the Sector for European Integration and the Ministry of Finance has started negotiations with the European Agency for Reconstruction in November, 2004, for initiating a project within the Annual Action Program 2005 for re-establishment of the Decentralised Implementation System in the next two years. The project is aimed towards creating a complete functionality of the system by the end of 2006, so the Government of the Republic of Macedonia would be able to provide a complete participation in the implementation of the new Instrument for pre-accession assistance by the start of 2007.

For that purpose, in the next two years, all the ministries and other state institutions which implement projects should form Implementation Agencies and Project Implementation Units sufficiently staffed with trained personnel, which will be able to work independently for the projects' needs, according to the EC procedures. The establishment of the (Sector) Central Unit for Financing EU Funded Programmes and Projects will have great significance, as well as the National Authorised Officer

from the Ministry of Finance, which will implement the financial management of projects, simultaneously providing permanent communication of donor's assistance with the national budget, especially when securing national co-financing is concerned.

3. Has (Is) training been (being) organised for staff in EU assistance programmes?

One of the necessary pre-requisites for efficient work with the EU technical assistance and programs, are well trained professional staff in this field. With the acquiring of the PHARE program beneficiary status in 1996, the Republic of Macedonia has started enhancing the capacities of the civil administration for EU technical assistance management and implementation.

With the intensifying of the European integration process, the need for systematic upgrading of the knowledge and skills of the civil servants directly involved with the European integration process has become emerged.

For that purpose, in 2000, the Government of the Republic of Macedonia has adopted a "*Strategy for EU training of Civil Servants in the process of aligning the Republic of Macedonia with the EU*" as basic framework for defining target training groups and training areas. The realisation of the Strategy, transposed in real operating plans and supported by the budget of the Government of the Republic of Macedonia and the bilateral donors, has started successfully.

One of the priority target groups for training within the Strategy for EU training and the Operational biannual training plans are the civil servants directly involved within the process of coordination of the European integration process and who are at the same time responsible in practice for working with the programming and implementation of the EU assistance.

The Sector for European Integration, being a coordinator of the civil servants' EU training, has organized 33 trainings in the country for a total of 852 participants, from which 90% are civil servants. In the same period, it has provided participation in several EU seminars and summer schools abroad for 22 civil servants.

Apart from the mentioned trainings, provided by the Sector for European Integration, the ministries and the other civil administration bodies have participated in numerous EU trainings through bilateral projects. Since 1996, more than 1.500 civil servants have participated on EU seminars.

The following table lists the trainings carried out with this target group organised by the Sector for European Integration.

Trainings organised by the Sector for European Integration in the Republic of Macedonia for civil servants - coordinators of the European integration process and the work with EU assistance				
1	Type of training	Topic of the training	Time table	Number of participants
2	Seminar	General EU Training	Mart-June (once a week – 15 lectures), Skopje	12
3	Seminar	Stabilisation and Association Agreement – Changes and Challenges in the EU Approximation Process	June 6-7, 2001, Skopje	10
4	Seminar	Introduction to the Stabilisation and Association Agreement and the European Law	December 10-12, 2002, Skopje	23
5	Seminar	Introduction to EU and the Functioning of the European Institutions	December 19-20, 2002, Skopje	23
6	Seminar	General EU and European Integration Training	March 5-7, 2003	24
7	Seminar	The Slovenian Experience with the EU Integration Process	April 2-4, 2003, Skopje	94
8	Seminar	The Experiences of the Central-European Countries with the EU Integration Process and the Use of the Pre-Accession Funds	March 19-20, 2004, Skopje	55
9	Lectures	New Financial Perspective 2007-2013 and the Accessibility of the EU Funds for Social and Economic Development	July 9, 2004, Skopje	54
10	Workshop	New Financial Perspective 2007-2013 and	July 9-10, 2004, Mavrovo	22

		the Accessibility of the EU Funds for Social and Economic Development		
11.	Workshop	Preparing a Manual of EU Funds for Economic and Social Cohesion and the Republic of Macedonia	September 27, 2004, Skopje	24
Participation of civil servants on trainings abroad, provided by the Sector for European Integration.				
	Summer School on EU	EU Training – 8th Intensive Seminar on EU	July 1-21, 2001, European College, Brugge, Belgium	2
	Summer School on EU	Second Summer School on EU for the South-Eastern European Countries	July 6-19, 2002, Blagoevgrad, Republic of Bulgaria	7
	Summer School on EU	Third Summer School on EU for the South-Eastern European Countries	July 6-18, 2003, Blagoevgrad, Republic of Bulgaria	7
	Summer School on EU	Fourth Summer School on EU	July 4-16, 2004, Blagoevgrad, Republic of Bulgaria	2
	Summer School on EU	Intensive Course on EU	June 27 – July 17, Brugge, Belgium	2
	Summer School on EU	Seventh Summer School, Economic and Social Cohesion: the Challenges for the New EU	June 9-23, Limerick, Ireland	1
Total number of participants				362

Intensifying and enhancing the process of EU approximation with gradual opening of new instruments and programmes for support of the European integration process and the preparing of the Republic of Macedonia for membership in the EU, imposes the need for distinctly defined topics of training aiming towards efficient program work.

For that purpose, the Government of the Republic of Macedonia, through the Sector for European Integration being the coordinator and implementer of the EU training Strategy, will envisage and provide implementation of appropriate training in this field with the future training plans, and will train a greater number of civil servants and active participants for the work with the pre-accession programs and assistance.

4. Have the relevant organisations ever prepared human resources or organisational development strategies?

One of the key objectives of the process of public administration reform initialised in 1999 in the Republic of Macedonia is the development and development of professionally competent and efficient public administration.

The reform of the public administration, with the adoption of the Public Administration Reform Strategy, implemented with an Action Plan for public administration reform through adoption of the basic legislative framework (The Law on Civil Servants – Official Gazette of the Republic of Macedonia No. 59/2000, 112/2000, 34/2001, 103/2001, 43/2002, 98/2002, 17/2003, 40/2003, 85/2003, 17/2004, 69/2004; The Law on the Government of the Republic Of Macedonia – Official Gazette of the Republic of Macedonia No. 59/2000, 12/2003; the Law on Organisation and Operation of State Administration Bodies – Official Gazette of the Republic of Macedonia No. 59/2000, 44/2002; the Law on Local Self Government – Official Gazette of the Republic of Macedonia No. 5/2002; and others), and the establishment of an institutional structure for managing and implementing of the reform process (Department for Civil Administration Reform, Civil Servants Agency), has made a significant progress in the efforts for establishing a professional civil service.

The Law on Civil Servants (Official Gazette of the Republic of Macedonia No. 112/2000) regulates the issues relating to training and professional development of civil servants and the development and promotion of human resources within the civil administration, at a general level.

With this law, the Civil Servants Agency was formed as an autonomous government body carrying out professional, administrative and other matters relating to the status, rights, obligations and responsibilities of the civil servants, and has a horizontal competency for creating, implementing and coordinating the human resources management processes.

The Civil Servants Agency, pursuant to this law, has also a prescribed competency to coordinate activities regarding the civil servants' professional development and training (Article 7, Paragraph 2, Item 6), as well as to promote their efficient and effective work (Article 7, Paragraph 2, Item 10).

Chapter III of the Law on Civil Servants - Rights and Obligations of Civil Servants – stipulates that every civil servant has a right and duty for professional development and training in accordance with the needs of the body where they are employed (Article 24, Paragraph 1). The professional development and training of civil servants is implemented on the basis of an annual programme adopted by the body where they are employed, upon a prior opinion given by the Civil Servants Agency (Article 24, Paragraph 2).

The secondary legislation also stipulates the obligation of the civil administration bodies to have relevant organisational units for managing human resources within their organisational framework, which, among other things, shall also care about the preparation of annual training programs for the civil servants in the particular institution, and about their implementation.

In these annual programs, the bodies should precisely establish the needs, areas, themes and types of knowledge and skills which should be improved for all the groups and vocations of civil servants.

The Law on Civil Servants has set the minimal general legal framework for regulating the training and the professional development of civil servants, and represents basis for developing a detailed system for civil servants' training, as well as for defining of a national policy on civil servants' training. For that purpose, in June 2004 the Civil Servants Agency, in close partnership with the other public administration bodies, has started with preparation of a strategic document entitled "The System of Civil Servants' Training in the Republic of Macedonia".

At the moment, consultations about this document have been opened for the implementation of procedures for its verification at the level of a national strategy, between the Agency and the competent entities in the Republic of Macedonia. This means that, in the following period, with its verification as a national strategic document, it will grow into a key and essential instrument in the process of creation of policies for promotion, management and development of human resources in the public administration of the Republic of Macedonia.

The document shall define the national policy on training, establishing the training objectives, its content, the system of coordination of the training activities in the public administration bodies, i.e. the annual training programs relating to establishing the wider strategic objectives. With the establishment of the National System for coordination of the activities for training and professional development of civil servants, the Civil Servants Agency, pursuant to the legal competencies, will start carrying out its coordinative function regarding this issue.

Considering the training coordination competency of the Civil Servants Agency, since its formation it has continually been developing and providing generic training for all civil servants in the Republic of Macedonia.

In the context of strengthening the capacities of the civil servants and successful implementation of the European integration process, the adoption of the Strategy for EU Training of the Civil Servants had an exceptional significance in the process of approachment of the Republic of Macedonia to the EU (Government of the Republic of Macedonia, May 2000), being the starting point for organisation and implementation of training in the area of European matters. The Strategy defines objectives, target groups for training, training areas, methods, manner of funding, managing and coordination of the EU training, evaluation and monitoring of the implemented training.

The implementation of the Strategy on EU Training is carried out through actual Operational Training Plans. Until now, two biannual Operational EU Training Plans have been adopted the first for the period of 2001-2002, and the second for the period of 2003-2004. The Second Operational Plan on EU Training is near the end of implementation. The training activities designed with the plans follow each other, and they are in accordance with the identified needs for EU training of the Macedonian

civil servants, and the priorities of the European integration process. The operational plans determine the civil servants' target groups with priorities for training, as well as the training topics.

The activities implemented within the implementation of the Strategy on EU Training are complementary with the activities of the Civil Servants Agency implemented in the area of civil servants' training as a coordinator of the civil servants' training. For more details about the training implemented within the Operational Plans, please refer to question 3, Section 3, Chapter 21, (see [21 III 3](#)).

5. How is co-ordination between the authorities or bodies at the central level assured (arrangements foreseen for ensuring inter-ministerial co-ordination)?

Pursuant to the Rules of Procedure of the Government of the Republic of Macedonia (Official Gazette of the Republic of Macedonia nos. 38/01; 98/02; 9/03; 47/03; 64/03; and 67/03), the materials that the Ministries and the other state administration bodies are submitting to the Government for consideration, discussion and adoption are previously submitted to the competent, relevant and interested state administration bodies for an opinion. Depending on the nature of the materials they are submitted obligatorily to:

- the Ministry of Finance – all the materials that have fiscal implications, as well as the materials regarding disposition of the state funds and financial operations, or which regulate the financial and material obligations of the country and the municipalities, as well as the regulations that contains financial provisions;
- the Ministry of Justice – the materials regarding matters in the area of state administration and penal policy;
- the Ministry of Defence – the materials relating to defence matters;
- the Ministry of Foreign Affairs – the materials regarding foreign affairs and foreign policy;
- The Ministry of Environment and Physical Planning – the materials regarding environment and physical planning, and
- The Secretariat for Legislation – the proposals for adoption of laws, preliminary draft laws and draft laws, as well as other regulations and acts.

The request for obtaining opinion on the materials, as well as the answers to such requests, are signed by the minister or the state secretary, or the director managing the autonomous state administration body, or a managerial civil servant authorised by them.

The materials on which there is no opinion delivered are not considered at Government or its working bodies' sessions. In the case of urgent matters, the materials may be submitted to the Government without the required opinions, as well as without being previously considered by the General Collegium of State Secretaries. In such a case, the body proposing the material informs the Government about the reasons for not obtaining the opinions. The Government decides whether it shall consider the materials without the opinions delivered by the ministries, the Secretariat for Legislation and the General Collegium of State Secretaries.

The proposals for adoption of laws, preliminary draft laws, draft laws and other materials prepared upon Government's request by a special commission, a scientific or professional institution, or by individual experts and scientists are submitted by the Government for an opinion to the competent ministry and the Secretariat for Legislation. For such regulations, other acts and materials, the General Secretary of the Government provides an opinion from the relevant ministries and other state administration bodies prior to the sessions of the Government's working bodies.

The ministries and other state administration bodies which have received a request to deliver an opinion on the material are obliged to submit their opinions in writing, not later than 10 days after the receipt of the materials. In the case of issues requiring urgent definition of view or urgent decision upon request of the Government, the ministries and other state administration bodies are obliged to submit their opinions within 5 days,.

The ministries and other state administration bodies coordinate and cooperate with the General Secretariat of the Government for the execution of the tasks stemming from the Government Annual Work Programme. With a view to implement the Government Annual Work Programme, the General

Secretariat participates in reviewing the contents of the materials and acts submitted to the Government by the ministries and the other state administration bodies.

In the cases when the ministries and other state administration bodies have different opinions and views on the materials and acts submitted to the Government, for the purpose of resolving such issues, the General Secretariat of the Government cooperates and coordinates with the ministries and other state administration bodies and considers the consequences of such issues on the established policy and their influence on the Government's strategic priorities.

Collegium of State Secretaries

For the purpose of achieving coordination in the preparation of Government's sessions, for examining the degree to which the materials and acts are ready to be considered at the Government sessions and for consideration of their professional aspects, as well as for the implementation of the Government's strategic priorities, a Collegium of State Secretaries was formed.

The Collegium of State Secretaries is chaired by the Secretary General of the Government, and in case of his/her absence, by the Deputy Secretary General. The General Collegium consists of the General Secretary of the Government, the State Secretaries of the ministries, and the Secretary of the Secretariat for Legislation and State Advisors in the Government appointed by the Government's General Secretary. When materials and matters which are within the competence of the autonomous state administrative bodies are discussed, the directors of those bodies participate in the work of the General Collegium. In case of absence of the State Secretary, a civil servant holding a position not lower than a Head of Department may participate in the work of the General Collegium based on prior written authorisation by the Minister.

As a rule, the General Collegium holds its session on a precisely specified day of the week before the date set for the Government or its Committee's sessions.

The materials which are discussed at the sessions of the General Collegium are proposed for the agenda of the second next Government session. As an exception, materials which are put on the agenda of the next Government session may also be discussed if they are of urgent nature and there should be no delay.

The General Collegium reviews whether the materials are in a final form to be proposed for the Government session and discusses their professional aspects and problems, and considers other matters regarding the improvement of the efficiency of the Government's work, and it establishes positions in the form of opinions. The established opinion is further recommended to the relevant ministry or other state administration bodies for inclusion in the text of the regulation, i.e. the material, or, if the matter is urgent, to the competent Government working body.

A list of issues is prepared by the General Secretariat and the State Secretaries to be discussed at the future General Collegium's sessions. At the beginning of every General Collegium session, the state secretaries are informed about the implementation of the conclusions of the previous Government session.

In the case of different opinions of the participants in the General Collegium, the opinion of the majority of the present participants is adopted. The State Secretary is obliged to inform the Minister about the adopted position or opinion. If the competent Minister is not satisfied with the professional opinion, he/she informs the General Secretary of the Government to resolve the disputed issue with the competent Government working body.

When the General Collegium assesses that the material is ready for the Government session, it recommends it for a Government session, on a previously delivered opinion of the competent standing Government working body. The General Collegium may assess and propose certain issues which are in the competence of the Political System Committee to be considered at a session of the Committee for Economic System and Current Economic Policy, or of the Committee for Human

Resources and Sustainable Development, and vice versa, as well as of the other Government working bodies.

Government working bodies

The Government forms working bodies (standing or ad hoc) for discussing and establishing views on issues within the competence of the Government, for delivering opinions and for preparing proposals in order to resolve certain issues.

The last phases of the coordination are the discussion on the materials at a regular Government session.

(See [21 Annex 02](#) and [21 Annex 03](#)).

(For more detailed description of the Government working bodies' competencies and activities and the Government functioning, please see the answer to question 1727, section/subsection/point C: Government and Public Administration; Chapter I: Political criteria (see [I C 05](#)))

(For more detailed description of coordinating EU assistance between the central and regional levels, please see the answer to question 6, section IV, Chapter: 21 (see [21 IV 06](#)))

(For more detailed description of the coordination for more balanced regional development between the central and the regional levels, please see the answers to questions 1 and 3, section II, Chapter: 21 (see [21 II 01](#); [21 II 03](#)))

6. How is co-ordination between the central level and the regional/local level assured?

a) Are there regular co-ordination meetings?

b) Who participates in these meetings?

c) How often are they organised?

a), b) and c)

The National System for Coordination of Foreign Assistance (explained in detail in the answer to question 1, Chapter 21, Section III, Institutional Framework and Administration Capacity (see [21 III 01](#))) envisages a central role of the National Coordinator for Foreign Assistance in the process of coordination of foreign assistance to the Republic of Macedonia. Other ministries are also invited to the regular sessions of the Foreign Assistance Coordination Committee of Ministers (FACCM), which are held monthly or when needed, depending on the topic of discussion. For that purpose, and in accordance with the competencies of the Ministry of Local Self-Government in the coordination of the decentralisation process and in the providing of a balanced regional development, the Minister of Local Self-Government is invited to participate in the work of the FACCM.

The Minister of Local Self-Government holds regular coordination meetings with the Association of the Local Self-Government Units and the Bureau for Economically Underdeveloped Areas (the Bureau's competencies are elaborated in the answer to question 3, Chapter 21, Section II, Legal Framework on Regional Politics (see [21 II 03](#))) where the priorities for the local government development, set out at a central level, and the priorities defined at a local level are being harmonised.

At the time being, the coordination between the national and the local level in the Republic of Macedonia is not being carried out in a regular and structured manner.

During the programmed period of 1996-1999, when there was a component for cross-border cooperation with the Republic of Greece within the PHARE programme, the working group held regular meetings on the cooperation at the programming and project implementation level. Namely, with the aim of enhancement of the cooperation with the Republic of Greece and efficient usage of the European Union Funds intended for that purpose, a working group consisting of government institutions representatives, as well as representatives of the municipalities from the border regions,

was established. This working group met regularly in order to provide a successful implementation of the cross-border cooperation projects.

At the present moment, the coordination between the Government of the Republic of Macedonia and the municipalities is realised on a project level – mainly for projects within the CARDS programme, which provides technical assistance for the municipalities in the European integration process, as well as for the projects relating to the local infrastructure development. It means that the Ministry of Local Self-Government, through the Project Implementation Unit, organises ad-hoc coordination meetings with the representatives of the Association of the Local Self-Government Units and with the representatives of the municipalities in order to monitor the projects' implementation.

Municipalities also, have a significant role in the participation of the Republic of Macedonia in the European Commission's initiatives INTERREG III A, and in the New Neighbourhood Programmes, the latest EC initiative. Namely, for the needs of these programmes, the Government cooperates with the municipalities from the regions bordering Republic of Greece and Republic of Bulgaria in preparing of joint programme documents, whereas the cooperation of the border region municipalities is carried out for the purpose of concrete preparation and joint application for EU funds. Technical level meetings for efficient monitoring of these initiatives are held with participants of the Government of the Republic of Macedonia and of the municipalities, aiming to form common attitudes and appropriate representation of the priorities in front of the partners.

IV. PROGRAMMING (PARTNERSHIP, MONITORING, EVALUATION)

1. Does a National Development Plan/Regional Development Plan(s) exist? If yes, for what period and what are its main features in terms of socio-economic analysis, strategy formulation and objectives, priorities of investment, concrete measures to be taken as well as implementation arrangements?

Since gaining of independence, to the present day, the Republic of Macedonia has pass through a hard and long process of complex economical and political reforms aimed at building of a modern democratic society with a developed market economy system. However, during the transitional period, things did not develop the way we wished for. The Republic of Macedonia has been hit by several external shocks (trade blockades, economic sanctions from neighbouring countries, armed conflicts) which supplemented by certain faults in the implementation of the structural reforms, had their negative impact on the economic development dynamics of the country.

Taking into consideration the non-existence of basic prerequisites for adequate planning of the mid-term and long-term development in this period, the economic policy was focused on the process of providing macroeconomic stability.

For this purpose, a comprehensive Stabilisation Programme has been adopted by the end of 1993, which has been prepared and implemented with technical and financial help by the international financial institutions, first and foremost by the International Monetary Fund and the World Bank. With a strict and successful realisation of this Programme, macroeconomic stability has been quickly achieved, and it is also successfully maintained in this period. The stabilisation and normalisation of the economic trends created initial conditions for appropriate conceptualisation of the country's development in mid and long-term.

In 1997, on request of the Government of the Republic of Macedonia, the Macedonian Academy of Sciences and Arts (MASA), with the support of UNDP and the Vienna Institute for Comparative Economic Studies, has prepared and published a National Strategy on the Economic Development of the Republic of Macedonia by 2010, with a special accent on the development of certain areas until 2020. This document contained a long-term vision and global strategic guidelines for achievement of efficient and sustainable development of the country.

Bearing in mind the global character of the Strategy, the need for preparation of a document for a more complex elaboration of the mid-term development, i.e., the period up to the year 2003 emerged. Considering all this, the Government prepared and adopted a mid-term development document named: *Framework Programme for Economic Development and Reforms – Macedonia 2003* (Official Gazette of the Republic of Macedonia No. 49/2000). Together with the Programme, a Summary of Measures and Activities for the Realisation of the Programme has been prepared, with specific tasks and holders, and the dynamics of their realisation.

The Programme contains two basic parts elaborating the macroeconomic policies and the reforms, as well as two annexes containing the matrix of measures and activities with established deadlines per holders, as well as the macroeconomic indicators for the period referred to, in the document. At the same time, a special accent is put on the reform processes in all areas and at all levels. However, considering that immediately after the adoption of this document, or, more precisely, in 2001, the political and security conditions in the country deteriorated, the prerequisites on which the document was founded have changed significantly. Nevertheless, in spite of the short-term slowing down of the reforms, the Government of the Republic of Macedonia continued with a decisive implementation of the planned activities in the area of reforms.

The Government of the Republic of Macedonia has begun with the preparation of the Sustainable Development Strategy of the Republic of Macedonia, with a timeframe for adoption of this document by the end of the year 2005. The preparation of the Report on the Millennium Development Goals for the period to 2015 is also in the final stage, which, among other things, encompasses the areas of poverty reduction and human development, being especially relevant and important for the development of the Republic of Macedonia. Apart from this, the Government of the Republic of Macedonia has instructed the Ministry of Finance to prepare a Programme of the Social and Economical Development of the Republic of Macedonia for the period of 2005-2015.

The Government has also prepared a National Strategy for the Integration of the Republic of Macedonia in the European Union as a document in which the basic goals, the guidelines and the priorities in the process of acquiring membership in the Union have been set, defining the basic conceptual framework and the priorities in the accession process. The Strategy intends to define the specific approach of the Republic of Macedonia towards its integration, in accordance with the circumstances and the conditions for functioning of this process. The Strategy is a document covering three timeframes: firstly, a summary of the current situation in the country regarding the implementation of certain elements of the EU legislation and the adoption of the regular practices implemented in the EU is elaborated; secondly, the obligations taken with the Stabilisation and Association Agreement (SAA) are listed, at the same time describing the manner in which the Republic of Macedonia plans to fulfil them and the manner in which they will actually contribute to the realisation of the goals for complete integration of the Republic of Macedonia in the political and economic life of Europe; and thirdly, the perspective of accession to EU is described, which will mean not only aligning and implementation of policies in a much broader environment than the one defined by the SAA, but also transformation of some of the existing elements in the SAA into a much deeper form of integration.

All these documents will represent a starting point for elaboration of the National Development Plan, which will unite the established development policies, priorities and goals per certain sectors and regions. At the same time, the preparation of this document will also mean taking over a large number of activities, including these:

- Informing the public and promotional activities for creating interest and providing inclusion of all the relevant participants;
- Acquainting the participants with the guidelines and the manner of preparation of the Development Plan in accordance with the European Commission criteria;
- Establishing a consistent legal framework for providing appropriate planning and implementation of the development measures;
- Enhancing the participants' capacity with the purpose of appropriate implementation of the programme;

Incorporating certain regional and sector development programmes;
Establishing of partner relationships through inclusion of a wide circle of interested subjects (non-governmental organisations, social and economic partners);
Establishing institutional and financial structure for the implementation of the National Development Plan;
Providing alignment between the National Development Plan and the EU recommendations.

On the basis of the National Development Programme, Regional Development Programmes shall be prepared,
(See [21 Annex 01](#); [21 Annex 02](#) and [21 Annex 03](#)).

2. If no, do you envisage preparing such a plan(s) and for what period? What is the timetable for the preparation of the National Development Plan?

It is expected that by the end of the year 2005 the preparation of the draft document, incorporating the relevant regional policies, will be completed. The preparation of the operational plans for implementation of the National Development Plan, i.e. the elaboration of the regional and sector projects, is planned to be carried out in the course of 2007.

This document will determine the holders and the time-frames for preparation, while appropriate technical and financial aid shall be requested for its preparation.

The main objectives to be achieved through the appropriate implementation of the development programme measures and activities are the following:

- Defining of criteria for measurement of the development level of different areas ;
- Development of draft regional development plans;
- Provision of financial resources for implementation and functioning of the regional policy;
- Introduction of instruments for support of the development;
- Human resources development. Need for staff for a) central government bodies, and b) regional bodies;
- Provision of consistency between the legislation of public procurement, competition, government assistance, environment, and financial control.
- Creating conditions for speeding up the economic growth, and resolving the problem of high unemployment rate;
- Creating an open, civil, knowledge-based society, personal initiative and responsibility.
- Providing a continuity of a legal, socially oriented and politically stable country.

3. Is there a linkage between the National Development Plan and the process of national investment and budget planning and, if yes, how is it ensured?

In the absence of a National Development Plan, the linkage between the national investment and budget planning is provided via the Fiscal Strategy, which is a separate triennial document brought by the Government of the Republic of Macedonia. This document contains the macroeconomic policies and the mid-term projection of the macroeconomic indicators, as well as the planned mid-term budget frame.

Apart from this, the fiscal strategy includes the expenditures of the prioritised initiatives established by the Government of the Republic of Macedonia, depending on the available funds for financing and the predicted budget balance.

With regard to the implementation of development strategies, all the budget beneficiaries participating in the carrying out of the programme (this also includes all the other budget beneficiaries), are obliged to submit their plans for the next budget year to the Ministry of Finance the latest by the middle of July of the current year. In relation to the suggestions, until the beginning of November consultations and negotiations between the submitters of the plans and the Ministry of

Finance are held, because the Ministry is obliged to submit a Draft Budget for the next year to the Government of the Republic of Macedonia latest by 15th of November. After the adoption of this document by the Government, it is forwarded to pass the regular parliamentary procedure.

With the preparation of the National Development Plan (as a basic document for national investment planning) and of the budget of the Republic of Macedonia, the linkage between these two processes will be clearly defined. This document will also clearly define and delimit the institutional and financial structures needed for appropriate implementation of the development plan. Taking into consideration the need of providing financial resources by the state (co-financing), and bearing in mind that the regional policy is governed by *the principle of additionality*, special attention will be paid to the process of enhancement of the institutional capacity regarding the ability for obtaining the financial resources and their timely use.

4. Which authority(ies) or body(ies) will be responsible for (or involved in) the preparation of the National Development Plan?

Bearing in mind that this is an exceptionally complex document which should incorporate the development strategies of all the sectors and should include all the development goals, measures and actual activities for intensifying the economic growth and the approximation of the Republic of Macedonia to the European Union standards, establishment of a special inter-ministerial body in charge of coordination of the preparations and preparing of the plan will be necessary. Apart from the government institutions, other participants will also be actively involved in the preparation of the development plan, primarily experts and scientists as well as representatives of the non-governmental organisations. The National Development Plan provisions' implementation control will be carried out through the structures within the Government of the Republic of Macedonia.

The preparation of the National Development Plan will be coordinated by the Government via the central services, and will also include the Ministry of Finance, the Ministry of Local Self Government, the Ministry of Economy, the Ministry of Labour and Social Politics, the Ministry of Agriculture, Forestry and Water Economy, and the Ministry of Environment and Physical Planning. Other competent institutions will also participate in the process, as needed. The Association of the Local Self Government Units, the Chamber of Commerce, and the Regional Centres for Support of Small and Medium Sized Enterprises will also have a role in the preparations.

5. Which are the procedures in place or foreseen for preparing the National Development Plan and for ensuring inter-ministerial co-ordination as well as a wide and effective association of all the relevant partners (regional and local authorities, economic and social partners etc.)?

Pursuant to the Information on the legal and institutional framework for balanced regional development with a proposed Action plan, appropriate measures for preparation and coordination of the National Development Plan will be established.

Enhancing of the appropriate structures for inter-ministerial coordination will be necessary for the preparation of the National Development Plan, as well as finding appropriate forms of cooperation with the non-governmental sector via inclusion of a widest possible circle of interested parties. The process of preparation of this plan will also necessitate preparing of a special document supporting the whole process which will also include definitions of the institutional, legislative and financial structures for the implementation of the National Development Plan. Establishing of adequate working groups consisting of different experts in charge of specifically defined areas will be an integral part of the process, as well as forming of a Consultative body consisting of eminent experts in charge of the professional evaluation of different programmes.

The participation and consulting with all the relevant partners (the local self-government, the economy and social committees, the Assembly, the Unions, the Chamber of Commerce, and others) will be provided as well, while the participation of the local self-government will be realised through the alignment of the National Development Plan with the local development plans. (see [21 Annex 05](#))

6. How will it be ensured that the basic principles of programming (decision-making on the basis of objective criteria) will be respected?

As already mentioned in the answer to the previous question, the planning in the Republic of Macedonia is neither systematically, nor institutionally regulated. Therefore, the basic programming principles will be defined with the special document brought as support to the whole process, and which will also incorporate the objective decision-making measures. Nevertheless, for the purpose of keeping the consistency in the decision-making process, the permanent building-up of appropriate measures and criteria, the building of social awareness, as well as the inclusion of a wide circle of relevant participants assisting in the comprehensive situation analysis as a basis for objective decision-making about the most important goals will be most necessary.

According to the EU-Draft General Regulation on Structural Funds and Cohesion Fund all the programming principles will be taken in the consideration in the future.

7. Is an independent evaluation of the National Development Plan foreseen?

One of the basic postulates which will be the foundation for creation of the National Development Plan is certainly the respect of the transparency principle in all phases of the process. Therefore, the Government of the Republic of Macedonia will foresee an obligatory independent evaluation of the development plan. Bearing in mind that, in accordance with the European procedures, appropriate technical assistance will be requested for the preparation of the National Development Plan, signing of special contracts with independent consulting firms for performing an independent evaluation of all the necessary documents is foreseen.

8. Are there entities with sufficient experience and capacity to perform independent evaluations of public investment programs? Do they have experienced experts?

There are independent institutes and other agencies in the Republic of Macedonia, as well as entities in the private sector with available experienced experts and technical equipment for performing independent evaluation of the public investment programmes. Similar experiences for the evaluation of the public investment programmes have been used in several occasions by now, i.e. international consulting firms have been consulted.

It is evident that the introduction of the new regional policy aligned with the European practice will create the need for enhancing the capacities of the independent bodies for evaluation of public investments programmes.

9. Is there a monitoring and evaluation system in place in your country to monitor the implementation of programs/projects which are co-financed by the EU? If this is the case, please describe this system (actors involved, allocation of tasks, key data/indicators, collection and transfer of data etc.).

The system of monitoring and evaluation in the Republic of Macedonia is not completely developed, but nevertheless, the programs/projects financed by the European Union are monitored via the following government entities:

- The **Government of the Republic of Macedonia** is informed about the status of the implementation of the programmes/projects on its regular sessions at least twice a year by the Department for Foreign Assistance Coordination within the Sector for European Integration. At the same time, the relevant ministries are informing the Government about the progress of the implementation of projects that are in their competence.
- The **Foreign Assistance Coordination Committee of Ministers (FACCM)** and the **Coordinative Technical Group of FACCM** monitor the implementation of projects, since it is a part of their competencies.
- The primary role of the **Working Committee for European Integration** (presided by the Deputy President of the Government of the Republic of Macedonia in charge of the European integration issues and the National Foreign Assistance Coordinator, and consisting of the state secretaries of all the ministries) is monitoring of the European integration process, and

projects, since they are inseparable entity, and aid in the implementation of the defined European integration priorities.

- **Administrative committees**, which are formed at a project level.

In the period of implementation of the PHARE programme, the Sector for European Integration – Department for Foreign Assistance Coordination regularly organised plenary meetings with participation of all the ministries which implement projects on one side, and the representatives of the European Commission on the other. The experience has shown that those meetings are extraordinarily significant, when discussion of open issues of certain projects is concerned, as well as for passing of certain conclusions on future activities for overcoming the defined problems.

Since the year 2002, when the mandate of the European Agency for Reconstruction has been extended in the Republic of Macedonia, the monitoring and evaluation of the projects is done under EAR supervision.

Regular monitoring of the projects co-financed by the European Union has also been carried out on the meetings of the Council for Cooperation and the appropriate working groups conclusively with the year 2003. The same practice was also kept when the Stabilisation and Association Agreement entered into force, and with the start of the activities of the Committee for Stabilisation and Association and the appropriate subcommittees formed within its frames.

After the several years' efforts for re-introducing the decentralised system for implementation of EU assistance, the Government of the Republic of Macedonia started to build the capacities of separate ministries for involvement of the process of monitoring as a tool for evaluating the degree of achievement of the project's goals. In the past years, there was a necessity for every project's fiche to incorporate objective, measurable and attainable indicators of achievement, with the financial and physical inputs, activities, results, goals and implementation schedule in mind. The lessons learned from the EU programmes implementation point out the weaknesses in the management of projects with unclear goals, implementation of immature projects, an insufficient absorbing capacity of the end users, as well as lack of flexibility during the implementation. All that led to the need of implementing monitoring as a system for early warning, and certainly a great help for re-orientation of the programmes (re-allocation of funds, schedule revision) when is necessary in the design of new programmes/projects.

In the future, monitoring of programmes/projects is planned to be developed in a more organised manner with a formation of sector monitoring subcommittees which would meet two times a year, and one common monitoring committee which would meet once a year. The monitoring at programme level would be carried out by the relevant ministries, while the administrative committees would monitor at project level, like in the current practice. The preparation of monitoring reports will be aimed towards preparing the sector subcommittees' meetings, and towards the common monitoring committee meeting, during which the progress in the programme implementation will be discussed, problems will be identified, as well as certain solutions proposed through different recommendations and deadlines. The National Foreign Assistance Coordinator and the Department for Foreign Assistance Coordination, being the coordinator in the monitoring process, will have the key role in the monitoring mechanism.

The evaluation of the influence of CARDS programmes/projects regarding their goals was always in the hands of the European Union, i.e. the ex-ante, mid-term and ex-post evaluation is done through external teams engaged by the European Commission and, lately, by the EAR. Although the evaluation teams are engaged by EAR, it will be of great importance if the project evaluation reports (with grades of "very satisfactory", "satisfactory" and "unsatisfactory") are widely disseminated, so that they could be taken in consideration for:

- Designing of future programmes;
- Providing first evaluation of implementation, regarding the enhancement of the programme's efficiency and the quality of the delivering mechanisms;
- Informing about the real use of resources, influence, efficiency and effectiveness, as well as for learning lessons for future interventions.

10. Which are the sectoral priorities in terms of national public or equivalent structural expenditure (covering areas such as basic infrastructure, human resources, productive environment etc.)? Please provide a detailed breakdown.

In the last period, the Republic of Macedonia had defined several priorities in the development documents, among which especially significant were: increasement of export; productive engagement of the workforce; restructuring of the national economy in accordance with the market criteria; construction of infrastructural objects according to the needs of the economy and the population, and other sector priorities. Defining the priorities did not mean abandoning the market principles, but it was founded on the criteria and procedures applied in countries with developed market economy.

Nevertheless, in the past few years, the main priority of the Government development programmes was resolving the high unemployment problem most of all (employment increase), and in connection to it, the reduction of poverty. For that purpose, the employment policy will be aimed to establish mechanisms for urgent end of the unemployment raising and restoring the disrupted functions of the workforce market. Basic elements of the employment policy will be active incentive measures for investment and employment, the reforms of the workforce market, and the creating of a greater flexibility and competitiveness climate. In order to succeed, the Government of the Republic of Macedonia has also prepared a National Employment Action Plan 2004-2005, in accordance with the Government employment strategy, the principles of the employment policy of the European Union, and the guidelines of the European Council.

Taking into account that the realisation of these goals is directly linked with the intensity of economic growth, the main priority of the Government policy in the following period will be creating of the conditions for intensifying the Macedonian economy growth rates.

In order to achieve this, a development strategy is needed, based on policies which in accordance with the empirical results will show positive correlation with the growth:

- Maintaining low and stable inflation;
- Public expenditures control;
- Wide openness of the country;
- Development of the human factor; and
- Pursuing a policy of balanced regional development.

Thereby, it is of great importance that these policies do not disturb the revenue distribution, which will allow consumption of the benefits of the economic growth by the poorer population, also.

Accordingly, priority goals in a short-term projection period are the following:

- Increasing the investment activity;
- Increasing the domestic savings;
- Intensifying the structural reforms;
- Creating conditions for development of a competitive private sector;
- Upgrading the institutional frame for functioning of the market economy in accordance with the EU defined criteria.

Apart from this, taking into consideration the high openness of the Republic of Macedonia towards the world economy, one of the priorities in the following period will be providing of conditions for greater alignment of ratios in the trade and the payments balance. Although the deficit in the current account in the last year was very low and amounted to 3.3% of the GDP (most of all as a result of the high amount of private transfers), in 2004 its level increased again, thereon in accordance with the projections until the end of the year, it will not exceed 6% of the GDP. The consistent and coordinated implementation of the short-term activities, the export incentive measures and the decrease of the trade deficit will be the basis of the economic and development policies (of course, in coordination with the monetary policy), and it should lead to decreasing of the deficit in the current account to the level of 5.5% of the GDP in 2005.

Because of limited domestic resources, a priority in the following period would also be attracting of foreign direct investments. The investments as one of the driving forces of the entire development, the adoption of world's market quality and standards, and, above all, the creation of new jobs, have a prominent place in the economic policy measures. In this line, the policies of the Government of the

Republic of Macedonia will be founded on 4 basic principles:

- National treatment of foreign investors;
- Rule of law and complete protection of the property rights of the foreign investors;
- Stable and consistent legislation, i.e. an attractive business ambience, with larger relieves for the new investments; and
- Adequate and transparent functioning of all institutions of the system.

The Ministry of Economy, with the support of foreign donors and on the basis of successful examples and practices, has also provided an institutional form for support and assistance of foreign investors via establishing off an Agency for Foreign Investments (it should start functioning in 2005) as a independent, highly professional and competent institution with the task not only to attract foreign investors, but also to monitor and continuous support, even in the period after the beginning of projects, i.e. the period after the actual investments.

Except the direct foreign investments, great attention will also be paid to the public investments in the country. For that purpose, the Government of the Republic of Macedonia has adopted a Programme for Public Investments in the Republic of Macedonia 2004-2006, which defines the mid-term investment strategy in the public sector, considering the state and the needs of infrastructural objects, as well as the opportunities for financing from domestic sources, international financial institutions and donors. This Programme includes projects having an important role in the development of the energy, transport, water management, irrigation, environment, and the non-economic activities sectors.

In the following period, the necessity of greater adaptability of workers and enterprises to the dynamic changes in the world economy and the aligning to the "knowledge based economy" is also a priority. For that purpose, the necessary update of the legal framework will be done towards ensuring of larger flexibility for active enhancement of new and "non-typical" forms of working arrangements, flexible arrangements of working hours and for improving the career advancement opportunities. Starting from the significance of the educated workforce as an important segment for improving the business climate, the Government of the Republic of Macedonia will intensify the process of improving the quality and efficiency of the education and training system, by putting the emphasis on the promotion of the professional education and the lifelong learning.

Having in consideration the significant needs of the public sector, the Government of the Republic of Macedonia pays special attention to the rational use and channelling of the funds intended for investments in the public infrastructure through the mid-term Programme of Public Investments as an instrument for planning in continuity. The Programme encompasses investment projects in compliance with the priority needs in the energy, transport, water management, irrigation, ecology and non-economic activities sectors evaluated as having a significant contribution in the country's development.

The temporal scope of the Programme is triennial, whereby the first year is always a budgetary (current) year, and the estimated, i.e. planned needs (expenditures) are included in the two subsequent years. The programme is prepared annually, considering the fact that the implemented changes have to be documented, not only for the realised part of the public investments, but also for the planned activities.

The current Programme for Public Investments is for the period 2004-2006.

Summary of investments in the public sector for the period 2004-2006				In EUR million
Sector	2004	2005	2006	Total
Total	270,04	300,80	258,94	829,78*
Energy	63,43	44,75	36,22	144,40
Transport	94,64	98,68	92,71	286,03
Water management	18,33	26,17	22,85	67,35
Utilities and Housing	36,31	41,85	13,71	91,87
Environment	11,60	13,73	13,24	38,57
Other economy sectors	5,03	5,06	5,09	15,18
Education and Science	8,39	34,95	34,46	77,80
Health	3,26	1,93	1,93	7,12
Non-economy sectors	29,05	33,68	38,73	101,46

* Data taken from the Programme for Public Investments in the Republic of Macedonia 2004 – 2006

The Programme for the period 2005-2007 should be prepared in the next period. The Programme, apart from the capital investment funds from the Budget of the Republic of Macedonia, includes the funds secured by the international community, the European Union, the bilateral donors, as well as the funds secured by foreign direct investments, joint investments and concessions. (See [21 Annex 04](#)).

V. FINANCIAL AND BUDGETARY MANAGEMENT

1. How will national co-financing in the framework of EU assistance be secured? Please describe the provisions in place, and envisaged.

National co-financing, within foreign assistance is and will be secured with the Budget of the Republic of Macedonia and the budgets of the local self-government units (LSU), in accordance with the Law on Budgets ("Official Gazette of the Republic of Macedonia" No. 79/93, 03/94, 71/96, 46/00, 11/01, 93/01, 46/02, 24/03 and 85/03) i.e. in accordance with the Law on Budgets Execution for separate Years ("Official Gazette of the Republic of Macedonia" No. 85/03) and the decisions for execution of the budgets of the LSGU's.

To secure national co-financing on time, it is necessary to make appropriate projections for the funds needed during the filling of the budget circular for the next year.

Apart from this, the new Law on Budgets, now being in the preparation phase, will enable transfer of assets allocated for co-financing in a period of three years, and there will also be a provision for transfer between different programmes as needed.

2. Are financial resources for future co-financing of EU programs and projects available (based on realistic economic forecasts)? If, yes, please specify.

The financial resources for co-financing of the EU programmes and projects are defined with the appropriate signed legislation. They are the basis for planning the yearly amount of these resources in the annual Budget of the Republic of Macedonia. It means that if the Government of the Republic of Macedonia signs an act providing co-financing, the budgetary participation in the realisation of that act shall be an obligation which every institution that is a beneficiary of those resources, registers in its proposed budget calculation. The Ministry of Finance plans this obligation in the annual Budget. The projects financed by the European Union, and co-financed with the budget are: the construction of highway E-75; the reconstruction of the Blace border crossing; the development of infrastructure in the local self government units (first phase); and a total of MKD 20.0 million in 2005 for co-financing

of our participation in the Communities' Programme, as well as MKD 8.0 million for co-financing of the agreed projects within the New Neighbourhood Policy (with Bulgaria and Greece).

So far there are no funds planned or available for long-term co-financing of other programmes and projects. However, with the passing of the new Law on Budgets, which is in the preparation phase, these projections about the foreseen funds for co-financing EU programmes and projects will be determined for triennial period.

3. Which are the regional and local, economic and social or other partners from whom national co-financing is expected? How will this national co-financing be secured?

The national co-financing, within foreign assistance, is provided within the Budget of the Republic of Macedonia, the budgets of the local self-government units, as well as with the financial plans of the public enterprises. There is no legal or other limitation for inclusion of other economic or social partners in the entire national co-financing within foreign assistance. This means that if there is an interest or need, other entities might also participate, such as the Trade Unions, private companies, non-governmental organisations, and others.

Pursuant to the Information on the Legal and Institutional Framework for balanced Regional Development with a Draft Action Plan adopted by the Government of the Republic of Macedonia on 1st of November 2004, the establishment of adequate institutions for Regional Development is planned. These potential institutions will be in charge of planning and implementation of a balanced regional development, lead from central and regional level.

The representatives from the local self-government units (LSGU) of the respective region, from NGOs, and from other interested social partners will be part of these institutions. Consequently, it will be possible for the projections of these regional centres (a total of 8, according to the nomenclature of territorial units for statistics of the Republic of Macedonia), as well as for the projections of the separate local self-government units, to be registered for the resources needed for provision of national co-financing. Certainly, the (Sector) Central Unit for Financing EU Funded Programmes and Projects the administrative bodies of the local self-government units, and the Institutions for regional development shall define the goals, the conditions for use and way of presentation and documentation of the planned revenues according to resources, as well as the budget expenditures according to purposes, for financing of their own activities.

(See [21 Annex 05](#)) - Resume - Concept on the Legal and Institutional Framework for balanced Regional Development.

4. Which authority or body has overall responsibility for giving guidance or instructions on financial management?

A separate (Sector) Central Unit for Financing EU Funded Programmes and Projects, within the Ministry of Finance, will have the main responsibility for giving guidance or instructions on financial management in the Republic of Macedonia, according to the new Law on Budgets, and it will carry out the functions of a Central Financing and Contracting Unit. The Sector will manage the EU funds in accordance with the provisions and regulations of the European Commission, and will be authorised and responsible for the projects, from the preparation of the tender to the conclusion of the contract, payment and reporting. For every signed financial agreement with the European Commission, the Central Financing and Contracting Unit will open a separate bank account.

5. Which are the provisions in place concerning the mobilisation and circulation of financial flows in the framework of EU assistance?

The provisions in force concerning the mobilisation and circulation of financial flows in the framework of EU assistance are the following:

- The Constitution of the Republic of Macedonia;

- The Law on Concluding, Ratification and Enforcement of International Agreements (“Official Gazette of the Republic of Macedonia” No. 05/98);
- The Law on Ratification of the Stabilisation and Association Agreement between the Republic of Macedonia and the European Communities and their Member States (“Official Gazette of the Republic of Macedonia” No. 28/01);
- The Law on Budgets (“Official Gazette of the Republic of Macedonia” No. 79/93, 03/94, 71/96, 46/00, 11/01, 93/01, 46/02, 24/03 and 85/03);
- The Law on Budgets Execution for separate Years (“Official Gazette of the Republic of Macedonia” No. 85/03);
- The Law on the Government of the Republic of Macedonia (“Official Gazette of the Republic of Macedonia” No. 59/00; 26/01 and 12/03)
- The Law on Public Procurement (“Official Gazette of the Republic of Macedonia” No. 19/04)
- The Law on Internal Audit in the Public Sector (“Official Gazette of the Republic of Macedonia” No. 69/04)
- The Law on Budgets and Budget Users Accounting (“Official Gazette of the Republic of Macedonia” No. 61/02 and 98/02)
- The Law on State Audit (“Official Gazette of the Republic of Macedonia” No. 65/97; 31/03 and 19/04)
- As well as numerous bylaws, relevant decisions, rulebooks and instructions by the National Bank of the Republic of Macedonia, the Government of the Republic of Macedonia and the Ministry of Finance for current and long-term requirements for regulating certain issues (Decision of the Government of the Republic of Macedonia on the Financial Agreement for the Annual Action Plan for the CARDS Programme, etc.)

In the next period the provisions concerning the mobilisation and circulation of financial flows will be harmonised with the Council Regulation No 1260/1999 and the Draft General Regulation.

6. Which are the authorities or bodies through which financial flows pass (audit trail)? Please indicate which functions these authorities or bodies have.

Financial flows are registered and are passing through the temporary foreign currency accounts of the National Bank of the Republic of Macedonia (NBRM), the earmarked foreign currency and denar accounts opened by the Ministry of Finance, or with the approval of the Ministry of Finance for opening accounts from other budget institutions within the NBRM, except for EU funds; budget accounting at separate accounting departments of the budget institutions which are beneficiaries of foreign assistance; and the accounting departments of the project units in charge of the foreign assistance implementation. They have obligation to prepare separate closing accounts and to submit them to the Central Register of the Republic of Macedonia, which keeps the single account register. The budget institutions are obliged to make closing accounts, which are submitted to the Ministry of Finance to be later incorporated in the Annual Statement of the Budget of the Republic of Macedonia, which is adopted by the Government and the Assembly of the Republic of Macedonia. Moreover, at a request by the foreign donors, the project units are obliged to contract an independent auditor for preparing of an annual audit report, which is then forwarded to the foreign donor. Also, upon the donor’s request the project units are obliged to submit periodical reports on the activities’ progress during the foreign assistance implementation.

In the next period the system of audit trail in the Republic of Macedonia will be harmonised with Commission Regulation No 438/2001.

The Minister of Finance, when a need arises, may instruct the Sector for Central Internal Audit to carry out an audit and to prepare an audit report on the implementation of separate programmes and projects. The State Audit Office (SAO), on the basis of the annual action plan, submits a report on the audits performed in the course of the current year, to the Assembly of the Republic of Macedonia, which is later published on the SAO web-site.

In the period 2000-2002 a Central Finance and Contracting Unit by EU-funded projects within the Ministry of Finance was operating, in which frames the implementation of the projects through a decentralised system for EU technical assistance was implemented. With the expanding of the European Agency for Reconstruction (EAR) mandate, for the territory of the Republic of Macedonia, the competence of this unit was transferred to the EAR, and the unit was dissolved.

The Republic of Macedonia will establish a (Sector) Central Unit for Financing EU Funded Programmes and Projects as a body within the Ministry of Finance, and it should be established in no longer than two years. This Unit will manage the EU funds in accordance with the rules governing the using of EU funds, prepare tenders and contracts, and will carry out payments from a separate account for every donation.

Programme Managers will be appointed at the state administration bodies that are decentralised projects' beneficiaries, which will be responsible for the technical implementation of the projects. The obligations and responsibilities of the person in charge of approving the programmes in the Central Unit and the Programme Managers at all the decentralised projects shall be regulated by signing of an agreement. With the decentralised way of implementation of the programmes, the Programme Manager is responsible to a respective person for approval of the programme for the successful technical implementation of the project, whereas the Central Unit will be responsible for the tender procedures, the accounting, reporting, monitoring and managing of the EU funds.

7. In particular, which authorities or bodies would be responsible for verifying the implementation of operations, and for certifying the regularity of expenditure to the Commission?

At the moment, the competencies related to this question are carried out by the European Agency for Reconstruction, whereas in the future the following entities will be responsible for verifying the implementation of operations, and for certifying the regularity of expenditure to the European Commission: (Sector) Central Unit for Financing EU Funded Programmes and Projects, within the Ministry of Finance, which will establish direct communication with the Budgets and Funds Department and the Treasury Department, as well as with the institutions responsible for implementation of the programmes. The verification of the implemented activities can be also made by the Central Internal Audit Department within the Ministry of Finance and the State Audit Office. In addition, for every separate programme/project, an independent auditing company will be contracted, and their annual reports will be submitted to the Commission.

8. If applicable, please indicate which functions are delegated to other bodies to be identified.

At the moment, no functions are delegated to other bodies, but for the purpose of successful implementation of the EU funded projects, the functions for procurement and contracting will be delegated to the (Sector) Central Unit for Financing EU Funded Programmes and Projects, with a previously arranged consistency and coordination with the Budgets and Funds Department, the Treasury Department, and the Public Procurement Bureau. At the same time, the competencies of the Central Internal Audit Department and the State Audit Office will have to be expanded in terms of control over the usage of EU funds. Separate functions will be delegated after the inclusion in the pre-accession programmes, i.e. the new instruments (IPA) and the other European Union regional funds.

9. If applicable, please specify how the concept of adequate separation of functions is respected in the internal implementation structure.

At the moment, the separation of functions within the internal implementation structure is carried out by appointing of the:

- National Coordinator for Assistance (vice-president of the Government) – in charge of EU matters and programming in the recipient country, ensuring the stabilisation and association process, the usage of the European Union financial assistance, as well as of monitoring and evaluation of the decentralised European Union programmes.

- Head of the Sector for European Integration, whereby the Sector for European Integration within the Government of the Republic of Macedonia has an operative and technical function for negotiating and coordinating of all EU assistance.
- The implementation is carried out through EAR and the competent entity in charge of the relevant programme, whereas the International Finance Department within the Ministry of Finance is partially involved in these activities.

In the future:

- National Coordinator for Assistance (vice-president of the Government) – in charge of EU matters and programming in the recipient country, ensuring the stabilisation and association process, the usage of the European Union financial assistance, as well as of monitoring and evaluation of the decentralised European Union programmes.
- Person in charge of approving programmes (at the moment, this function is carried out by the Head of the Sector for European Integration) – responsible for the implementation of all, or separate parts of the programmes, which are managed within the decentralised implementation system.
- The Head of the (Sector) Central Unit for Financing EU Funded Programmes and Projects (which should take over the EAR functions by 2006) in charge of the functioning, i.e. the financial management of the decentralised projects, as well as of financial and administrative project management, in accordance with the EU laws on procurement, decrees and procedures.
- Programme Manager – a responsible person at the line ministries and agencies, in charge of the technical implementation of the projects.

10. Are the authorities or bodies mentioned above subject to internal audit/control?

The internal audit/control of the EAR operational mission is within direct competence of the European Commission.

In the future, the internal audit control of the Central Unit for Financing EU Funded Programmes and Projects will be carried out by the Internal Audit Department at the Ministry of Finance, while the audit of the decentralised units will be carried out by the internal audit departments at the entities to which they belong.

The functioning of the internal audit units is elaborated in the answer under Chapter (see [28](#)).

11. If applicable, which is the location of these internal control/audit units? Are these units functionally independent? How is this guaranteed?

In accordance with the Law on Internal Audit in the Public Sector (“Official Gazette of the Republic of Macedonia” No. 69/04), the internal audit units are organisationally and functionally independent, and they are obliged to assess the budget beneficiaries’ performance objectively, to draw attention to the possible irregularities and inconsistencies with the legislation, and to propose measures for their removal. With the Articles 13, 14 and 15 of the above-mentioned Law, the organisational and functional independence of the internal audit units is ensured, and it is stipulated that the internal audit units are directly responsible to the head of the organisation, whereas auditors must not carry out other tasks that are not related to the internal audit function.

12. How much staff is available for internal financial control/audit?

Every budget beneficiary determines the organisational structure of the internal audit unit and the number of employees in it, independently.

Pursuant to the Law on Internal Audit in the Public Sector (“Official Gazette of Republic of Macedonia” No. 69/04) there is a Central Internal Audit Department at the Ministry of Finance with 11 employees, which carries out the internal audits of the budget beneficiaries that have not established internal audit units, and harmonises the internal audit system.

13. What are the accounting arrangements for EU assistance? Which authority (authorities) or body (bodies) is (are) responsible?

Book-keeping, preparation and submission of financial reports is compulsory for all the revenues and other inflow (donations), and expenses and other outflows of the budgets and budgetary users, in accordance with the Law on Budgets and Budgetary Users Accounting ("Official Gazette of Republic of Macedonia" No. 61/02), as well as in the line with the accepted accounting principles, the official accounting practice and the international accounting standards for the public sector. The Ministry of Finance will publish the international accounting standards for the public sector in the Official Gazette of the Republic of Macedonia.

The Ministry of Finance is in charge of the accounting arrangements for EU assistance. This Ministry will harmonise the regulations on keeping accounting records with the EU regulations relating to this matter.

14. Do procedures exist to manage irregularities at national and regional level (reporting / claiming system)?

The procedures for managing irregularities at national and local level are determined with the Law on State Audit ("Official Gazette of Republic of Macedonia" No. 65/97; 31/03 and 19/04) and the Law on Internal Audit in the Public Sector ("Official Gazette of Republic of Macedonia" No. 69/04). With the acceptance of the audit report, prepared in compliance with the above mentioned laws, the legal representative of the entity that was audited takeover the responsibility for eliminating the irregularities found during the audit (and the auditors inspect the corrections at the beginning of the next audit), which is the first instance of managing irregularities.

The annual report of the State Audit Office is submitted to the Assembly of the Republic of Macedonia not later than 7 months after the period determined for submission of the annual financial reports. If serious irregularities are found on the national level, current audit reports may also be submitted to the Assembly of the Republic of Macedonia. On the local level, the report of the State Audit Office is submitted to the responsible person of the entity (for the respective auditing period) and to the Council of the local self-government unit, which should take the necessary measures within its competence.

15. In case of irregularities, who will be informed first?

With reference to internal audits in compliance with the Law on Internal Audit in the Public Sector ("Official Gazette of the Republic of Macedonia" No. 69/04), the manager of the internal audit unit is obliged first to inform the manager of the entity when irregularities are discovered, or a possibility for their occurrence is observed.

In case of a state audit, after the auditing is done, an audit report with the findings about the irregularities and the recommendations for their elimination is submitted to the legal representative of the audited entity.

If the state auditor finds that there is a well-founded suspicion that a misdemeanour or a criminal act is perpetrated, they inform the competent bodies for initiating appropriate procedures as soon as possible.

16. Are there procedures and responsibilities concerning the notification of irregularities to the Commission?

Procedures and responsibilities concerning the notification of irregularities to the European Commission shall be regulated by a Law on Internal Financial Audit, which will determine that all information about irregularities found by the entities during usage of resources from the European funds or resources allocated by the European Funds with state co-financing will be submitted to the Ministry of Finance without delay, and the Ministry of Finance will forward them to the competent institution of the European Commission.

All users of European funds will allow the authorised persons and inspectors from the European Commission and the European Court of Auditors a free access to all documentation, offices, assets and personnel.

The State Audit Office does not have a legal obligation to report irregularities discovered during the auditing procedures of the European Commission, but is directly responsible to the Assembly of the Republic of Macedonia. The audit reports of the State Audit Office are accessible to all interested entities, since all of them are published on the Internet.

17. Is there a guarantee in the rules that at all times the Commission will be informed of irregularities?

The guarantee of continuous control on the work of the (Sector) Central Unit for Financing EU Funded Programmes and Projects will be the continuous reporting of the external auditor engaged by the European Commission, as well as the cooperation of the Ministry of Finance with the relevant international institutions in the field of internal audit, regulated with the Article 8 of the Law on Internal Audit in the Public Sector ("Official Gazette of the Republic of Macedonia" No. 69/04).

Regarding the state audit, the publishing of all auditing reports on the Internet is a guarantee that the Commission will be informed about the irregularities.

18. Are there responsibilities for control and audit at national and regional level? If yes, please provide a description of the competent authorities.

The State Audit Office is responsible for audit at national and regional level, in accordance with the Law on State Audit ("Official Gazette of the Republic of Macedonia" No. 65/97; 31/03; 19/04). A state audit, according to this Law, is defined as an inspection of documents, papers and reports on internal controls and audits, accounting and financial procedures, and other records, taking into consideration the reliability and objectiveness of the financial reports for the real financial condition and the result of the financial activities in accordance with the accepted accounting principles and accounting standards, as well as with the INTOSAI international audit standards. A state audit is also the procedure for inspecting the financial transactions which fall under the category of state expenditures in terms of the legal and restricted usage of funds.

A more detailed description of the work done by the State Audit Office can be found in the answers to questions (see [28 I A 1](#); [28 I A 2](#) and [28 I A 3](#)).

19. What anti-fraud measures (responsibilities, procedures) are in place?

Pursuant to the Law on State Audit ("Official Gazette of the Republic of Macedonia" No. 65/97; 31/03; and 19/04), in case the authorised state auditor finds that there is a well-founded suspicion that a misdemeanour or a criminal act is perpetrated, he/she immediately informs the competent bodies (the Public Prosecutor's Office, the Ministry of Internal Affairs, the State Anti-Corruption Commission) for initiating adequate procedure. The competent bodies are obliged to inform the State Audit Office about the measures taken within 90 days.

Measures against performed and detected frauds are also taken in accordance with the Law on Civil Servants ("Official Gazette of the Republic of Macedonia" No. 59/00), by initiating disciplinary, misdemeanour and criminal procedures.

There is a Foreign Exchange Inspectorate within the Ministry of Finance that undertakes anti-fraud measures within their competence, in accordance with the law (the Law on Foreign Exchange Operations, "Official Gazette of the Republic of Macedonia" No. 34/01, 49/01, 103/01, 54/02, 51/03).

20. Are there any procedures in place allowing for the collection and submission of the required data with a view to the need to verify within the programming process the respect of the principle of additionality with reference to the level of public or equivalent expenditure in the past?

The Law on Budgets, which is in the preparation phase, will be aligned with the EU regulations which are implemented in the general budget of the European Union. With the aligned Law on Budgets, the principles of additionality in the programming process and of adopting multi-annual budget documents will be applied.

In the following period, the respect of the principle of additionality will be verified by enhancing the programming capacity, especially with the adoption of the National Development Plan; the administration capacity (by improving the inter-ministerial coordination and by defining the roles and responsibilities of the entities in charge of the management of the resources from the Structural Funds); the financial and accounting management; and the statistics adaptation with a strict implementation of the Nomenclature of Territorial Units for Statistics of the Republic of Macedonia, which is based on the NUTS classification.

VI. AVAILABILITY OF STATISTICS FOR THE IMPLEMENTATION OF THE STRUCTURAL FUNDS

1. Please describe which socio-economic data/statistics are available at national and regional level.

Current situation

According to the Statistical Research Programme, the following socio-economic data are available at NUTS II (The Republic of Macedonia) - the national level and NUTS V - the local level:

- Population and vital statistics;
- Social welfare data;
- Education;
- Culture; and
- Judiciary.
- The Labour Force Survey provides data on the labour market, and starting from 2004 collects data which will enable calculation of the respective categories at NUTS II level (national level) and NUTS III level (regional level).
- The Household Consumption Survey is available at NUTS II level - the national level (Republic of Macedonia). One of the measures for harmonisation with the EU methodologies is redesigning the Household Consumption Survey sample at NUTS III level - regional level.

Other than the State Statistics Office, institutions that collect data in this sphere are the following: The State Health Care Bureau, the Pension and Disability Insurance Fund, the Ministry of Justice, and the Employment Agency.

Measures for harmonisation with EU

Redesign of the Household Consumption Survey sample with the aim of calculating data at the NUTS III - regional level. Research on the quality and the presentation of available data at the regional level is also needed.

There are certain difficulties with the redesign of the sample and with the assessment of certain variables in small areas.

You may find more detailed socio-economic data in Chapter ([see 12](#)) – Statistics.

2. Are these data/statistics harmonised at the European level (accepted and published by Eurostat)?

Current situation

Most of these data are harmonised with the EU methodology, and the rest are being processed for the purpose of further improvement and harmonisation.

The data on population and education are submitted to EUROSTAT, on the basis of regular yearly requests, but they are not published in the EUROSTAT publications.

With regard to the measures for harmonisation with the EU standards and the future improvements, as well as to the problems arising from the researches, especially the data presentation at a level lower than NUTS II, there are more details in Chapter 12, see question [12 1 E 1 1](#) to question [12 1 E 8 3](#)).

3. Are (harmonised) GDP data at PPP available on future NUTS level II?

GDP data at purchasing power parity (PPP) are available at NUTS II level (the Republic of Macedonia).

Since 1996, the Republic of Macedonia is included in the pilot project of the European Comparison Programme. The methodology used by the State Statistics Office is completely harmonised with the methodologies of OECD and EUROSTAT. The data are submitted to OECD in triennial cycles, where the GDP calculations at purchasing power parity (PPP) are carried out. The last available data on GDP calculated at purchasing power parity (PPP) at NUTS II level is from 1999. The calculations for the year 2002, prepared by OECD, are in process. The working phases and the timeframe for each phase are defined by OECD.

More detailed information on the GDP calculations at purchasing power parity (PPP) may be found in Chapter 12, module 55200 (see [12 1 G 5 2](#)).

4. Are (harmonised) GDP data at PPP available on future NUTS level III?

Current situation

GDP data at purchasing power parity (PPP) is not available at the NUTS III level.

Measures for further harmonisation with EU:

The analysis of the existing data at a lower level, needed for the added value calculation at regional level, is underway, and it is carried out according to the EU methodologies. The regional statistics are anticipated as a future activity in the Statistical Research Programme in the period 2003-2007 published in the Official Gazette of the Republic of Macedonia No. 69/2003. The initial step in the process will be the added value calculation at regional level, and eventually a complete set of Regional accounts will be composed.

The adoption of the methodology for GDP calculation at a lower level is in process. Also, a detailed analysis on the available data is needed, as well as on their presentation at a regional level.

Further details on the regional accounts may be found in Chapter 12, module 72101. It has to be pointed out that GDP calculation at purchasing power parity (PPP), module 55200, is coordinated by the OECD, and that the State Statistics Office does not provide independent calculations. Detailed information on purchasing power parity (PPP) may be found in Chapter 12, module 55200.

5. Are (harmonised) unemployment data available on future NUTS level II?

Current situation

There are unemployment data available on the NUTS II level (Republic of Macedonia). The data are processed according to the Labour Force Survey, which is implemented since 1996. The Survey is harmonised with the ILO methodological recommendations, and the EUROSTAT recommendations. The registered unemployment in the Republic of Macedonia is also monitored by the Employment Agency. The unemployment rate is calculated only by the State Statistics Office.

More detailed information on the Labour Force Survey may be found in Chapter ([see 12](#)) – Statistics.

6. Are (harmonised) unemployment data available on future NUTS level III?

Current situation

Starting with the first quarter of 2004, the Labour Force Survey is implemented quarterly for the first time, and the sample is representative for publishing data on NUTS III level. The analysis of the acquired data on the regional level is in process, and the data will be published in June 2005.