SUSTAINABLE DEVELOPMENT PLANNING – THE CASE OF MACEDONIA –
PLANIRANJE ODRŽIVOG RAZVOJA – SLUČAJ MAKEDONIJE

By Sasho Kjosev, Ljupcho Eftimov

Abstract
To meet the challenges of sustainable development, strategic planning practices need to become more effective, efficient, credible and lasting. A sustainable development strategy is a tool for informed decision-making that provides a framework for systematic thought across sectors and territory. Following the recommendations of the UN World Summit on Sustainable Development in Johannesburg 2002, Macedonia developed a national strategy for sustainable development, for the period 2009-2030. The proposal for the overall strategy comprises of two main parts: (1) long-term, intermediate and short-term objectives, which timely address the important issue of EU accession as well as making the Republic of Macedonia sustainable, and (2) seven strategic thrusts, which address what to focus on in order to make the Republic of Macedonia sustainable.

However, what is still missing is complex methodological and analytical framework for sustainable development analysis (Social Accounting Matrix, SESAME approach, NAMEA approach). Hence, one should point to the fact that sustainable development and sustainable development planning are complementary processes which should ultimately lead to increased well-being of the mankind.

Keywords: planning, sustainable development, strategy, methodology, Macedonia

Apstrakt
U cilju ispunjavanja izazova održivog razvoja, prakse strateškog planiranja moraju postati efektivnije, efikasnije, kredibilnije i trajnije. Strategija održivog razvoja je sredstvo za informisano donošenje odluka, koje obezbeđuje okvir za sistematski pristup kroz sektore i teritoriju. Sledеći preporuke svetskог samита za održiv razvoj UN u Johannesburgu 2002, Makedonija je izradila nacionalnu strategiju za održiv razvoj, za period 2009-2030. Predlog kompletnе strategije sastoji se od dva glavna elementа: (1) dugoročni, srednjoročni и kratkoročni ciljevi, koji vremenski rešavaju problem članstva Makedonije u EU и postanak makedonsке održive ekonomije, и (2) sedam strateških tema (aktivnosti), koje se fokusiraju na aktivnosti koje Makedonija morа sprovesti da bi ekonomija postala održiva.

Ipak, ono što недостaje u Makedoniji je kompleksan metodološki и analitički okvir за анализу održивог razvoja (matrica društvenih računa, SESAME pristup и NAMEA pristup). Zato se mora potencirati činjenica да su održiv razvoj и planiranje održivог razvoja komplementarni procesи koji na kraju doprinose poboljšаnju blagostanja чovečanstva.

Ključne rečи: planiranе, održив razvoj, strategija, metodologija, Makedonija
INTRODUCTION

The Rio Summit established sustainable development as the guiding vision for the development efforts of all countries. At Rio, and in later commitments, all governments undertook to establish and implement national sustainable development strategies. The strategies for sustainable development, called for at Rio, are foreseen as highly participatory instruments intended "to ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations". (OECD, 2001)

In simple terms, sustainable development means integrating the economic, social and environmental objectives of society, in order to maximize human well-being in the present, without compromising the ability of future generations to meet their needs. Sustainable development constitutes a set of short, medium and long term actions, activities and practices that aim to deal with immediate concerns, while at the same time address long-term issues. Achieving sustainable development requires far reaching policy and institutional reforms and the involvement of all sectors, at all levels.

The achievement of sustainability in national development requires a strategic approach, which is both long-term in its perspective and integrated or "joined-up" in linking various development processes so that they are as sophisticated as the challenges are complex. A strategic approach at the national level implies:

- linking long-term vision to medium-term targets and short-term action;
- "horizontal" linkages across sectors, so that there is a coordinated approach to development;
- "vertical" spatial linkages, so that local, national and global policy, development efforts and governance are all mutually supportive; and
- genuine partnership between government, business, trade unions, and community organizations.

PLANNING SUSTAINABLE DEVELOPMENT

The introduction of sustainable development raises difficult management challenges, because the concept is multi-faceted and broadly-defined. These challenges, however, are not unique. Governments and corporations have faced them before when they have integrated new values into their policies and organizations (e.g., gender equity, occupational health and safety, results-based management). The success of this integration is typically a function of process aspects, such as leadership, planning, implementation, and monitoring and review.

Planning of policies, programs and projects (identifying the means of achieving objectives - institutional mechanisms, programmatic structures and specific policy initiatives) is a part of the strategic management cycle that governments have the most experience with. Some of the characteristics of this process include:

- strong institution or group of institutions heading the process;
- linking national, regional and local levels;
- comprehensive and reliable analysis;
- coherence between budgets and strategy priorities;
- building on existing mechanisms and strategies, and on existing knowledge and expertise;
- develop and build on existing capacity; and

Sustainable development planning is an aspect of strategic management that countries have significant experience with and are quite good at. However, for the national SD strategy process key challenges remain in a number of areas as evidenced by the country research, including:

- Establishing a clear legal mandate for the process;
- Thinking strategically about the institutional arrangement for the strategy process; and
2.1 What is a strategy for sustainable development?

To meet the challenges of sustainable development, strategic planning practices need to become more effective, efficient, credible and lasting. There is a need to restructure existing processes, institutional arrangements and procedures according to individual countries’ own needs, priorities and resources. Therefore, a strategy for sustainable development should comprise: “a coordinated set of participatory and continuously improving processes of analysis, debate, capacity-strengthening, planning and investment, which seeks to integrate the short and long term economic, social and environmental objectives of society – through mutually supportive approaches wherever possible – and manages trade-offs where this is not possible.” (OECD, 2001)

A sustainable development strategy is defined as a coordinated, participatory and iterative process of thoughts and actions to achieve economic, environmental and social objectives in a balanced and integrated manner, at the national and local levels. The process encompasses situation analysis, formulation of policies and action plans, implementation, monitoring and regular review. It is a cyclical and interactive process of planning, participation and action in which the emphasis is on managing progress towards sustainability goals rather than producing a “plan” as an end product.

A sustainable development strategy is a tool for informed decision-making that provides a framework for systematic thought across sectors and territory. It also helps to institutionalize processes for consultation, negotiation, mediation and consensus building on priority societal issues where interests differ. A sustainable development strategy could empower a country to address inter-related social and economic problems by helping them to build capacities, develop procedures and legislative frameworks; allocate limited resources rationally and present timetables for actions. (UNDESA, 2002)

As a result, strategies for sustainable development should, to the extent possible, be based on visions that define desirable ends, as well as feasible ways to achieve those ends. In the case of sustainable development, this means:

i. clarifying what needs to be sustained, and what needs to be developed; and

ii. eliciting paths that allow such a vision to happen, while keeping within the bounds imposed by natural systems. It is clear that there is no universal agreement on either of those points. (UNDESA 2012)

3 NATIONAL SUSTAINABLE DEVELOPMENT STRATEGY FOR MACEDONIA

Sustainable development is an ongoing process that involves improving the integration of environmental, economic and social considerations. Population should enjoy and contribute to a good framework for employment, living conditions, social conditions, and quality of life. Sustainable development implies that society must face up to economic, environmental and social challenges simultaneously. Future generations should have, at least, as favourable opportunities for a good life as present generations, and a sound socially-balanced economic development must be ensured. This development must provide for greater individual freedom of action, must display respect for the limits of nature and the environment, and have no negative impacts on people’s health.

Republic of Macedonia has identified several key priorities for its future development, where achieving EU membership can be considered as the overriding strategic policy objective. Republic of Macedonia was granted applicant status in May 2004 and candidate status in December 2005. The European Partnership concluded in June 2004 provided main priority areas for further integration into the European Union and the development of a National Strategy for Sustainable Development (NSSD) has been identified as a short-term priority. The NSSD should be a plan for the implementation of the recommendations set out in the conclusions of the UN World Summit on Sustainable Development in Johannesburg 2002. (Ministry of Environment and Physical Planning, 2009)
3.1 Political context

The ANALYTICAL REPORT for the Opinion on the application from the Republic of Macedonia for EU membership (COM 2005) highlighted the need of a National Strategy for Sustainable Development. The Ministry of Environment and Physical Planning has undertaken many activities for promoting sustainable development in general and for the furthering of the National Strategy for Sustainable Development. It has:

- organised workshops for governmental, municipality, academia and NGO representatives;
- financed the development of the "Conceptual Approach towards Creation and Implementation of the National Strategy for Sustainable Development of RM" (2000);
- co-ordinated the preparation of the "National Assessment Report for Sustainable Development" (2001-2002), which was adopted by Government in July 2002 (with this document, the Republic of Macedonia participated in the World Summit on Sustainable Development in Johannesburg in 2002);
- commenced the implementation of the activities aimed at developing the “Research Concept supportive to the creation and implementation of the NATIONAL STRATEGY FOR SUSTAINABLE DEVELOPMENT OF THE REPUBLIC OF MACEDONIA", 2003;
- co-ordinated the national reports to the NCSD sessions;
- translated and published relevant international documents on sustainable development; and
- financed the development of the "Guide towards Local Agenda 21" (a guide towards the development of strategies and action plans for sustainable development at local level).

For undertaking these activities, MoEPP was given a mandate from Government in the form of governmental conclusions and decisions, of which the following are particularly relevant:

- The MoEPP, as national focal point, shall proceed with the co-ordination of the activities related to the implementation of the goals and recommendations of Agenda 21 and development of National Assessment Report of Sustainable Development” (2001);
- The Government has obliged the MoEPP to initiate, after the completion of the "Research Concept for Provision of Analytical and Prognostic Substance to Serve the Purposes of the Development of the National Strategy for Sustainable Development of the Republic of Macedonia", preparatory activities for development of the National Strategy for Sustainable Development of the Republic of Macedonia " (2002); and
- The Government has appointed the MoEPP to be co-ordinator of activities for development of the National Strategy for Sustainable Development of the Republic of Macedonia (2004).

All this demonstrates that the NSSD project was well founded in the political record of the country. (Ministry of Environment and Physical Planning, 2009)

3.2 Project Concept

This Project was not an implementation project, but a support project, the main aim of which is to structure, program, and monitor and manage a strategic and participatory process in the Republic of Macedonia, in relation to preparing a viable and affordable national strategy for sustainable development. In this context, the driving engine of the Project were the national specialists with their connected Sector Working Groups (SWG) and Cross-cutting Support Units (CCSU).

The strategic process was based on a participatory approach. The driving engine of the process is a selected group of highly accomplished national specialists, who each covered a sector or issues cutting across more sectors. They were the foundation stone of the entire process and they were at the center of the changes achieved throughout the process.

The basic fundament for the whole strategy development process were 11 cross-cutting sector analysis and assessment reports (AAR). They have been prepared by the national specialists. In order to achieve a more focused strategic orientation, the 11 Analysis and Assessment Reports – covering 4 Cross-
cutting Support Units and 7 Sector Working Groups – have been merged into the following six main issue areas. They constituted the strategic structure on which the NSSD was built:

1. Policy and Legal Framework (cross-cutting)
2. Environment (cross-cutting)
3. Energy (cross-cutting)
4. Rural Development (includes agriculture, forestry, and tourism)
5. Social Issues (includes employment, social care, health, and education)
6. SMiLES (including Small – and Medium-sized enterprises (SMEs), Infrastructure, Transport, and Industry)

The 11 Analysis and Assessment Reports have been consolidated into a **Sustainable Development Framework Report**, which included the following main parts:

- The *Knowledge Platform*, especially in terms of the consolidated findings and the consolidated conclusions from the 11 Analysis and Assessment Reports, structured in accordance with the above six main issue areas.
- The *Enabling Environment*, addressing the need for trust in the future, political willingness and capacity, legal and regulatory instruments, and an investment climate.
- The *Implementation Capacity*, addressing the technical and professional capacity, the institutional and organisational capacity, and the investment and funding capacity.

The 11 *Analysis and Assessment Reports* and the *Sustainable Development Framework Report* have been consolidated into the NSSD. The role of the National Specialists and their Core Working Groups and Wider Working Groups is recognized as the professional nucleus and driving engine of the Project. (Ministry of Environment and Physical Planning, 2009)

### 3.3 Project Objectives

**Strategic Objective**

Sustainable development in the Republic of Macedonia, encompassing the economic, social and environmental dimensions

**Project Objective**

To lead a participatory process of developing a National Strategy for Sustainable Development, meeting the requirements of EU-accession for the Republic of Macedonia

**Outputs**

**Specific Project Objective Area 1 - Awareness Increased**

Output 1: Awareness of sustainable development among the stakeholders and the people of the Republic of Macedonia increased

**Specific Project Objective Area 2 – NSSD Prepared**

Output 2: Framework for sustainable development in the Republic of Macedonia as ground for acceleration of domestic and foreign investments defined

Output 3: Strengths of the Republic of Macedonia to fully participate in the process of globalisation identified.

Output 4: National Strategy for Sustainable Development in compliance with EU-requirements elaborated

**Specific Project Objective Area 3 - Capacity Increased**

Output 5: Capacity for planning and management of sustainable development among key stakeholders strengthened
Output 6: Institutional setup and coordinating mechanisms for implementation and maintenance of the process of sustainable development established

(Ministry of Environment and Physical Planning, 2009)

3.4 Project results

With the aim of making the NSSD as viable as possible, it builds on the following three mutual supporting guiding principles:

- **Guiding Principle No. 1:** The Government should function in an innovative supporting and guiding role in relation to the municipalities and the private sector, which has the operational role in relation to making the Republic of Macedonia sustainable.

- **Guiding Principle No. 2:** E-government should be introduced, covering national as well as regional and local government, in order to ensure transparency and efficiency, and as a strong tool in relation to faster and more effective processing of sustainable development projects, from the public as well as from the private sector.

- **Guiding Principle No. 3:** Focus in the short term should be on projects and activities, which target the well educated workforce, in order to avoid further brain drain, and to possibly attract Macedonians abroad who are highly skilled, well educated and highly prospective.

The overall strategy comprised of two main parts:

- **Long-term, Intermediate and Short-term objectives**, which timely address the important issue of EU accession as well as making the Republic of Macedonia sustainable.

- **Seven Strategic Thrusts**, which based on the three guiding principles, in three prioritised and time bound levels address what to focus on in order to make the Republic of Macedonia sustainable. They should cover the three main pillars: economic, social and environmental sustainability.

The 1st level (from 2008 to 2010), with the heading **Focus**, should be the booster and starter of the SD development process by focusing on the important EU accession, the importance of ensuring understanding and commitment, and last but not least e-government as the starting key instrument for ensuring transparency and efficiency, and thus support the processing of SD projects should be implemented.

The 2nd level (from 2010 to 2015), with the heading **Mature**, addresses the important issue of maturing the public, economic and private sector for SD. This has already been identified as one of the key constraints for SD in the Republic of Macedonia. Consequently, this SD streamlining of the said sectors is a basic precondition for making the Republic of Macedonia sustainable through projects and activities. Pilot and demonstration projects are selected and implemented at this level too.

The 3rd Level (from 2015 to 2030), with the heading **Implement**, addresses a more comprehensive selection and implementation of pilot and demonstration projects based on lessons learned from the implementation of pilot and demonstration projects in the 1st and 2nd Level. This should be one of the major implementation and guidance tools of the Government in relation to the municipalities and the private sector.

In the same time, **seven strategic thrusts** were proposed, which should take advantage of the potentials in the country and overcome the constraints to achieve the overall objectives of the strategy. The main idea was to prepare and mature the Republic of Macedonia for sustainable development as a basic precondition for actually implementing SD actions and projects. In this context the seven strategic thrusts address:

1. The important issue of ensuring EU accession
2. Raising awareness and commitment to sustainable development covering all walks of life in the Republic of Macedonia
3. Introduction of E-government as the key SD implementation tools and as the key booster of the commercial process
4. Streamlining the public sector through organizational development and institutional strengthening based on the concepts and principles of SD, including cross-cutting and integrated strategic and participatory work.

5. Streamlining the banking, funding and financial infrastructure in the same context, so that investment and running costs are readily available for SD projects and activities.

6. Streamlining the private sector so that the private sector is developing based on SD principles, and that engineering, construction and other supporting private companies have the capacity to plan, design and implement/construct projects and activities based on the principles of SD.

7. Identifying a number of demonstration and pilot projects early on during implementation of the NSSD. These should be used as practical demonstration of costs and benefits of SD based development. (Ministry of Environment and Physical Planning, 2009)

3.5 NSSD Implementation framework

The first step in making the Republic of Macedonia sustainable was to set up a National Council for Sustainable Development (NCSD), with a resourceful, competent, and efficient Secretariat, which in time could develop into a proper Agency for Sustainable Development. This secretariat should be provided with governmental executive power, and in line with this it is proposed that the NCSD should be chaired by the Prime Minister, and should include all relevant ministries and other relevant stakeholders in the society.

The Agency for Sustainable Development could be established through merging and further development of existing agencies as the Agency for Spatial Planning, the Agency for Promotion of Entrepreneurship, the Agency for Energy Efficiency, the Agency for Sport and Youth and other agencies addressing and dealing with sustainable development.

The first task of the NCSD should be to carefully review this final draft NSSD and thus make directions for its revision, detailing, finalization and implementation. In this connection it is important to underline the dynamic concept behind this NSSD, which entails that it should be continuously assessed and respond to changes, through the preparation of annual national strategic working plans by the NCSD with point of departure in this NSSD. (Ministry of Environment and Physical Planning, 2009)

4 The need for developing a proper methodology

In order to better understand the sustainable development concept, one has to develop an appropriate methodological instrument. In parallel with the introduction of the sustainable development concept, the SNA 1993 introduced (and SNA 2008 further developed) the Social Accounting Matrix (where later its extensions, the SESAME and NAMEA approaches, have been developed) as a methodological basis for the sustainable development analysis. Therefore, it is necessary the effort of the scientists and experts in our country to be focused on preparation of a complex analytical framework, consisting of:

- Preparation of a highly disaggregated Social Accounting Matrix (SAM)
- Preparation of a SAM extended with social indicators (SESAME approach)
- Preparation of a SAM extended with environmental indicators (NAMEA approach)

4.1 Social Accounting Matrix (SAM) for the Republic of Macedonia

At the moment, there is no Social Accounting Matrix (SAM) for the Republic of Macedonia. But, there is time series data with a set of sectoral accounts (from the production to the capital account, for five domestic institutional sectors and rest of the world sector), as well as, a high quality time series data for the national accounts. Hence, it is due time the State Statistical Office, together with the relevant ministries in the Government and experts from the scientific and educational institutions in Macedonia, as well as with institutions and experts from the developed market economies, to start the preparation and construction of a highly disaggregated SAM for the Republic of Macedonia. The SAM for the Republic of Macedonia would mainly have two basic tasks:
a) to enable presentation of information about the economic and social structure of the national economy; and

b) to provide analytical and accounting framework as a basis for construction of macroeconomic models for analyzing the national economy and the effects from the implementation of the macroeconomic and development policy measures.

A principle objective of compiling a SAM is, therefore, to reflect various interdependencies in the socioeconomic system as a whole, by recording the actual and imputed transactions and transfers between various agents in the system. Hence, couple of activities are of significant importance for Macedonia:

- creation, harmonization and implementation of an integrated analytic-accounting framework as a basis for planning, programming and decision-making of the future sustainable development, based on the United Nations SNA and harmonized with the system and methodology for planning, analyses and decision-making in the developed market economies;
- affirmation of the role and the importance of the SNA and the SAM for the methodology for preparation, adjustment and implementation of the macroeconomic and development policy and planning documents in the national economy;
- construction of a SAM for the Republic of Macedonia, based on a comparative analysis of the SAM construction and implementation experiences in the developed market and transition economies (Kjosev, 2012).

4.2 SESAME (System of Economic and Social Accounting matrices and Extensions) for the Republic of Macedonia

It is fair to say that unemployment in Macedonia is one of the gravest and most difficult economic, social and political problems. This ongoing situation imposes a real necessity for the SESAME approach implementation in the Republic of Macedonia. The above mentioned is made possible through the main socio-demographic module of the SESAME approach. The main goal of this module is to present the interaction between the economic and demographic changes in the national economy, including the quantitative and qualitative changes of the potential labor force, as well as those changes influencing the consumption (ex.: the population age structure). This data can serve for the analysis of the impact of the demographic changes on the income distribution.

Republic of Macedonia, in our opinion, can use the socio-demographic module from the SESAME approach, by preparing several tables, using the international standards and classifications, as adopted and implemented by the State Statistical Office of the country (SNA 1993 and 2008, ESA 1995, etc.). The socio-demographic module can reveal numerous socio-economic trends existing in the Republic of Macedonia: population growth rates, average number of household members, the relation between the size of the household and its welfare, the urbanization processes, the process of decreasing size of the agricultural households, number of households depending on income transfers, the participation of women and men in the labor force, the labor force educational level, educational levels differences between the rich and the poor, etc. (Kjosev, 2012).

4.3 NAMEA (National Accounting Matrix including Environmental Accounts) for the Republic of Macedonia

Republic of Macedonia recognizes environmental protection and sustainable development as priorities both in their own right and as an essential part of the process leading to EU accession. Environmental protection is one of the basic and priority values stated in the Constitution of the Republic of Macedonia. The establishment of the Ministry of environment and physical planning contributed to institutional capacity building of the country in the field of environmental policy creation and implementation. Recently, the Ministry of environment and physical planning has established the Macedonian Environmental Information Center (MACE), as its organizational unit. It supports:

- the process of policy creation, planning and decision making;
- identifying effective measures for protecting and promoting the environment;
- on-time and reliable information for the public about the condition of the environment and active participation of the public in the environmental protection; and
- fulfillment of the requirements and the obligations for informing the national and international organizations and institutions.

Therefore, the national environmental information system is an electronic system for environmental data collection and management. It provides optimized flow of data between relevant institutions and integration of all data into a single operational structure. Hence, environmental indicators, provided by this Centre, are useful tool in the process of environmental reporting. The data base already created by the MACE will be a solid foundation for the preparation and implementation of the NAMEA approach in the Republic of Macedonia. Through such designed NAMEA approach for the Republic of Macedonia, one will connect data from the System of national accounts (SNA) and the environmental data in a systematic way (by applying uniform and standard definitions and classifications) and will enable to describe (in physical terms) the quantitative impact of the economic activities on the environment. Moreover, the NAMEA approach for the Republic of Macedonia will be a solid analytical database for preparation and implementation of macroeconomic models for analyzing the environment protection policies and activities. (Kjosev, 2012)

5 CONCLUSION

The National Strategy for Sustainable Development of the Republic of Macedonia should ensure broad consent and a firm anchoring in all walks of life in the country. Therefore, it is decisively important that comprehensive and in-depth sounding and hearing periods are planned, programmed and implemented based on an interactive and participatory approach, which should involve as many stakeholders as possible such as citizens, public and private organizations, institutions, companies, and educational, research, and development institutions.

Sustainable development and sustainable development planning are complementary processes which should ultimately lead to increased well-being of the mankind. In order to better understand and implement the whole process, one should take into consideration their methodological basis, their preparation and implementation. Hence, it is of urgent matter that Macedonia develops the Social Accounting Matrix and its extension (SESAME and NAMEA), which will be used for the decision-making process related to creation and implementation of efficient macroeconomic and development policies in the country.

All abovementioned shows that development planning and the market are complementary mechanisms in the developed market economies, and as such should be equally the part of the new socio-economic system of the Republic of Macedonia. The successful combination of the "market's invisible hand" and the "plan's visible hand" will provide a more rational utilization of the production factors and more dynamic economic development of the national economy. This will lead to a continuous improvement of the economic policy instruments, as well as the other types of planning and programming of the national economy sustainable development.

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