**THE REGIONS IN MACEDONIA: THE DETERMINANTS OF THE CIVIL SOCIETY ORGANIZATION’S PARTICIPATION AT REGIONAL POLICY AGENDA**

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**Abstract**

This paper gives an overview of the regions in Macedonia and the Civil Society Organization (CSO) participation in the regional policy agenda in Macedonia. The perception of the CSO about what are the biggest impediments for them to participate in the regional policy agenda are the: weak networking of CSO, discrediting of CSO sector by establishing “phantom” CSOs, urban/rural difference of CSOs. There is a need for formal plan and procedures for regular consultations between the Centers for regional development and the CSOs and a higher transparency in distributing the funds for CSOs from the Centers for regional development.

**Key words:** Civil Society Organization, Centers for regional development, regional policy.

**Introduction**

The regional organization in Macedonia is in accordance with the NUTS III level as the NUTS I and NUTS II is the Republic of Macedonia. In Macedonia there are 8 statistical regions at NUTS III level which are only statistical and administrative in nature regulated with the Law on balanced regional development (Official Gazette of the Republic of Macedonia, no. 63/07). Line ministry responsible for balanced regional development is the Ministry of local government and the Bureau for regional development that operates within the ministry.

If we analyse the geographical distribution of CSOs in Macedonia and foundations in 2013, we can see that most of the registered organizations i.e. 5,106 out of 13,099 or 39% are registered in Skopje region. The lowest number of registered organizations is in the North-Eastern region, 767 or 6% of total number of registered organizations in the country. Moreover, this data shows us that the highest concentration of CSOs and thus, potentially the highest level of influence we have in the Skopje region (see CEA 2017).

According to the latest available data from Civicus – Civil Society Index for the period of 2009 to 2011 *“the Civil society in Macedonia is moderately developed”*. According to the report of Index of sustainability of civil society organizations in Macedonia, *“The general assessment (3.9), of the sustainability of civil society organizations in Macedonia in 2015 mainly declined, due to the political crisis that gripped Macedonia that year. Therefore, the downward trend of disrupting the enabling environment of civil society organizations continues”*.

Even though the CSO sector in Macedonia has acquired the capacity to influence the political elite (driven by and taking into account the financing structure with substantial absence of philanthropy and membership fees), still lack of alienation of CSOs with the objectives of the wider social strata is significant. This effect is not endemic in Macedonia or the countries of the region only, but is a reality in the countries of post-communist Europe (Fagan 2005, Bogdanovic 2016) as well. On the other hand, according to the survey by International Republican Institute, the citizens in the country believe that CSOs have the least widespread corruption compared with the authorities, government bodies, political parties and judiciary.

The paper is organized to describe briefly the regions in Macedonia and the CSO’s regional distribution. Then the perception of the CSO organizations in Macedonia is presented via the results from the focus groups related to their impact on the regional policies and finally the last chapter present empirical results of the determinants that might influence the regional development in Macedonia. The proposed determinants are in line with the perceptions of the CSO sector from the focus groups.

**Regions in Macedonia**

The unbalanced regional development in the Republic of Macedonia creates concerns because the unbalance is growing in the last years (from 2011 until now) as measured by GDP variation coefficient across the 8 planning regions. The policy weaknesses are: (1) disrespecting the Law on balanced regional development for budget allocation of at least 1 % of GDP for balanced regional development, (2) low budget realization capacity from the Bureau for regional development and from the Centers for balanced regional development for the regional capital projects (CEA 2017a). Namely, the planned finances for balanced regional development are less than 0.02% from the GDP, and the realization of the projects panned by the Bureau was low in the past few years as illustrated in the Table 1. The data are showing that Skopje region comprises 30% of the total Macedonia population. Vardar region only 7%. Further, population density in Skopje region is 9 times the one in Vardar region and the GDP per capita in the most developed Skopje region is around 3 times higher than the one in the least developed the Polog region.

Table 1: Realization of expenditures for balanced regional development as percent of GDP in Macedonia for the period 2008-2016

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **GDP in million denars**  **(1 Euro = 61.5 denars)** | **Real GDP growth rate** | **1% of GDP in ‘000’ denars** | **Realized expenditure for reg. development in ‘000’ denars** | **Realized expenditure for reg. development as % of GDP** | **Population** |
| 2016 | 607,452 | 2.4% | 6,074,520 | 225,406 | 0.04% | 154,535 |
| 2015 | 558,240 | 3.8% | 5,582,400 | 124,539 | 0.02% | 181,858 |
| 2014 | 525,620 | 3.5% | 5,256,200 | 113,968 | 0.02% | 221,546 |
| 2013 | 499,559 | 2.7% | 4,995,590 | 51,662 | 0.01% | 171,416 |
| 2012 | 458,621 | -0.4% | 4,586,210 | 63,045 | 0.01% | 238,136 |
| 2011 | 461,730 | 2.8% | 4,617,300 | 127,704 | 0.03% | 304,125 |
| 2010 | 424,762 | 1.8% | 4,247,620 | 143,311 | 0.03% | 172,787 |
| 2009 | 409,100 | -0.9% | 4,091,000 | 40,591 | 0.01% | 578,144 |
| 2008 | 398,500 | 12.5% | 3,985,000 | 148,405 | 0.04% | 154,535 |

Source: Author’s calculations from State statistical office data and Final accounts of the central government

The convergence analysis of the planning regions in Macedonia are illustrating in the next Figure 1 that the goal and objectives of the Law on balanced regional development are not achieved because the coefficient of variation is increasing after 2011.

Figure 1. The coefficient of variation of GDP per capita for the regions in Macedonia for the period 2008-206

Source: Author’s calculations from State statistical office data and Final accounts of the central government

**CSO perception about the impediments to their impact on regional development policies**

We already said that in Macedonia there are some 13 thousand CSO organizations. Their geographical distribution per ‘000’ of population is presented in the next Figure 2.

Figure 2. Geographical distribution of CSO in Macedonia per ‘000’ of population.

The Center for economic analyses did a focus groups research in 2017 in order to find among other things what the main impediments to the CSO to make impact on the balanced regional development in Macedonia are (see CEA 2017b). The following factors were reported by the CSOs as significant to have efficient impact on balanced regional development in Macedonia:

* Weak networking of CSO, interaction and cooperation is relatively at low level.
* Discrediting of CSO sector by establishing “phantom” CSOs for individual interests, and working negatively on the perception about the CSO sector in general.
* Urban/rural difference (in the sense where the CSO has been registered).
* CSO are not financially sustainable, are not depending on membership fee, philanthropy is low and are driven by donor money.
* Cooperation and institutionalization of the cooperation between the CSO and the Centers for regional development is not existing.
* Especially negative impact has been stressed by the CSO representatives from the East planning region because of the migration and emigration problem and thus, aging of population. They stress that most of the people are beyond 40years of age, they are passive and not interested to influence and to participate the balanced regional development policies.

**Factors that influence the most the level of development of the planning regions in Macedonia**

The factors reported by the CSO sector from the previous chapter were respected for testing empirically the econometric panel data model in order to test which factors influence the most the level of development (GDP per capita) of the planning regions in Macedonia. Thus, the following variables are identified in the analysis that might have significant influence in setting up policies for balanced regional development in Macedonia as measured by the GDP per capita:

* population and population density,
* urban/rural municipal difference in regions,
* migration,
* (un)employment,
* graduated students and number of internet users as proxy for skills and knowledge (taking in mind that regions and their centers have low capacity for realizing the planned budget for capital projects with regional component) and
* time

The period of estimation is 2010-2015 and the vector of panel data estimation estimated was:



Where:

y - dependent variables i.e. GDP on the planned regions.

x - explanatory variables (number of urban/rural LGU, people age from 15-74 who use internet, number of graduated students, unemployment rate, average net salary per employee, time for period from 2010-2015 population).

The results from the estimation are presented in the next Table 2.

Table 2. Results from the estimation. Region’s GDP per capita dependent variable. Period 2010-2015

|  |  |
| --- | --- |
| **Explanatory variables** | **Results** |
| **-constant** | **-159822\*\***  **(-1.825)** |
| **-population** | **-0.350\*\***  **(-2.120)** |
| **- unemployment rate** | **-1424\***  **(-2.561)** |
| **-net salary** | **21.494\*\***  **(+2.477)** |
| **-internet users** | **1.147.684\*\***  **(+1.549)** |
| **-graduated students** | **-2838.174**  **(-0.223)** |
| **-no. urban municipalities** | **22727.720\***  **(4.878)** |
| **- no. rural municipalities** | **-13004.880\***  **(-2.841)** |
| **-time** | **-118.160**  **(-0.025)** |
|  | **0.805** |
| **DW** | **0.359** |

t – statistics in parenthesis

\*statistically significant at 1% statistical significance (critical value 2.485)

\*\* statistically significant at 5% statistical significance (critical value 1.316)

\*\*\* statistically significant at 10% statistical significance (critical value 0.856)

The results from this estimation show that the graduated students as well as the time are statistically not important. On the other hand 1% statistical significance show the number of urban/rural municipalities per regions for the GDP variation illustrating that the urban and/or rural regional profile in Macedonia is significant in policy-making for the convergence of the GDP per regions in Macedonia. It is important that the model empirically shows that a larger number of urban municipalities leads to higher GDP in regions, and a larger number of rural municipalities leads to lower GDP in regions (see more in CEA 2017a).

**Conclusions and recommendations**

There is a growing unbalances of regional development in Macedonia as measured with the coefficient of variation of GDP per capita for the 8 statistical regions. The law on balanced regional development does not achieve its goals and objectives. The weaknesses are beyond not respecting the at least 1% allocation of GDP for balanced regional development in Macedonia and are also related to the low budget realization capacity from the Bureau for regional development and from the Centers for balanced regional development for the regional capital projects.

Furthermore, the CSOs are reporting that cannot achieve efficient impact on regional policy making because of: weak networking of CSO, interaction and cooperation is relatively at low level, discrediting of CSO sector by establishing “phantom” CSOs for individual interests, and working negatively on the perception of the CSO sector in general, the urban/rural difference, high dependence on membership fee, low philanthropy and donor driven money and low cooperation and institutionalization of the cooperation between the CSO and the Centers for regional development. Especially negative impact has been stressed by the CSO representatives from the East planning region because of the migration and emigration problem and thus, aging of population. They stress that most of the people are beyond 40years of age, they are passive and not interested to influence and to participate the balanced regional development policies.

The results from this estimation of the factors that influence the most the level of development of the planning regions in Macedonia show that the graduated students as well as the time are statistically not important. On the other hand 1% statistical significance show the number of urban/rural municipalities per regions for the GDP variation illustrating that the urban and/or rural regional profile in Macedonia is significant in policy-making for the convergence of the GDP per regions in Macedonia. It is important that the model empirically shows that a larger number of urban municipalities leads to higher GDP in regions, and a larger number of rural municipalities leads to lower GDP in regions (see more in CEA 2017a).

The recommendations are in line to the fact for respecting the Law on balanced regional development for allocation of at least 1% of GDP for balanced regional development and increase the capacity of the Bureau for balanced regional development in project cycle management for capital projects with regional component. Related to the CSO impact on the regional development there is a need for more formalizing and institutionalization of consultations between the Centers and CSO and need for more Plans and procedures for regular consultations between the Centers for regional development and CSO. There is also a need for higher transparency in funding CSO from the Regional Center’s funds. Last but not least, in designing regional policies care must be taken that population is not significant but the urban/rural attribute for regional development measured as GDP per capita is statistically significant.

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