A PROGRAM FOR DEVELOPMENT OF SKOPJE REGION

March, 2010
Skopje

Supported by:
USAID
MACEDONIA
A Program for Development of Skopje Region

Introduction
1. Skopje Region profile
2. Recommendations for success in Program implementation
3. Vision, motto and priority list
4. Strategic directions for Center for Development of Skopje Region
   1) SWOT analysis by strategic themes,
   2) Strategic aims,
   3) Concrete aims;
   4) Programs;
   5) Success indicators;
   6) Sources of information
   7) Risks;
5. Implementation
   1) Institutional framework for regional development
   2) Regional development funding
   3) Monitoring, assessment and update of Regional Development Strategy

1. ANNEX 1: Table of Strategic aims;
2. ANNEX 2: List of Participants in work groups;
3. ANNEX 3: Assessment of cultural values of the citizens from the Skopje Region
A Program for Development of Skopje Region

Introduction

Regions in the Republic of Macedonia have been established for the needs of planning the regional development and implementation of the measures and instruments stimulating the equivalent regional development. The regions are the units of NTUS third level established by act of the Government of the Republic of Macedonia laying down the Nomenclature of Territorial Units for Statistics – NTUS.

Planning of the development of Skopje Region is made pursuant to the planning documents as follows: Physical plan of the Republic of Macedonia, strategic development documents at national level and program documents for integration of the Republic of Macedonia in the European Union.

The Program for Development of Skopje is primary development document at regional level for the period 2009-2014. It defines the current region condition, the strategic directions for development and proposes measures for determination and over passing the existing conditions. The program was prepared in the period June-August 2009, lead by the Council and the Centre for Development of Skopje Region in partnership with more than 140 representatives of the municipalities in the region, Ministry of Local Self-government, experts and USAID.

The Program for Development of Region was adopted by the Council for Development of Skopje Region (December 2009) upon previous consent of the Council for Balanced Regional Development of the Republic of Macedonia.

Council for Development of Skopje Region
President
Mr. Toni Trajkovski
1. Region Profile

1.1. Position and Urbanism

Skopje Region covers the basin of Skopje valley and total area of 1812 km² or 7% of the territory of the Republic of Macedonia. The region covers 17 municipalities (Table 8.1) 10 of which are part of the city of Skopje as particular unit of the local self government. 142 settlements are located in the region, 141 of which are rural settlements. The population density is 319 citizens/km² and four times higher than the average of the country (81 citizens/km²). About 88% of the population in the region is concentrated in the city of Skopje, that is 25.1% of the total population in the country thus showing the huge concentration of the population in Skopje agglomeration.

Table 1: Municipalities in Skopje Region

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Area Ha</th>
<th>citizen/km²</th>
<th>Settlements</th>
<th>Participation (in %) of city in the total population</th>
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<td>1812</td>
<td>319</td>
<td>142</td>
<td>71.8</td>
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</table>

Source: State Statistical Office

1 The areas of the regions refer only to the land-based part of the territory.

2 The wood mass and the planned wood in the mountain regions refer to the wood set up with woodland-economic basis managed by PE Macedonian Woods.
A Program for Development of Skopje Region

and thermo-mineral waters in Katlanovo have special mineral importance providing possibility for development of spa tourism in this area. The River Vardar with Treska, Lepenec, Pchinja, Markova and Kadina River influents is the main water resource in Skopje Region. Two accumulations Matka 1 and Kozjak are built on Treska River and Matka 2 is under construction. Apart from hydro energetic potential, Treska and Kadina River having ambient beauties offer exceptional conditions for recreation and development of tourist and catering industry contents. The rocky hot Rashche is of great importance for water supply of the city of Skopje, and the ground artesian waters are special resource for Skopje field.

1.3. Natural and cultural-historical heritage

From the natural and cultural-historical heritage in Skopje Region, under its tourist potential the following are excluded: archaeological locality Skupi, Kale Fortress, aqua ducts, the Old City Bazaar of the City of Skopje, numerous churches and monasteries, as well as several natural reservoirs and natural monuments, from which the Canon Matka and Treska Lake have the biggest tourist potential.

1.4. Population and demographic characteristics

Under Population Census in 2002 Skopje Region had 579144 citizens or 6.0% more compared with 19943 (Table 8.2). Within the period analyzed, this region is characterized by one and a half higher population growth than those at country level and with expressed intraregional differences in the population development.4 The natural movement of the population in the region is characterized by above average birth rate, below average mortality and twice higher rate of natural growth than the average of the country. In the period 1994-2006 the halving of the natural population growth appeared in this area. The indicators of dead infants per 1000 live born in some of the municipalities are still very high. In 2006 the rate of total fertility for the region is 1.63 and does not provide single reproduction of the population. In the internal migrations in the region and in the greater part of the municipalities the domination of the intramunicipal migrations exists (about 66%) Regarding the external migrations the region is specific with twice higher stake of the emigrants from abroad. According to many indications in the last decade the emigration is intensified as well in Skopje Region, in particular of high-educated staff. The forms of age pyramids of the population show that even in spite of the changes, its age structure in general coincides with that at the level of country. (Diagram 8.1). The ranging of the demographic age points that in the period 1994-2006 the population in the region passed from the threshold of demographic age in a stadium of demographic age. In 2002 it was a stadium of demographic maturity in four municipalities, on the threshold of demographic age, in demographic age of four, and in deep demographic age in two municipalities.

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3 Having regard to the long-term trend of demographic indicators, the analysis of the population and the demographic characteristics has been made on the basis of the data in both last population censuses (1994 and 2002).
4 In deficit of data regarding the population in 17 municipalities of the Skopje Region in 1994, pursuant to the territorial organization in 2004, the growth of the population and the changes in its structural marks in particular municipalities cannot be considered.
### Table 2: Scope, dynamics and some structural marks of the population in Skopje Region

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</table>

* Natural growth rate of 1000 citizens (promile) ** Efficient contingent covers the population aged 15-64 (male) and 15-59 (female).
*** Coefficient of the total age dependence - stress of the population at efficient age with the contingents of youth (0-14) and old (65 and older).
**** Low level of education – without education, incomplete primary and primary educated; Medium level of education - three and four years secondary educated; High level of education - high school and high education; magistracy, doctorate.

Source: Calculated on the base of data of the SSO: Census of population, households, apartments and farms in the Republic of Macedonia 1994; Census of population, households and apartments in the Republic of Macedonia 2002 (Book XIII).
A Program for Development of Skopje Region

Skopje Region has below level stake of the children, and above average representation of the women in fertile age, workable population and older than 65 years. The stress of the workable capacity in several areas is conditions be the greater representation of the young population thus meaning that there it may be expected the greater growth of the workable contingent. The growth of the number of households and families, as well as the average number of household/family in Skopje Region is with the same intensity as at the country level. The municipalities of Karposh, Kisela voda and Centar are distinguished by higher participation of the single households and the population living there.

The education structure of the population in Skopje Region is characterized by above average participation of the population having secondary and high education, where the intraregional differences are frapping. The participation of the population with secondary level of education moves from 17.0% (Centar) to 86.2% (Arachinovo), with secondary from 11.7% (Strudenichani) to about 57% (Gjorche Petrov, Aerodrom and Kisela Voda), and with high level of education from 1.0% (Studenichani and Shuto Orizari) to 36.5% (Centar). The education structure of the population in many municipalities is more favorable compared to the other areas in the country. However, the number is not small of those having young population with low level of education.

Diagram 1: Age pyramids of the total population in Skopje Region
1.5. Economic characteristics

According to the data of State Statistical office, in 2005 Skopje Region had GDP of EUR 9978 per citizen which is for 64% over the average of the Republic of Macedonia and 45% over the average of EU27. Thereby, Skopje Region is far the most developed region in the Republic of Macedonia and participates with even 47% in the creation of the Macedonian GDP. According to the analysis of the economic movements in the non-financial sector for the period 2003-2006, the region registers growth of the total added value of this sector (Table 8.2), however the growth is less dynamic compared to the other region which is logical, having in mind that the basis in this region is much higher. The most significant sectors in the region are foodstuff industry, textile industry, printing industry, and metal processing industry, construction works, catering industry, trade, and transport and business services.

Table 3: Indicator for non-financial sector in Skopje Region

<table>
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<tr>
<th></th>
<th>Added value in non-financial sector (in million MKD)</th>
<th>Participation in the total production (in %)</th>
<th>Participation in employments (In %)</th>
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<td>56 59 58 60</td>
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Source: Calculated on the basis of SSO data

The holders of the economic growth in Skopje Region are big enterprises (Picture 8.1.) dominating with about 51% in the total production in non-financial sector followed the small and medium enterprises with participation of 36% and 13% appropriately. However, regarding the employees small enterprises dominate with participation of 51% in the total number of employees. The small firms are characterized by production growth of 56% in the period 2003-2006 when about 22 000 new job posts were created (the data should be updated), however 6000 job posts were lost in the same period at big and medium enterprises.

Diagram 2: Added value in business sector

Source: State Statistical Office
A Program for Development of Skopje Region

The number of the small enterprises in the period 2003 - 2006 increased for 35% and the greatest part of the small firms are concentrated in the service sector (76%). The costs for workforces per employee in Skopje Region are approximately reduced for 2% in the period analyzed, where the costs of small enterprises were reduced for 3%, of medium for 15%, and of big increased for 4%. As in other regions, this shows that the small businesses mainly open low paid job posts and refers as well to their flexibility and faster reaction of the market movements. However, these indicators discover that the medium and big enterprises are restructured adapting the number of employees to the real needs of the production process and the height of productivity salaries. This encourages that in the following period the big and medium enterprises will be able to more significantly contribute to the creation of new job posts in Skopje Region. The labor productivity in the period analyzed increased for 12% thus being under the national average, but it is significant that the highest productivity is of big enterprises thus confirming their leading economic role in this region.

Pursuant to the official statistical data, the services dominate with 60% in the production and 52% in the employments, and the industry is next with 30% and 34%, appropriately. The agriculture participates with 1% in the production and 3% in the employments thus referring to the relatively small meaning of the agriculture as primary branch, however having significant meaning from the aspect of concentration of big processing capacities of the foodstuff industry in this region.

The conditions for development of agriculture in Skopje Region are really limited due to the high level of urbanization of the region and great fragmentation of the agricultural crops not herewith of the development of intensive agricultural production. Corns and to a certain extend wine-growing are mainly presented in this region, while the industrial cultures are less presented and no bigger potentials for their extension exist. It is characteristic for this region that the potential for market gardening that determines the demand of the greatest market in the country is not enough used, even though the area climatically matches this type of cultures. Regarding the stockbreeding, it is not enough developed, even though high demand exists for animal products by the processing capacities.

1.6. Workforce market

Skopje Region is an area where the greatest part (30%) of the workforce in the Republic of Macedonia in concentrated. The rate of population activity in this region has been reduced from 64% in 1994 to 55,5% in 2002. Pursuant to the condition in 2002 the rate of male population activity is 65,8% and of female 45,2%. Regarding the age structure of the active population having the highest rate of activity (71,8%) the age group 25-48 differentiates. As in the other regions, the economic activity is straight proportional to the level of education of the population and is smaller at persons without school and with low level of education, and biggest at those having faculty education. The employment rate in Skopje Region is the highest in the country and in 2002 it was 38,6%. Compared to 1994 it is the lowest for almost one quarter (48,7%) thus meaning the smallest fall of the employment rate compared to the other regions. In the same period, the employment rate has been increased from 22,8%(1994) to 30,4% (2002). Skopje Region distinguishes with the lowest employment rate thus explaining by relatively higher level of economic growth. Even though the region is characterized by far better situation of the labor marked in relation with the other areas in the country, however both rates (employment and unemployment) noted negative changes in the analyzed period as a result of the general unfavorable economic movements in the country.

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5 The analysis of the workforce is made on the basis of the data from the Census of the population, households and apartments in the Republic of Macedonia from 1994 and 2002 providing unique official statistical data at regional level. The recent data of the workforce are available from the Workforce Survey implemented in 1996 by the State Statistical Office. Ass this data are not elaborated at regional level, it is not used in elaboration of the Regional Development Strategy.
The highest unemployment rate in Skopje Region is characteristic for younger age groups and the lowest values for those older than 50 years. The analysis of the education level of the unemployed shows that the stake of the unengaged workforce is the biggest at persons without education and it is decreasing by increasing of the education level. Even though the education structure of the population in this region is relatively more favorable compared to the other areas in the country, however incontestable is the need for taking measures for further reduce of the stake of persons with low level of education and improvement of the quality of the workforce (Table 1.2.).

1.7. Pension insurance

The data from the Pension and Disability Insurance Fund (PDIF) show that in 2002 1.9 insured persons (employed persons paying contributions) were in Skopje Region per 1 retired person thus presenting the highest ratio from all regions (the same ratio in the East region) thus presenting good indicator in the given moment, but while planning of the pension system development the natural movement of the population in the whole country should be taken into account. The average pension in the region is far higher and is 19% over the national average due to the high level of salaries in this region thus referring to higher life standard of older persons in this region compared to the other regions.

1.8. Health insurance

Almost the entire population in Skopje Region is covered by health insurance and the result is relatively better workforce market condition, higher percentage of the population is insured on the basis of employment. The coverage of the population with medical staff and the access to the health services at all levels of medical protection is much better in relation to the national average due to the concentration of the economic activities and the population in this region.

1.9. Life and housing conditions

The data for housing show that the Skopje Region had lower growth of number of flats between 1994 and 2002 that 16.9% in relation with the national average (20.2%). The data for equipment of the flats in this region show much favorable position of the region because the participation is lowest for flats not having water supply systems and sewerage, kitchen or bathroom or toilet, and the highest participation for flats having central heating.

1.10. Communal infrastructure

1120 km of water supply network exists in Skopje Region mainly located in the urban centers of the municipalities. On the basis of the data from the Census 2002 97.2% of the households in this region are supplied with drinking water. The coverage of the population in urban areas with drinking water systems is moving to 90% while in the rural settlements this indicator moves from 20% to 100%. The situation regarding the water supply is really bad in the municipality of Sopishte where 30% of the population is not covered with drinking water. The current situation of the water supply systems in this region may be defined as unsatisfactory due to the high consumption per citizen and the big average losses of water (over 55%) mainly result of the obsolescence of the nets for water distribution (mainly older than 15 years). Two bigger accumulation lakes are located in Skopje Region – Kozjak and Matka as well as several smaller accumulations. The construction of the weir St. Petka (Matka 2) of Treska River is in process.
A Program for Development of Skopje Region

746.6км is the accumulation and city network in this region mainly located in the urban centers of the municipalities. The coverage of the population with sewerage network in the urban areas is 85% in Skopje, while in the rural areas from 0% (septic tanks or direct drains) to 80%. The problem with waste water drainage is especially expressed in the municipalities located in Skopje field. As a result of the ground waters flood and mixing of waste waters with surface waters appears on temporal basis. Part of the households and industries located in this part discharge the waste waters in the channels and surface watercourses are used for irrigation. Feasibility study on construction of waste water treatment station in Skopje has been drafted, and in municipality of Saraj and Gjorche Petrov the process of construction of water treatment station has been started.

The deposit of solid communal waste in Skopje Region is done in the unique sanitary rubbish dump Drisla which at least minimally meets the basic sanitary and technical standard for safety waste deposit. Apart from Drisla, several municipal rubbish dumps exist in Skopje Region not being registered pursuant to the National Plan for Waste Management. As in the other regions, great number of so called Illegal rubbish dumps exist in this region, in particular in the rural part not covered by the service for collecting and deposit of rubbish thus meaning additional threat for the environment in the region.

1.1. Traffic infrastructure

The existing road infrastructure in Skopje Region consists of about 935km local road, 67km high roads, 324km regional roads and 86km highways. The road network in this region is well developed, however the existing condition of part of the regional roads (R-103: Skopje-Petrovec-Katlanovo, R-117: Skopje-Zelenikovo and R-403: Gjorche Petrov-Jegunovce) may be assessed as bad. Two pan-European Corridors 8 and 10 pass through this region thus contributing for improvement of the situation. The construction of the ring road around Skopje, as part of Corridor 8, is fully completed and put into function as of June 2009. During 2010 the signing of the agreement on concession for certain road junctures of Corridor 8 is expected with concessioner who would worked on construction and maintenance of those junctures in the following 35 years. The local road network in this region is in good condition but having a trend of reducing the quality. Junctures of the local road network exist that due to the bigger damage are potential danger for normal regulation of the traffic. The maintenance of the local roads is insufficient and inappropriate, particularly in winter period, as a result at first of the deficit of finances.

Skopje Region, more precisely the city of Skopje is central railway knot. The total length of the railway network is 94.78km 37.3 km of which are part of Skopje railway knot, 31.68km is length of the Skopje-Volkovo - border with Serbia line, 18.8km part of railway line Tabanovce-border with Serbia and 7km part of the line Skopje-Kichevo. The railway network in this region has a medium density of 29.43km on 1000km², and the length of the railway lines per 100 thousand citizens is 16.4km thus being under the national growth of 33.9km, however this region is well served with this type of transport as the central knot is there. The only gate for multimodal transport in the Republic of Macedonia (Rankovce) is located in the region and is currently out of use. By pre-accession EU funds the improvement of the railway infrastructure is planned as well as raising the level of safety and operation of the same pursuant to EU standards.

Regarding the air transport, one of two national airports Alexander Macedonian in Petrovec is located in Skopje Region thus being of exclusive importance for functioning of the region as business and administrative centre in the country. One class A sport airport is located in this region, near Skopje. One road and railway passage with Serbia is located in Skopje Region, as well as one cross border passage located at the airport Alexander the Great.

The gas line system located on Corridor 8 is of special importance for Skopje Region. The total length of the gas line is 98kn 18km of which pass though the Skopje Region. As well as part of the pipeline Thessalononiki - Skopje passes through this region.
1.12. Energy

The total average annual consumption of electric power in Skopje Region in the period 2003-2006 was 1711 GWh (about 35.8% of the total consumption in the Republic of Macedonia) thus presenting the highest consumption in relation with the other regions due to the high concentration of the business activities in this region. Apart from the electrical power, this region is the biggest consumer of other types of energy raw materials - coal, oil derivatives and gas. Regarding the energy possibilities, hydro potential of Treska River through HEC Kozjak, HEC St. Petka (in process) and HEC Matka is of importance. These three hydro centrals complete the investment coverage for use of the energy potential of Treska River. Moreover, the construction of gas power station TE-To Skopje is important for the region having combined production of electric and heat energy, as well as the planned enlargement of the high way gas line system from the south side thus providing gas for industrial capacities and households thus meaning ecologically better solution for the industrial development in the region and providing cleaner environment.
2. Recommendations for success in Program implementation - on the basis of Assessment of cultural values of the citizens from the Skopje Region

The survey on assessment of cultural values of the citizens from Skopje Region⁶ is made by Kouch ERA – Skopje and should serve as basis for creation of the Plan for Development of Skopje Statistical Region. Perceptions are made in the surveys given by Richard Barrett Centre-UK and their interpretation in view of implementation of already said.

The recommendations given below are actually attempt to answer the question familiar to all as follows: Why the situations and activities do not move in the intended direction and why the intended level of increase and development is not achieved? Many experiences in development planning, especially the economic faced with almost perfectly made plans for development and huge gap for implementation. The efforts are by this survey and the recommendations given to overpass the gap between the planned and realized aims. The recommendations are in view of establishment of the intended values and movements of the energy in growth and development.

M.A. Rozalija Karchicka Vasilevska
Team Leader for Local Economic Development,
USAID Program for Local Self-Government

Recommendations are in view of establishment of the intended values and movements of the energy in growth and development:

Leading principles:

1. Openness, dialogue and cooperation between community leaders and citizens by transparency and positive direction
   - For the purpose of providing satisfactory level for these processes it is necessary to monitor in the initial installation the progress by monitoring the previously defined indicators. This sub-measure will prevent us from reversible processes of the primary process of openness and cooperation.

2. Creation of mutual and clear vision for the future of the country/region and mission regarding the manner and type of strategy for achieving it.
   - This measure is something that under its priority is the first concrete thing about which the leadership of the country and the citizens will be able to sit and agree. The first positive signals for unity appear with the mutually defined vision. Besides the vision and the mission it is necessary to publish the key values that will lead the process and support the mission and the vision.

3. Devotion to leadership and unambiguous effort for realization of the vision in cooperation with the citizens.
   - Monitoring previously installed indications will show the progress of this process. In general, devotion and effort are possible at the moment but the absence of previously defined indicator and regular measurement may not document the progress.

4. Promotion and creation of clime for positive values at personal and mutual plan through the media

⁶ Extracts from the survey are given in Annex 3: The assessment of the cultural values of the citizens from Skopje Region
A Program for Development of Skopje Region

- By creating clear, honest non-nepotistic culture of self-evaluation, self-estimation by sport, education and business competitions, where the best will be rewarded and publicly recognized as an example: The best municipality, the most transparent media, the best entrepreneurship etc. This theme should specially pay attention to introduction of measures stimulating the competition spirit and wish for showing into public and showing the best - correlation with self-evaluation

Economic measures:

5. Economic measures (local and regional) for establishment safety and protection at the most elementary level, such as the family Small family business as the most becoming here. Support by policies, stimulations and financial methods may produce results for a short period.

- Small and medium enterprises – SME are pivot of the strongest world and European economies. The energy for entrepreneurship development should be put at the level equivalent to the energy of attracting foreign investments, even at the higher level. According to the intended values ENTERPRENEURSHIP is very strongly recommended measures.

6. Promotion of the entrepreneurship in businesses

- Promotion of training, fairs and trade missions aimed at contribution to improvement of the knowledge and skills of entrepreneurs, obtaining new partnerships, increasing the capacities and competition of SME

7. Macedonian products and services (tourism) should be protected and branded and promoted at first in the national market and then in the close regional markets due to the value of positive attitude towards oneself.

8. Promotion of business incubators as possible form even of more advance forms as technological parks

9. Financial education and education of the citizens

- As six of the intended values are related with finances and their added values This will enable the citizens to think in view of INVESTMENT instead of saving and loans at banks for non-economic projects. Each average employee currently owes 5 to 6 monthly salaries, but a good percentage of this owes are not from economic or investment projects

Environmental measures:

10. Measures for protection of the soil, water and air are as well important for establishment of safety for the future of future generations

11. Measures for soil treatment by planting concrete cultures as turnip etc.

12. Measures for protection of air and water by strict implementation of the environmental licenses;

13. Investment in alternative energy sources such as solar collector and windmills, gas, bio fuel etc – electrical power generators

14. Investment in the save of electrical power that is measures for energy efficiency

Institutional measures:

15. Providing objectivity in the legal and executive system of governing, transparency and information;
A Program for Development of Skopje Region

16. Providing efficiency in the governmental (local and central) system in providing public services for the citizens;

17. Strengthening the inspectional surveillance for all social categories

18. CONTINUOUS MEASUREMENT and monitoring of the values of key institutions in the system at the same principle at which the measurement would be set up at the level of region.
3. Vision, motto and priority list

VISION

In 2014 Skopje Region is European Developed Region having maximum use of EU pre-accession assistance

As such it successfully realizes its strategic determinations for economically attractive and prestigious region having employment rate at European level.

Skopje Region is modern, urban place for living with modern infrastructure and established high life standards.

Within its care for future generations, Skopje Region is a place for health and protected environment where the citizens have full medical and social care.

Within Skopje Region the care for human capital and programs for quality and appropriate professional work qualification of the workforce are primates for future development.

MOTTO

Skopje Region- leader in the regional development to the way of European Family!

Strategic Directions for Development of Skopje Region

Priority list of strategic areas in Skopje Region is defined in the workshop of the mayors from the Council for Skopje Region, held on 23 and 24 July 2009 in Mavrovo, Radika Hotel.

1. Infrastructure-transport, communal, energetic
2. Environment protection
3. Use of IPA Instrument Funds
4. Economy-SME, Industry, Innovations
5. Human capital-education, long-life learning, health, social protection
6. Agriculture and rural development
7. Tourism-use of natural and cultural and historical resources
8. Urbanism and physical planning
4. Strategic Directions for Development of Skopje Region

I. Strategic area: Infrastructure – transport, communal, energetic

SWOT analysis

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Existing road corridors</td>
<td>• Undeveloped communal infrastructure</td>
</tr>
<tr>
<td>• Airport Alexander the Great</td>
<td>• Non-coordinated planning at level of the city of Skopje</td>
</tr>
<tr>
<td>• Railway transport</td>
<td>• Inappropriate law regulation</td>
</tr>
<tr>
<td>• Natural wealth</td>
<td>• Non-efficient and non-quality work of public enterprises</td>
</tr>
<tr>
<td>• Human resources</td>
<td>• Monopoly over the business activity undertaking services</td>
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<thead>
<tr>
<th>POSSIBILITIES</th>
<th>THREATS</th>
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<tbody>
<tr>
<td>• Use of natural wealth</td>
<td>• Non-maintenance of open channels</td>
</tr>
<tr>
<td>• Modernization of the road infrastructure</td>
<td>• Existence of illegal rubbish dumps</td>
</tr>
<tr>
<td>• Additional development of human potentials engaged in the business</td>
<td>• Insufficient traffic (horizontal + vertical) signalization</td>
</tr>
<tr>
<td>• Gasification</td>
<td>• Deficit of waste water treatment stations</td>
</tr>
<tr>
<td>• Development of alternative energy resources</td>
<td>• Old (asbestos) plumbing</td>
</tr>
<tr>
<td>• Development of communal infrastructure</td>
<td>• Use of hazardous materials in construction industry (asbestos roofs, radioactive lightning rods)</td>
</tr>
<tr>
<td>• Increase of the efficiency of the work of public utilities enterprises</td>
<td>• Inappropriate low-tension electro installation network</td>
</tr>
<tr>
<td>o Coordination body for planning of the communal development</td>
<td>• Inadequate control of use of concessions for natural resource use</td>
</tr>
<tr>
<td>o Coordination of the annual programs for public utilities enterprises pursuant to the programs of municipalities</td>
<td>• Inconsistent application of the law regulation in the area of concessions for natural resource use</td>
</tr>
<tr>
<td>• Intermunicipal (intraregional) cooperation</td>
<td>• Waste management and use</td>
</tr>
<tr>
<td>• Waste management and use</td>
<td>• Improvement of the existing law regulation</td>
</tr>
<tr>
<td>• Demonopolization of the undertaking business activity</td>
<td>• Change of the existing territorial division on functional basis</td>
</tr>
<tr>
<td>• Change of the existing territorial division on functional basis</td>
<td>• Establishment of cooperation with EVN on the basis of modernization of the low-tension electrical energy network</td>
</tr>
<tr>
<td>• Establishment of cooperation with EVN on the basis of modernization of the low-tension electrical energy network</td>
<td>• Inadequate criteria for disposal of assets for recent source development</td>
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</tbody>
</table>
Draft measures for solving and over passing the existing conditions

One of the preconditions for stimulation of the regional development is the existence of modern and contemporary traffic-transport and communal infrastructure. In spite of the most developed structure compared with other regions, Skopje Region faces with developing challenges due to the existing disadvantages and due to complexity and specifics of the region itself as well as big developing appetite in the following period. As for the population concentration as well as higher business activity, it is necessary to harmonize the activities and providing balanced development both for the economy and population, including exploitation of the renewable sources of energy.

The reconstruction and modernization of part of road ways is necessary as well as construction of new junctures, modernization and enlargement of the railway network and improvement of the air traffic infrastructure.

Regarding the communal infrastructure, full coverage of the population is not provided, and regarding the drainage systems and waste water treatment and solid waste management, a space for bigger progress exists.

Part of the challenges are result of inefficient functional intermunicipal territorial division, the need of bigger intermunicipal coordination of plans and activities, coordination with the city of Skopje as well as inefficient efficiency of the existing law regulation.

| Strategic area Infrastructure-transport, communal, energetic |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Strategic aim 1. Modern transport, communal and energetic infrastructure including entire environment protection |

Concrete aim 1.1. Modernization of the existing road infrastructure

Concrete aim 1.2. Modernization of the existing road infrastructure

Concrete aim 1.3. Modernization of the existing infrastructure of air traffic

Concrete aim 1.4. Reconstruction, modernization and enlargement of the systems for water-supply, for drainage and treatment of waste and atmospheric waters

Concrete aim 1.5. Solid waste management

Concrete aim 1.6. Use of resources

Concrete aim 1.1. Modernization of the existing road infrastructure

The existing road infrastructure in Skopje Region consists of about 935km local road, 67km high roads, 324km regional roads and 86km highways. The road network in this region is well developed, however the existing condition of part of the regional roads (R-103: Skopje-Petrovec-Katlanovo, R-117: Skopje-Zelenikovo and R-403: Gjorche Petrov-Jegunovce) may be assessed as bad. Two pan-European Corridors 8 and 10 pass through this region thus contribution for improvement of the situation. The Skopje ring road is constructed and put into function and it is part of Corridor 8. The local road network in this region is in good condition but having a trend of reducing the quality. Junctures of the local road network exist that due to the bigger damage are potential danger for normal regulation of the traffic. The maintenance of the local roads is insufficient and inappropriate, particularly in winter period, as a result at first of the deficit of finances. Therefore, it is necessary for the following period to put accent on modernization of the existing highway and local road infrastructure as a precondition for versatile regional development, additional development of the local road network as well as improvement of the signalization.
Concrete aim 1.2.  
Modernization of the existing road infrastructure

Skopje Region, more precisely the city of Skopje is central railway knot. The total length of the railway network is 94.78m 37.3 km of which are part of Skopje railway knot, 31.68km is length of the Skopje-Volkovo-border with Serbia line, 18.8km part of railway line Tabanovce-border with Serbia and 7km part of the line Skopje-Kichevo. The railway network in this region has a medium density of 29.43km on 1000km2, and the length of the railway lines on 100 thousand citizens is 16.4km thus being under the national growth of 33.9km, however this region is well served with this type of transport as the central knot is there. The only gate for multimodal transport in the Republic of Macedonia (Rankovce) is located in the region and is currently out of use.

Having regard to the insufficient use of potentials of the railway traffic in the region and broader, the modernization of the existing infrastructure by reconstruction and modernization, increase of the capacities of this type of services as well as construction of multimodal transport knot will restore these disadvantages.

Concrete aim 1.3.  
Modernization of the existing infrastructure of air traffic

Regarding the air transport, one of two national airports Alexander of Macedonia in Petrovec is located in Skopje Region thus being of exclusive importance for functioning of the region as business and administrative centre in the country. One class A sport airport is located in this region, near Skopje. One road and railway passage with Serbia is located in Skopje Region, as well as one cross border passage located at the airport Alexander the Great.

The developed air traffic is an important precondition for fast flow of people and goods. Therefore, the modernization of the existing infrastructure, enlargement of the capacities and types and volume of service offer related to the air traffic is of high priority.

Additionally, potential exists for creation of additional value by animation of sport airports and their additional, secondary purpose for economic aims.

Concrete aim 1.4.  
Reconstruction, modernization and enlargement of the systems for water-supply, for drainage and treatment of waste and atmospheric waters

1120 km of water supply net exists in Skopje Region mainly located in the urban centers of the municipalities. On the basis of the data from the Census 2002 97.2% of the households in this region are supplied with drinking water. The coverage of the population in urban areas with drinking water systems is moving to 90% while in the rural settlements this indicator moves from 20% to 100%. The situation regarding the water supply is really bad in the municipality of Sopishte where 30% of the population is not covered with drinking water. The current situation of the water supply systems in this region may be defined as unsatisfactory due to the high consumption per citizen and the big average losses of water (over 55%) mainly result of the obsoleteness of the nets for water distribution (mainly older than 15 years). Two bigger accumulation lakes are located in Skopje Region – Kozjak and Matka as well as several smaller accumulations. The construction of the weir St. Petka (Matka 2) of Treska River is in process.

723km is accumulation and city network in this region mainly located in the urban centers of the municipalities. The coverage of the population with sewerage network in the urban areas is 85% in Skopje, while in the rural areas from 0% (septic tanks or direct drains) to 80%. The problem with waste water drainage is especially expressed in the municipalities.
A Program for Development of Skopje Region

located in Skopje field. As a result of the ground waters flood and mixing of waste waters with surface waters appear on temporal basis. Part of the households and industries located in this part discharge the waste waters in the channels and surface watercourses are used for irrigation. No waste water treatment station exists in Skopje Region.

The present image, as well as the data for demographic movements in the last period refers to serious need for reconstruction, modernization and enlargement of the capacities for water supply, drainage and treatment of waste waters and atmospheric waters.

Concrete aim 1.5.
Solid waste management

The deposit of solid communal waste in Skopje Region is done in the unique sanitary rubbish dump Drisla which at least minimally meets the basic sanitary and technical standard for safety waste deposit. Apart from Drisla, several municipal rubbish dumps exist in Skopje Region not being registered pursuant to the National Plan for Waste Management. As in the other regions, great number of so called illegal rubbish dumps exist in this region, in particular in the rural part not covered by the service for collecting and deposit of rubbish thus meaning additional threat for the environment in the region.

This clearly shows the need of systematic access to this area and enlargement of the capacities through construction of new rubbish dumps that are to function in accordance with the standards for environment protection.

Technological process for use of part of the waste by selection and recycling is entailed as additional need and as a chance for creation of additional value.

Concrete aim 1.6.
Use of natural wealth

The total average annual consumption of electric power in Skopje Region in the period 2003-2006 was 1711GWh (about 35.8% of the total consumption in the Republic of Macedonia) thus presenting the highest consumption in relation with the other regions due to the high concentration of the business activities in this region. Apart from the electrical power, this region is the biggest consumer of other types of energy raw materials - coal, oil derivatives and gas. Regarding the energy possibilities, hydro potential of Treska River through HEC Kozjak, HEC St. Petka (in process) and HEC Matka is of importance. These three hydro centrals complete the investment coverage for use of the energy potential of Treska River.

Moreover, the construction of gas power station TE-To Skopje is important for the region having combined production of electric and heat energy, as well as the planned enlargement of the high way gas line system from the south side thus providing gas for industrial capacities and households thus meaning ecologically better solution for the industrial development in the region and providing cleaner environment.

As big energy consumer Skopje Region immediately needs rational, but at the same time expansive development of the energy production. As from never till now the need is entailed for exploitation of new and renewable energy resources such as solar energy, biomass energy, geo-thermal sources etc.

The special accent is put on the gasification and development of the potential for use of this cheaper energens.
II. Strategic area: Environment protection

Providing health environment in regions is especially important aspect of creation competition regions recognizable of the good population life and business conditions. Having regard to the importance of this aspect on one side, and the inaccessibility of statistical data and analyses at the level of region established detailed image on the other side, the environment protection is identified as priority on the basis of the condition established by the Physical Plan of the Republic of Macedonia and the data from the regional meetings of the parties concerned held while drafting the Strategy – extract from the National Strategy for Regional Development of the Republic of Macedonia.

SWOT analysis

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New and modern law regulation for environment harmonized with EU</td>
<td>• Insufficient coverage with bylaws of all regulations</td>
</tr>
<tr>
<td>• Decentralized competence of the local self-government</td>
<td>• Insufficient equipment of the services for environment in particular municipalities</td>
</tr>
<tr>
<td>• Data from the monitoring of the environment</td>
<td>• Deficit of finances for implementation</td>
</tr>
<tr>
<td>• NEAP 1 and NEAP 2 drafted</td>
<td>• Imperative of regional coordination for certain projects regarding the environment (air pollution, water pollution, noise...)</td>
</tr>
<tr>
<td>• LEAP for the City of Skopje drafted in 2004</td>
<td>• Absence of statistical data for the activities in the municipalities having influence on the environment</td>
</tr>
<tr>
<td>• LEAP for part of municipalities in the city of Skopje drafted</td>
<td>• Absence of inspectors for environment in all municipalities in the region</td>
</tr>
<tr>
<td>• National Environmental Investment Strategy 2009-2013 drafted</td>
<td>• Insufficient training of the inspection service for environment</td>
</tr>
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<td></td>
<td>• Insufficient information on rural areas regarding projects for environment (topicalities) monitoring</td>
</tr>
<tr>
<td></td>
<td>• Need of feasibility study in the municipalities of Skopje and rural Skopje municipalities</td>
</tr>
<tr>
<td></td>
<td>• Inappropriateness of alternative energies</td>
</tr>
<tr>
<td></td>
<td>• Absence of complete laboratories for research of the discharges of big industrial pollutions (water, air...)</td>
</tr>
<tr>
<td></td>
<td>• Existence of illegal rubbish dumps</td>
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<td></td>
<td>• Absence of rubbish dump for hazardous waste</td>
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<tr>
<td></td>
<td>• Absence of waste water treatment station in the territory of Skopje</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>POSSIBILITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Good cooperation with the Ministry of Environment</td>
<td>• Absence of complete laboratories for research of the discharges of big industrial pollutions (water, air...)</td>
</tr>
<tr>
<td>• Proactive Ministry of Environment</td>
<td>• Existence of illegal rubbish dumps</td>
</tr>
<tr>
<td>• Available donor finances</td>
<td>• Absence of rubbish dump for hazardous waste</td>
</tr>
<tr>
<td>• Training by the Ministry of Environment</td>
<td>• Absence of waste water treatment station in the territory of Skopje</td>
</tr>
<tr>
<td>• Efficient sector for Environment of the City of Skopje, as promoter of activities in region</td>
<td></td>
</tr>
<tr>
<td>• projects drafted for protection of all environment media by the Sector for Environment of the City of Skopje and their current realization</td>
<td></td>
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<tr>
<td>• Feasibility studies drafted regarding waste water, composting</td>
<td></td>
</tr>
<tr>
<td>• Water monitoring started (surface and ground), on springs and on soils in Skopje Region</td>
<td></td>
</tr>
<tr>
<td>• Activities started for issuance A and B integrated, environmental licenses for big polluters</td>
<td></td>
</tr>
</tbody>
</table>
Draft measures for solving and over passing the existing conditions

Care of the community for the mutual resources such as water, air and soil refers to one society having higher values regarding its future and the future of next generations. The mutual resources are our heritage from the ancestors and our obligation for the next generations. Nowadays, when the whole world requires unconditioned promotion and raising of the awareness for ecology as well as for concrete actions for protection, recultivation and reforestation the care for the planet Earth and its resources should be our precious aim.

In that direction are the draft measures for more quality and more efficient planning of the environment protection. The regional policies, initiatives and environment measures are the right place where the cooperation in the region will take full place. The resources we share such as the air, water and the soil require mutual care for their use, protection and recultivation. Furthermore, the control of the water treatment system, air polluters as well as the bigger coverage of the region by these measures is prevention from future pollution by these resources. The soil as one of the main resources for food and production of different vegetable and industrial cultures is the third significant resource for which the regional policies are extremely important. Lungs of the Earth that is the woods are draft measure that must be regularly implemented.
**Concrete aim 2.1.**
**More qualitative and more efficient monitoring of the quality of the environment in Skopje Region**

As in other areas of intervention the need is unavoidable for better planning and better coverage of the region with databases and monitoring stations. The study is inevitable for almost each regional project both on micro region level or region.

Programs:
- Providing good statistical base for different aspects of economic and non-economic life that does not refer to media and environmental areas, but have influence on the environment quality (demographic, energetic, infrastructural...) Drafting studies for environment protection at region level
- Providing good strategy for monitoring of the environment (waters, air, soil, noise, clime changes consequences...) pursuant to MEPP Strategy
- Realization of Water Springs Protection Program (Rashche spring, well area Nerezi-Lepenec)
- Realization of the program for protection of surface and ground waters in the region
- Realization of the Geo-chemical Soil Monitoring Program in Skopje Region

Draft measures for success indictors are the number of provided statistical data, strategies made, program realized as well as quantity and quality of the data provided. Risks for non-performance are mainly deficit of financed, absence of coordination, absence of initiatives etc.

**Concrete aim 2.2.**
**Providing conditions for environment planning and management in the region**

Programs:
1. Preparation of Environment Management Strategy in the region
2. Preparation of plans for protection of each of the environmental media for the region (air, waters, soil, noise, waste...)
3. Introducing EMAS in the local self-government units in the region
4. Realization of the existing mechanisms for control of the investment impact and environmental strategies (EIA and SEA)

Success indicator means number of systems for waste gas treatments, communal and industrial waters (per 1000 citizens). Risks for non-performance are similar as in other aims thus presenting an absence of inspectional monitoring, deficit of finances and unfavorable business environment.
Concrete aim 2.3.
Reduction of the environmental pollution

Programs:
1. Providing implementation of the environmental standards for air, noise, communal and technological waste etc in the functioning of economic capacities through implementation of the procedures for granting A and B integrated environmental licenses
2. Providing modern system for waste communal water treatment in the region
3. Providing conditions for air pollution reduction from mobile and static (energy plants, objects with individual heating etc) sources of pollution
4. Providing conditions for noise monitoring, reduction and management in the environment of the region
5. Solving the problem with hazardous waste

Success indicators for this concrete aim are the number of issued A and B licenses, projects and feasibility studies on water treatment constructions made, slam local water treatment station constructed, activities for construction of water treatment station in Skopje realized, data for the ambient air quality before and after the realization of appropriate programs, data for the level of noise in the environment before and after the noise management, construction of hazardous waste rubbish dump

The group working on this issue noted the following risks: deficit of finances as well as absence of coordination of the involved parties. Unfavorable business environment as our routine bears part of the risk for non-performance of the aim.

Concrete aim 2.4.
Better protection of the natural rarities in the region

Programs:
1. Preparation of planning documents for already protected natural areas in region and their realization (monument of the nature Canon Matka, park-wood Vodno, characteristic landscape Gazi Baba)
2. Preparation of studies for establishment the values for new localities and obtaining suggestions for their protection
3. Preparation of Program for soil protection from erosion
4. Preparation of annual programs for reforestations of the rugged mountains in region and their realization

As indicators adopted for monitoring of this activity are the number of drafted and realized planning documents, number of studies made and suggestions given, areas protected from erosion and reforested areas (in Ha). Even though in the last years 2008-2009 many actions for reforestations were initiated across the whole country still their continuous implementation is one of the preconditions for providing better future for next generations. The risks that follow this program are deficit of finances or even absence of coordination or absence of cooperation of the city of Skopje with the Municipalities. On the other hand, the world recession and unfavorable business environment in combination with positive political will may be a challenge for implementation of this program on a long-term plan.
The Instrument for Pre-Accession assistance of the European Union unique all recent mechanism for financial assistance of EU in one: CARDS, ISPA, SAPARD, PHARE and pre-accession assistance for Turkey.

IPA Instrument consists of 5 components:

1. **Component 1** - Assistance in transition and institutional development (Recent CARDS) and strengthening the administrative and judicial capacities;
2. **Component 2** – Cross border cooperation and harmonize and balanced development of the EU Member States;
3. **Component 3** - Regional development (recent ISPA), transport, environment, regional competition (innovations and entrepreneurship, social infrastructure);
4. **Component 4** – Human Resources development (recent PHARE), social inclusion, education, training (long-life learning) and employments (active labor market);
5. **Component 5** – Rural development (recent SAPARD), support of agriculture, economic development in rural areas;

By obtaining the status of candidate state for membership in the European Union, the Republic of Macedonia acquired bigger possibilities and benefits than the aspirant states: the funds within the frames of total allocation for IPA are bigger (from 17 to 40 EUR per capita), it may participate in all 5 components, through participation in investment projects, effects from the financial investments are visual for a short term, possibility of decentralized management of the assets with total inclusion of the national institutions.

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**SWOT analysis**

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9 Financial package aimed at measures in agriculture and rural development (Council Regulation (EC) No 1268/1999 of June 1999 on Community support for Pre-accession measures for agriculture and rural development in the applicant countries of central and eastern Europe in the pre-accession period).

10 Financial package for human development of the countries from Central and East Europe (Council Regulation (EC) No 3906/89 on economic aid to certain countries of Central and Eastern Europe).
## ADVANTAGES

- Cooperation and exchange of experience with municipalities having experience in application
- Central geo-strategic position
- Use of experienced consultancy houses
- Existence of national and international donor for support of preparations for IPA

## WEAKNESSES

- Deficit of educated staff for drafting IPA Applications
- Absence of conditions for use of the second component of IPA – Cross border cooperation with the Republic of Serbia
- Incomplete (non-existence) distribution of information to the final users
- Non-existence of lobby groups
- Insufficient experience in private public partnership
- Insufficient intermunicipal cooperation
- Absence of micro regions

## POSSIBILITIES

- Use of first, fourth and fifth component of IPA Instrument
- Use through fully decentralized system of management of funds from the fifth component of IPA-IPARD, support of the agriculture and rural development
- Visa liberalization

## THREATS

- Absence of coordination between central and local government
- Inappropriate law regulation of EU regarding the Gross Domestic Product in the process or prioritization
- Centralized management with the first four IPA components
- Non-harmonization of the national law regulation with EU regulation
- Incomplete fiscal decentralization
- Insufficient financial capacity of the municipalities for co financing the IPA projects

## Vision

By using the IPA Instrument funds Skopje Region is highly developed region having balanced regional development, visa liberalization and free flow of people, goods and services as well as highly trained municipal staff – closer to Europe.
A Program for Development of Skopje Region

III. Strategic area: Use of IPA Instrument funds

Strategic aim 3.
Maximal use of IPA Instrument funds

| Concrete aim 3.1. Drafted Strategic plan for Skopje Region for IPA Instrument funds use | Concrete aim 3.2. 3.2. Staff prepared for IPA application draft | Concrete aim 3.3. 3.3. Complete information of the final users regarding the condition and criteria for IPA Instrument fund use | Concrete aim 3.4. 3.4. Experience exchange with EU State candidates and Member States |

Concrete aim 3.1.
Drafted Strategic plan for Skopje Region for IPA Instrument funds use

IPA funds are available for Republic of Macedonia since 2007. Due to internal, but as well due to international factors for delay with the negotiations between the Republic of Macedonia and the European Commission, the possibilities for use of these funds are still limited. On the other side, the information of the final users of the funds-municipalities, business sector, civic organizations - regarding the flow of negotiations, possibilities, manners, conditions and criteria for applications are at very low level. Also, low is the level of staff, in all segments, trained for preparation of IPA projects and familiarization with the European legislation. For all this, the initial steps are given, in form of programs deriving from the concrete aims, for over passing the barriers and creating conditions for increasing the possibility for use of IPA instrument funds.

Programs:
1.1. Team forming with representatives of all municipalities in Skopje Region
1.2. Cooperation with experts and consultants
1.3. Coordination of the Regional Centre for Skopje Region with the entire process

Concrete aim 3.2.
Staff prepared for IPA application draft

Prepared and trained staff in the municipalities and the civic sector as well as high knowledge of the business sector for preparation of IPA projects and applications is one of the key conditions for IPA Instrument fund use.

Programs:
1.4. Training for preparation of IPA applications
1.5. Training for EU legislation and regulation
1.6. Intensified cooperation between the central and local government-coordination of Skopje Region
1.7. Motivation and raising awareness on the municipal staff regarding the significance of the IPA Instrument fund use;

Concrete aim 3.3.
A Program for Development of Skopje Region

Complete information of the final users regarding the condition and criteria for IPA Instrument fund use

For the purpose of realization of this concrete aim, the intensive cooperation is necessary between the central government that is Sector for European Affairs, Agency for Financial Support in Agriculture and Rural Development, as independent body that is to manage the funds from the fifth, IPARD component and the final users. This will provide regular and accurate flow of information as a condition for prompt taking appropriate steps for application to public calls and preparation of the whole necessary documentation.

Programs:
1.8. Media campaign
1.9. Forming of LAG
1.10. Drafting of promotional material
1.11. Forming bodies for monitoring the EU public procurements and Public calls for application and distribution of information to the municipalities of Skopje Region

Concrete aim 3.4.
Experience exchange with EU state candidates and Member States

Part of the Balkan countries, such as Slovenia, Bulgaria and Croatia has used part of the finances from the pre-accession funds. Consultants from these countries are present in the Republic of Macedonia for a recent period and funded by certain donors they deliver training aimed at municipalities and civic sector. The experiences acquired by this training, as well as from study visits, round tables are of significant importance for the whole process of identification, preparation, application and realization of IPA projects.

Programs:
1.12. Study visit
1.13. Organizing round table for experience exchange, tribune organizations
A Program for Development of Skopje Region

IV: Strategic area: Economy-SME, Industry, Innovations

Innovation and competition ability of the economy in the region is of special importance as it is a basic precondition for the business entities to enable increase of the level of region economic development. The holders of the economic growth in Skopje Region are big enterprises dominating with about 51% and 41% participation of the small and medium enterprises. However, regarding the employees small enterprises dominate with participation of 51% in the total number of employees.

SWOT analysis

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Geostrategic position of the region (Crossroad of Corridors 8 and 10)</td>
<td>• High level of unemployment</td>
</tr>
<tr>
<td>• Developed industries (metal, chemical, construction)</td>
<td>• Unequal economic development in the region (Skopje compared to the rural areas)</td>
</tr>
<tr>
<td>• Education centre (concentration of education institutions)</td>
<td>• The area in the industrial zones is in state ownership</td>
</tr>
<tr>
<td>• Functional Regional Centre for Small and Medium Enterprises Support _Skopje</td>
<td>• Neglected/undeveloped infrastructure in the rural areas</td>
</tr>
<tr>
<td>• Capacity of workforce (young, expert, educated)</td>
<td>• Absence of SME support centre system</td>
</tr>
<tr>
<td>• Great number of workable population</td>
<td>• Disordered industrial zones</td>
</tr>
<tr>
<td>• Attractive region for attracting foreign investments</td>
<td>• Environment pollution by physical persons and business entities</td>
</tr>
<tr>
<td>• Strong bank sector (all bank general offices are in Skopje)</td>
<td>• Old machine parks in part of big capacities – non-competition</td>
</tr>
<tr>
<td>• Existence of modern fair exposure centers</td>
<td>• Impossibility of management of the construction are by the municipalities</td>
</tr>
<tr>
<td>• God transport and communication connections</td>
<td>• Weak economic development in the rural areas</td>
</tr>
<tr>
<td>• Low communal taxes in the rural municipalities</td>
<td>• Deficit of new big national and foreign investments</td>
</tr>
<tr>
<td>• Existence of free industrial zone (Bunardzik)</td>
<td>• No participation of Science based business</td>
</tr>
<tr>
<td>• The highest GDP per citizen in Republic of Macedonia</td>
<td>• Unconstructed Corridor 8</td>
</tr>
<tr>
<td>• High long term tax collection</td>
<td>• Insufficient use of natural wealth in the region</td>
</tr>
<tr>
<td>• Concentration population (1/3 of the total population of the Republic of Macedonia)</td>
<td>• Presence of bureaucratic procedures in the administration</td>
</tr>
<tr>
<td>• Fast access to the airport</td>
<td>• overflow of young and educated people from the region</td>
</tr>
<tr>
<td></td>
<td>• Weak cooperation between municipalities and business sector</td>
</tr>
<tr>
<td></td>
<td>• Absence of economic zones in rural areas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POSIBILITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Use of the benefits and potentials of the cross road of both corridors</td>
<td>• Visa liberalization – Overflow of young expert staff</td>
</tr>
<tr>
<td>• Transfer of the construction ground in ownership of the municipalities</td>
<td>• Unstable political surrounding</td>
</tr>
<tr>
<td>• Attracting foreign direct investments</td>
<td>• Inefficient and slow administration</td>
</tr>
<tr>
<td>• Construction of central track of corridor 8</td>
<td>• Law nebula while foreign direct investments</td>
</tr>
<tr>
<td>• Construction of gas line system</td>
<td>• High interest rates for SME by the banks</td>
</tr>
<tr>
<td></td>
<td>• Impact on the world economy crisis</td>
</tr>
</tbody>
</table>
A Program for Development of Skopje Region

- Improvement of the traffic infrastructure in the region
- Stimulating and support of new business in the rural areas
- Development of air cargo transport
- Creating of institutional system for SME support
- Development of new industrial/economic zones
- Construction of technological part – Science based businesses
- Stimulating and intensification of the cooperation of the local government with the business entities and institutions for SME support
- Use of IPA funds
- Promotion of SME in foreign markets
- Development of human resources for the needs of SME

- Global climate changes
- Insufficient sources of financing and restrictive central budget
- High price of the existing construction area
- Impossibility of management of the construction area by the municipalities
- Differences in the development of the municipalities in Skopje Region

Draft measures for solving and over passing the existing conditions
Increasing the level of economic development may be achieved by stimulation and development of SME leaders of economy in the regions (98% at Republic of Macedonia level), stimulating the further development of the leading industries of the region (the most significant in Skopje Region are foodstuff industry, textile, printing, metal procession, construction, catering industry, trade, transport and business services). Attracting the national and foreign investment through preparation and creation of appropriate infrastructurcal conditions in the region (free economic zones, defined economic zones at municipal level etc) and through investment in human resources having at disposal appropriate knowledge and skills adjusted according to the market needs and economy development trends in the region for the purpose of capacity use, competition on the market and profitable working.

IV: Strategic area: Economy-SME, Industry, Innovations
Strategic aim 4.
Increasing the level of economic development of the region through SME enhancement and development, leading industries and use of rival advantages in the region

Concrete aim 4.1. Stimulating the development of micro, small and medium size enterprises
Concrete aim 4.2. Stimulating and development t of innovation and competence of the leading companies
Concrete aim 4.3. Promotion and drawing new national and foreign investments
Concrete aim 4.4. Human resources development pursuant to the economy needs
Concrete aim 4.1.
Stimulating the development of micro, small and medium size enterprises

The role of micro, small and medium enterprises is significant in the economic growth of Skopje Region. Stimulation of the development of micro, small and medium enterprises in Skopje Region will be performed by creation of appropriate platform of institutional support as follows: Strengthening the capacity of the Regional Centre for Small and Medium Enterprises Support – Skopje acting as regional institution for providing public services for support of small and medium enterprises and establishment of long term partnerships with office for local economic development in the municipalities of the region; Assistance for Science bases business Centre Formation: local business incubators, technological parks, innovation centers, IT clusters; Determination of regional/municipal economic zone(s); Creation of databases off offer and demand of micro and SME; Improvement of knowledge and skills of managers in SME in training; Education of national entrepreneurships for investments in propulsive and profitable activities.

The realization of the abovementioned activities are followed by the determined appropriate indicators as follows: centers established, new enterprises, newly opened work posts, organized manifestations (fairs, conferences, business meetings, trade missions etc).

Concrete aim 4.2.
Stimulating and development of innovation and competence of the leading companies

One of the main leaders in the economic growth in Skopje Region is big enterprises. Increasing the level of economic development may be achieved through stimulating the further development of the leading industries in Skopje Region. The foodstuff industry, metal processing, textile, wine, printing industry and the construction are the most significant sectors in Skopje Region.

This concrete aim is to be realized by implementation of appropriate programs and projects as follows: Promotion and introduction of international technical standards for production and services; Development of technological and intensive industries in the industrial and technological zone through: Stimulation of the development of information technology, Stimulating the development of the automobile industry and attracting foreign direct investments in technological and intensive industries in: stimulation of the development of information technology, stimulating the development of the automobile industry and attracting foreign direct investments in technological and intensive industries.

The realization of the abovementioned activities is followed by the determined appropriate indicators as follows: increased number of employees, increased import of products in EU and broader, increased capacities, productivity and profitability of the leading industries, introducing international technical standards (ISO, CE, HACCP, EURO-GAP...), new investments in economic zones etc.

Concrete aim 4.3.
Promotion and attracting new national and foreign investments

The new investments are always challenging for entrepreneurs but as well as for institutions of the system responsible for economic development. For the purpose of stimulation and attraction new investments the institutions from Skopje Region responsible
for economic development of the region will be concentrated in realization of the following programs: support of the researches for technological development and innovations through use of the existing facilities and are in ownership of the state and municipalities; promotion of Skopje Region; Strengthening the coordination between the relevant institutions at national, regional and local level important for stimulation of the investments and use of EU funds for cross border cooperation and promotion of public-private partnerships for stimulation of investments.

The realization of the abovementioned activities is followed by the determined appropriate indicators as follows: Research on technological development and innovations made, public private partnerships agreed, new employments, realized projects, and participation in forums, fair manifestations or conferences.

Concrete aim 4.4.

Human resources development pursuant to the economy needs

Skopje Region is an area where the greater part (30%) of the workforce in the Republic of Macedonia in concentrated. The employment rate in Skopje Region is the highest in the country and in 2002 it was 38.6%. As in the other regions, the economic activity in Skopje Region is straight proportional to the level of education of the population and is smaller at persons without school and with low level of education, and biggest at those having faculty education. The analysis of the education level of the unemployed shows that the stake of the unengaged workforce is the biggest at persons without education and it is decreasing by increasing of the education level. Even though the education structure of the population in this region is relatively more favorable compared to the other areas in the country, however incontestable is the need for taking measures for further reduces of the stake of persons with low level of education and improvement of the quality in the workforce.

This concrete aim envisages human resources development pursuant to the needs of the economy. The same is planned to be realized by implementation of the following programs: advices, consultation and training in the regional centre for SME support and the network of SME support centers in Skopje Region for the purpose of start up of own business and strengthening the capacities for the existing business. Adjustment of the education process for the needs of the economy; Performance of analysis of the labor market and establishment of long life learning system.
### SWOT analysis

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>WEAKNESSES</th>
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<tbody>
<tr>
<td>• High educated and quality staff in the education (in part of municipalities)</td>
<td>• Insufficient care and social protection for persons with disabilities</td>
</tr>
<tr>
<td>• Reorganization of schools (students from near surrounding)</td>
<td>• Insufficient care for old persons</td>
</tr>
<tr>
<td>• Social help for the unemployed persons</td>
<td>• Insufficient number of quality staff in kindergarten</td>
</tr>
<tr>
<td>• Stimulation of cultural and sport competition spirit</td>
<td>• Low personal labor income and absence of stimulation at the employees in the education</td>
</tr>
<tr>
<td>• SOS lines</td>
<td>• Insufficient number of primary schools in some municipalities</td>
</tr>
<tr>
<td>• Realization of social protection for person with disabilities (vehicles, ramps)</td>
<td>• Inadequate locations of centers for curing from drug dependency Kisela Voda</td>
</tr>
<tr>
<td></td>
<td>• Inadequate coordination between the education institutions and the requests of the employers and the demand of workforce market</td>
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<td></td>
<td>• Absence of program for practical work of students and cooperation in the business sector</td>
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<td></td>
<td>• Absence of program for professional orientation of young staff</td>
</tr>
<tr>
<td></td>
<td>• Unsolved status of school yards- idle of the same</td>
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<tr>
<td></td>
<td>• Insufficient staff structure in the primary health protection</td>
</tr>
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<td></td>
<td>• Insufficient (physical) safety of the objects of education</td>
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<thead>
<tr>
<th>POSSIBILITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Use of IT technology in these businesses</td>
<td>• Increase of age structure of the population</td>
</tr>
<tr>
<td>• Raising the awareness for preventive health protection</td>
<td>• Overflow of high education and quality staff</td>
</tr>
<tr>
<td>• Stimulation of entrepreneurship spirit and education</td>
<td>• Unsafety of future</td>
</tr>
<tr>
<td>• Socialization of adult persons</td>
<td>• Environment pollution</td>
</tr>
<tr>
<td>• Work engagement of workable retired persons and use of their experience</td>
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</tbody>
</table>
A Program for Development of Skopje Region

The more significant considerations in this area are as follows: reduction of the natural growth and transferring in stadium of demographic age as well as emigration of young, high-educated staff.

V. Strategic area: Human capital-education, long-life learning, health, social protection

Strategic aim 5.
Bigger use of human potentials and providing appropriate health and social conditions in the region

Concrete aim 5.1.
Use and development of human capital (education and long-life-learning)

Concrete aim 5.2.
Stimulation of cooperation with the economy and labor market development

Concrete aim 5.3.
Prevention of the process of "overflow of minds"

Concrete aim 5.4.
Demographic revitalization of the region and the municipalities

Concrete aim 5.5.
Promotion of health and social protection of the population

Concrete aim 5.6.
Use of human potential in the regional development

Concrete aim 5.1.
Use and development of human capital (education and long-life-learning)

The recent reforms in education in the region and wider were slow and showed insufficient efficient. The development of information and communication technology opened new possibility that raised the progress of this area at the level of high priority. The prompt flow of information and availability of resources of knowledge are the basic characteristic of present time.

Besides the law regulations that raised the secondary education at level of obligation for each person having formed primary school, continuous effort and activities are necessary for the purpose of providing stimulation and positive practice of the long life learning system. That concept provides dynamic, flexible adjustment of the offer and demand of knowledge and capacities and meeting the needs of the business entities, as employers as well as persons on the workforce market.

In that view, special focus is put on programs referring to continuous training for deepening the knowledge and developing skills required on the workforce market, with special accent on ICT.

Concrete aim 5.2.
Stimulation of cooperation with the economy and labor market development

The demand of specific elements on the labor market is in direct dependence from the development and the dynamic of changes in the business world, the changes in social and economic sphere or in short, from the request on the market of goods towards those to which the business entities are aimed at for the purpose of fast adjustment and response to the demands. The education system is not characterized by flexibility and thus resulting in disparity of the offer and the demand of specific staff, that is deficit of some profiles and surplus of these staff types.

Therefore, the reading and interpretation of the signals coming from the business entities and envisaged trends in the following period is high priority task. That may be achieved only by realization of programs for cooperation between the system of formal education and the business sector, through affecting the centers for professional orientation and creation of public private partnerships for support of the young high educated staff employment.
A Program for Development of Skopje Region

Special accent falls on stimulation and the development of entrepreneurship spirit and entrepreneurship culture. Systems of self-financing of education institutions, if established, will be good possibility for first contacts of youth with business world and personal experiences and considerations for respecting the knowledge and skills by business entities, something by which they will face in further periods of their life.

Concrete aim 5.3.
Prevention of the process of “overflow of minds”

“Overflow of minds” is one of the bigger problems in human resource management in the society. By this process, the investments in staff never return and the contributions move to other place. It is a great hit for the society that remains short of great potential and development based on human factor, knowledge and expertise. According many indications in the last decade the emigration is intensified as well in Skopje region, in particular of high-educated staff. Prevention of these trends is not an isolated process but complementary to other developing flows and trends, as raising the general economic activities, stimulation of entrepreneurship spirit and culture, harmonization of the education pursuant to the demand of the labor market and some others. In that sense, institutional support is necessary as well as creation of preconditions for prevention of the overflow and stimulation return flows.

Concrete aim 5.4.
Demographic revitalization of the region and the municipalities

Several characteristics are noticed in the natural population movement in the region: above average birth rate including its significant reduction, below the average mortality and twice higher rate of natural growth than the average of the country. In the internal migrations in the region and in the greater part of the municipalities dominant participation of the intermunicipal migration exists (about 66%). Regarding the external migrations the region is specific with twice higher investment of the immigrants from abroad.

The ranging of the demographic age points that in the period 2006- the population in the region passed from the threshold of demographic age in a stadium of demographic age. In 2002 it was a stadium of demographic maturity in four municipalities, on the threshold of demographic age, in demographic age of four, and in deep demographic age in two municipalities.

The demographic revitalization of the region and the municipalities will appear by promotion of the legal frame and institutional support for stimulation the birth rate in the municipalities with negative or low natural growth of the population (Pursuant to the Population Policy and Demographic Development Strategy), then by raising the infrastructure for quality primary and secondary education, social and health protection in less developed municipalities and rural areas as well as by revitalization of the life there. Additional stimulus would appear by setting out the privileged tax rates for life and work in small municipalities and rural areas with low demographic index within the region and through improvement of the public transport.

Concrete aim 5.5.
Promotion of health and social protection of the population
Almost the entire population in Skopje Region is covered by health insurance and the result is relatively better workforce market condition, higher percentage of the population is insured on the basis of employment.

The coverage of the population with medical staff and the access to the health services of all levels of medical protection is much better in relation to the national average due to the concentration of the economic activities and the population in this region.

In the following period the restructuring of the primary health protection of the population is necessary pursuant to the demographic changes in the municipalities.

Regarding the social protection, the focus is retained to promotion of the same through improvement of the protection and care for persons with disabilities (persons with functional and mental disorders, old people, pre-school children etc.) and through restructuring of the social and child care of the population pursuant to the demographic changes of the municipalities.

Concrete aim 5.6.
Use of human potential in the regional development

The regional development is an obligation of each citizen of the region where creation of synergy moment including wider aspect is necessary, starting from the competent state, regional and local institution, through the economy sector, to the last member of the regional community.

The raising of the public awareness for the policy for regional development is long process and a great number of activities are necessary that will be continuously present in the sense with the message of noble mission for regional development as well as mission of each citizen of the regional community.

VI. Strategic area: Agriculture and rural development

Skopje Region has at its disposal 79.571ha, 40.900ha of which are pastures. Plough fields and gardens participate with 80% in the structure of arable areas. The River Vardar with Treska, Lepenec, Pchinja, Markova and Kadina River influents is the main water resource in Skopje Region while ground artesian waters are special resource for Skopje field. All this, including the favorable clime conditions matching all types of agricultural production, as well as the central position of the region that is economically most developed in the Republic of Macedonia, provide conditions for development of the agriculture and rural development.

On the other side, the high level of urbanization of the region and the great fragmentation of the agricultural area is not herewith with the development of intensive agricultural production. Corns and to a certain extend wine-growing are mainly presented in this region, while the industrial cultures are less presented and no bigger potentials for their extension exist. The potential for development of early market gardening production and stockbreeding is not enough used.

SWOT analysis

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Favorable natural conditions for agriculture development: rich agricultural area, pastures, woods, water resources;</td>
<td>•Incomplete infrastructure (transport, communal, energy);</td>
</tr>
<tr>
<td>• Favorable clime conditions for agriculture development – enough number of rains and great</td>
<td>• Polluted environment;</td>
</tr>
<tr>
<td></td>
<td>Insufficiently developed early market gardening</td>
</tr>
<tr>
<td></td>
<td>production;</td>
</tr>
</tbody>
</table>
A Program for Development of Skopje Region

- Favorable natural and clime conditions for production of all types of agricultural production, in particular, early market gardening;
- Geostategic position in the region-economic centre in the country;
- Existence of geothermal waters;
- Existence of Faculty of Agriculture and Food;
- Natural conditions for rural tourism development;
- Great number of ground artesian waters;
- Insufficient educated farmers;
- Insufficient informed farmers;
- Unscheduled production (non-functioning of agro stock market, absence of production from familiar buyer);
- Obsolete agricultural mechanization;
- Small number of registered agricultural business;
- Absence of joint forms of farmers;
- Unfinished property and legal relations regarding agricultural area;
- Promotion of intermunicipal cooperation;
- Absence of enough number and non-functioning of micro regions;
- Absence of production with guaranteed quality in continuity, including required quantity;
- Obsolete technology in agricultural production;
- Unused geothermal waters for agricultural production;
- Weak entrepreneurship spirit of the producers;

**POSIIBILITIES**

- Use of natural and clime conditions for development of agriculture and rural development;
- Potential for organic production in distance rural municipalities from the central city area;
- Potential for development of stock breeding and early market gardening;
- Use of renewable sources of energy
- Existence of favorable agricultural credit lines;
- Use of national and international funds for agriculture;
- Use of EU pre-accession funds for agriculture development and the rural development (IPARD-fifth component of IPA Instrument);

**THREATS**

- Bureaucracy, corruption, nepotism in central and local government;
- Absence of system for additional and informal education of the farmers;
- Absence of system for insurance of the agricultural production;
- Absence of cargo-airport;
- Inappropriate institutional support for primary agricultural producers and processing sector in the area of information, financing, organizing, tax release;
- Absence of protection of national production and endowment;
- Absence of functional government policy for water resource management;
- Insufficient defined legal frame and unstable policy of the government for support and development of the agriculture and rural development;
- Making over of agricultural area in construction;

**Vision**

Skopje Region is a region with modern agriculture having maximal use of natural wealth and clime condition, recognizable standardized and rival final products and full engagement of the available human capital in the area of agriculture.
## VI. Strategic area: Agriculture and rural development

### Strategic aim 6.

**Promotion of modern agriculture and sustainable rural development**

| Concrete aim 6.1. Improvement of the infrastructure (transport, communal, energetic, hydro) |
| Concrete aim 6.2. Promotion of additional and informal education in the area of agriculture; |
| Concrete aim 6.3. Promotion of intermunicipal cooperation and micro region forming; |
| Concrete aim 6.4. Promotion of innovative regional management in the primary agriculture and production and processing of agricultural products |

### Strategic aim 6.

Strategic aim, together with concrete aims leading to achievement and realization of the vision for the region is: **Promotion of modern agriculture and sustainable rural development**

For each of the Concrete aims, Programs are defined resulting in projects and action plans for achieving the strategic aim and the vision for agriculture and rural development in Skopje Region. The general condition for defining concrete projects and action plans, pursuant to the real needs of the final users—primary agricultural produces and processing sector in the Region is forming **Local Action Group (LAG)**. LAG would be formed by representatives of the community-civic sector, business sector, representatives of the municipalities having conditions for agricultural and rural development. The forming of LAG will create conditions for:

- Performance of the access bottom up in defining the real needs of the Region;
- Defining, realization and implementation of projects and action plans that are to derive from the Program for Development of Skopje Region.
- Promotion of private public partnership;
- Promotion of intermunicipal cooperation and natural defining of micro regions within the frames of Skopje Region;
- Building networks and partnerships within the frames of the Region and with other Regions in the Republic of Macedonia, as a condition for use of the second priority axes of IPARD—implementation of rural development strategies through partnerships (pilot stadium)—Leader;

**Concrete aim 6.1.**

**Improvement of infrastructure**
A Program for Development of Skopje Region

The agricultural and rural development may not go upwards, towards progress, without fully developed transport, communal, energy and hydro infrastructure. For the purpose of that two programs have been defined:

Programs:
1.1. Physical management (GUP, DUP);
1.2 Construction, improvement and maintenance of infrastructure (transport, energetic, communal and hydro);

Concrete aim 6.2. Promotion of additional and informal education

In spite of the existence of the Faculty of Agriculture and Food in the region, the greatest part of the farmers are not enough educated and qualified as well as not enough informed for practicing modern and contemporary agricultural production pursuant to the European and world market trends. It requires application of obsolete technologies and absence of trends in the agricultural production thus leading to unplanned production and absence of rival and recognizable agricultural products. All these fundamental barriers related to the human resources will be over passed by introduction of regulated additional and informal education (long life learning). For the purpose of promotion of additional and informal education in the area of agriculture and rural development two programs are defined that in sequence promote subject in informal education and action deriving from it:

Programs:
2.1. Forming and functioning of office for additional and informal education - AIE
2.2. Promotion, organization and implementation of education for farmers;

Concrete aim 6.3. Promotion of intermunicipal cooperation of micro regions

The aim of the Law on Regional Development and the Regional Development Strategy of the Republic of Macedonia is balanced regional development and harmonization of the disparities in the regions and between regions. For the purpose of achieving this aim, the intensive intermunicipal cooperation is required and forming of micro regions for mutual performance in front of the national and international donors as well as building mutual economy.

Programs:
3.1. Insufficient intermunicipal cooperation
3.2. Promotion of micro regions;
3.3. Mutual performance of national and foreign funds;

Concrete aim 6.4. Promotion of innovative regional management in the primary agriculture production and processing of agricultural products

Planned production, promotion of standardized competition products with recognizable quality, in continuity with requested quality, protected national products, life conditions in rural areas and promotion of reversed migration that is city-village are one of the priorities for promotion on the basis of maintainable agriculture and rural development.

Programs:
4.1. Functioning of agro stock exchange
4.2. Promotion of plan production to familiar buyer;
4.3. Use of geothermal waters;
A Program for Development of Skopje Region

4.4. Promotion of organic production;
4.5. Biomass use and composting;
4.6. Product branding;
4.7. Promotion of the production with guaranteed quality in continuity, including required quantity;
4.8. Promotion of rural tourism
4.9. Promotion and creating conditions for rural area life;

VII. Strategic area: Tourism-use of natural and cultural and historical resources

The tourists visit Skopje Region (the city of Skopje) because of different reasons. Having regard to the motive for their residence, four basic groups of reasons may be distinguished:

- Business
- Events and manifestations
- Tourist tours
- Other reasons

In each of the basic groups of reasons, several subgroups of reasons may be distinguished having bigger importance for the tourism in Skopje:

- Conferences (from group business reasons);
- Fairs (from group business);
- Cultural and historical (group of events and manifestations);
- Religious (from group events and manifestations);
- Sport and recreation (from group events and manifestations);
- Part of regional tourist (from group tourist tours);
- Foreigners with temporal residence in Skopje (from group other reasons).

SWOT analysis

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Richness of natural rarities and beauties;</td>
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</tr>
<tr>
<td>• Favorable clime in the areas of natural beauties in the region;</td>
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<tr>
<td>• Existence of valuable historical localities since from the period of prehistory and from other different epochs</td>
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<tr>
<td>• Monuments as witnesses from different time periods</td>
<td></td>
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<tr>
<td>• Preserved religious and cultural-historic facilities</td>
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<tr>
<td>• Versatility of manifestations, events and activities</td>
<td></td>
</tr>
<tr>
<td>• Existence of education institutions 9Faculty of Tourism, High Schools, courses); Existence of associations, economic chambers for tourism</td>
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<tr>
<td>• Existence of budget of the City for promotion;</td>
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<tr>
<td>• Existence of airport located near the city of Skopje</td>
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<tr>
<td>• Honesty, courtesy, friendly access and amenity of the population;</td>
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<tr>
<td>Insufficient research and promotion of the historical capacities;</td>
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<tr>
<td>Unplanned restoration of the monuments and archaeological localities;</td>
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<tr>
<td>Absence of mutual promotion of the associations and chambers and performance in the country and outside;</td>
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<tr>
<td>Absence of agency for promotion and support of tourism;</td>
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<tr>
<td>Absence of enough number of information bureau at several points-municipalities;</td>
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<tr>
<td>Insufficient promotion: brochures, tourist newsletter, advertising spots, panels;</td>
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<tr>
<td>Absence of authentic souvenirs and selling centers for that purpose;</td>
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<tr>
<td>• Politicization of the tourism;</td>
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<tr>
<td>• Absence of tourism fairs in Skopje;</td>
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<tr>
<td>• Absence of world famous hotel brands;</td>
<td></td>
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<tr>
<td>• Absence of enough stories for the city and its monuments as part of the branding;</td>
<td></td>
</tr>
<tr>
<td>• Bad infrastructural connection to the tourist localities (natural, cultural-historical, archaeological);</td>
<td></td>
</tr>
</tbody>
</table>
A Program for Development of Skopje Region

- Enough number of accommodation capacities and catering industry objects and infrastructure leading to them (road, energy, water, telecommunications);
- Existence of services (taxi, rent car, petrol stations, mechanicians);
- Existence of night clubs, night bars, restaurants, discos pursuant to the standards;
- Offer of national authentic food;
- Existence of tourist program for Skopje;

- Old and damaged signalization and signs of archaeological localities, historical, cultural and natural monuments;
- Deficit of sanitary facilities and non-maintenance of a little existing ones
- Disorder of tourist localities (horticultural, infrastructural); Deficit of sport and recreational objects;
- Incoherence with the airport with regular bus line;
- Absence of tourist camp in the region
- Insufficiently educated staff in the business (insufficient knowledge of foreign languages, general non-information);
- No standardization of tourist work;
- Employment in tourism and catering industry of persons without appropriate education;
- Weak support by the central government;
- Absence of stimulation measures (visit of fairs, favorable loans, training);
- Absence of continuous training of the employees in tourist-catering industry capacities;
- Insufficiently raised awareness for prevention and maintenance of material, cultural and natural values;
- Not having special national authentic products;
- Tourist agencies does not have at disposal tourist program under segments of tourist offer;
- Temporary animation of tourists (animation is necessary as well as their visit to the town, country);
- Insufficient coordination of the accommodation capacities with tour operators;
- Unused Old Skopje Bazaar as tourist attraction;

**POSSIBILITIES**

- Creation of public private partnership for sustainable tourism
- Great number of transit tourists
- Interests of tour operators for the region and of the international institutions and funds for investments in culture
- Use of possibilities for sustainable alternative tourism (eco, monastery, village, mountain, speleological tourism, alpinism, sport mountaineering etc.)
- Affirmation of the cultural heritage (monasteries, archaeological localities, cultural monuments)
- Improvement of infrastructural connection to the tourist localities (natural, cultural-historical, archaeological);
- Organization of tourist fairs in Skopje;

**THREATS**

- Unfavorable political situation in the region
- Overflow of expert staff from the tourist business
- Insufficient culture of behavior (awareness) for cultural-historical and natural welfare
- Deficit of funds for preservation of cultural and historical welfare
- Not finding mutual law legislation-communication between the municipalities
- Budgets of the municipalities
- Reduced investment activity and interest for investing in tourism
Draft measures for solving and over passing the existing conditions

The following may be distinguished as reasons for coming of certain visitors in Skopje: shopping, investments, accommodation for education, visit of our fortune seekers to their relatives, wine regions, student and other exchange, but these visits does not fall in the group of more significant reasons for tourist visits\(^1\).

**VII. Strategic area:** Tourism – Use of natural cultural and historical resources in the region

**Strategic aim 7.**

Optimal use of natural and cultural- historical heritage in function of tourism development

<table>
<thead>
<tr>
<th>Concrete aim 7.1. Enrichment of tourist offer through content improvement of tourist attractions and tourist infrastructure development</th>
<th>Concrete aim 7.2. Stimulation and development of transit, of a bath, village and traditional tourism</th>
<th>Concrete aim 7.3. Protection and promotion of natural and cultural and historical heritage</th>
<th>Concrete aim 7.4. Creating competition advantages and strengthening the human resources in the part of tourism</th>
</tr>
</thead>
</table>

**Concrete aim 7.1.**

**Enrichment of touristic offer through content improvement of tourist attractions and tourist infrastructure development in Skopje Region**

For enrichment of the tourist offer through content improvement of tourist attractions and development of tourist infrastructure in Skopje Region, the focus is to be put in realization of the following programs: Mapping of archaeological localities and cultural-historical and natural resources; Forming a regional body for mutual promotion of the region and implementation of the mutual activities, promotion and participation in promotional manifestations; Revitalization and return of the authenticity of the Old Skopje Bazaar; Construction of theme park according to the famous world theme parks; Projection and performance of cultural path through the Old Bazaar.

The realization of the abovementioned activities is followed by the determined appropriate indicators as follows: Maps for tourist localities made, regional body for tourism formed, and financial budget of the municipalities provided, organized promotional events and manifestations, increased number of tourists, opening of new work posts.

For promotion of the tourism the cooperation is very important with the national tourist associations and units for tourist development support in other municipalities in the country, as complement to the promotional activities.

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\(^1\) Tourism Development Strategy of the City of Skopje 2009-2013
Concrete aim 7.2: Stimulating and development of transit, spa, rural and wine tourism

The second concrete aim covers Stimulating and development of transit, spa, rural and wine tourism. As of the characteristics and conditions of Skopje Region it enables development of successful transit tourism that is attracting of visitors to stop, reside and consume the tourist offer.

For the purpose of practical implementation of this strategic aim the appropriate programs and projects are to be implemented: Campaign for raising the public awareness for the natural beauties and rarities, Organization of traditional manifestations (exposures, folklore, authentic kitchen, customs), Ethno village – finding location and construction, promotion and development of spa tourism, promotion and development of wine tourism, infrastructural activities for promotion of the conditions for tourism through adapting and equipment of the objects for acceptance of tourists under the defined standards, adaptation of localities for acceptance of the tourist under defined standards (auto rally, cycling mountaineering, alpinism) and improvement and marking or the tourist infrastructure.

Concrete aim 7.3: Protection and promotion of natural and cultural-historical heritage

The presence of the great number of natural and cultural-historical heritage in Skopje Region is good basis for successful tourism development. But it will be provided by protection and promotion of the cultural heritage in the frames of the third concrete aim. The following programs are envisaged to be realized: Protection of natural and cultural-historical heritage, creation of cultural-historical tourist offer as well as a campaign for raising the public awareness for the natural beauties and rarities, cultural and historical monuments and localities, in Skopje and Skopje Region

Apart from the part of programs that is to be aimed at additional content in the tourist offer it will as well provide promotion of cultural and historical heritage, the original folklore and customs, as well as the offer of souvenirs and other representative material characteristic for the region.

Digitalization of cultural heritage is necessary for the purpose of drafting Internet presentation and promotion of the cultural heritage in Skopje Region through website for tourist offer in the region in a form of official tourist portal that is to be permanently updated and complemented with additional tourist newsletter and calendars.

Concrete aim 7.4: Creating competition advantages and strengthening the human resources in the part of tourism

Strengthening of human resources that is increase of the knowledge, skills and capacities of the entrepreneurs and the community for tourism development finish the set of activities enabling awareness for economic benefit from the development of the tourism and promotion of the way of practicing the tourist services.
The Skopje Region covers 17 municipalities (Table 1) 10 of which are part of the city of Skopje as particular unit of the local self government. This region covers the basin of Skopje valley and total area of 1812 km2 or 7% of the territory of the Republic of Macedonia.\(^{12}\) 142 settlements are located in the region, 141 of which are rural settlements. The population density is 319 citizens/km2 and four times higher than the average of the country (81 citizens/km2). About 88% of the population in the region is concentrated in the city of Skopje, that is 25.1% of the total population in the country thus showing the huge concentration of the population in Skopje agglomeration.

\[\text{The city population and the level of urbanization} - \text{Participation of the city in the total population in the country is 56.7\% (2002). In Skopje Region it moves up to 71.8\%. The City of Skopje remained the only city settlement with over 100.000 citizens. More than one third (36.2\%) of the city population live in Skopje.}\]

\[\text{Households and families} – \text{In the period 1994-2002 the number of households having over average growth (12.4\%) have South-west, North-east and Skopje Region, and the Pelagonija region distinguishes with the lowest one (3.5).}\]

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\(^{12}\) The areas of the regions refer only to the land-based part of the territory
A Program for Development of Skopje Region

In the part of analyzing the advantages and weaknesses of urban planning for Skopje Region the work group stressed the existence of GUP for the City of Skopje and DUPs for Skopje municipalities as advantages while on the other hand the deficit or entire non-existence of DUPs for the great part of the rural municipalities in Skopje Region. The major part of the urban municipalities in Skopje Region have great coverage with ICT and human capacities thus presenting an advantage on one side and unfortunately those capacities are so less used in writing project applications for EU and other donors. The regional urban planning is a possibility for more efficient and faster development of the region in view of IPA and IPARD funds, cross border cooperation etc. One of the eager problems in the urban development is as well the existence of illegal constructions and their incorporation in the existing urban plans. The non-existence of underground cadastre is one of the weaknesses at municipal, and on regional level.

What is a serious threat for the urban development of Skopje Region is changing of the law regulation on urban planning. In this part as disrupted factors are unsolved property-legal relations and absence of coordination of the Cadastre with the units of the local self government in the part of movement of information, changes, updated geodetic bases etc. The local self government does not have own databases for property-legal affairs and it slows down their functioning. One of the serious threats in the part of the local and regional development of Skopje Region is as well long procedures for amending the DUPs.

SWOT analysis

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• GUP for Skopje Region made</td>
<td>• Absence of coordination, absence of synchronization with ULS in adoption of the physical-planning documentation</td>
</tr>
<tr>
<td>• DUPs for Skopje municipalities made</td>
<td>• Absence of DUPs for rural areas (partial coverage)</td>
</tr>
<tr>
<td>• GIS System in municipality of Karpash</td>
<td>• Absence of planning documentation out of the settled place (partial coverage)</td>
</tr>
<tr>
<td>• Technical coverage with IT of the unit and sectors for urbanism</td>
<td>• Non-use of knowledge and skills of the official from urbanism in writing project applications</td>
</tr>
<tr>
<td>• Solid human capacities/skills if the officials in urbanism units</td>
<td>• Existence of illegal constructions</td>
</tr>
<tr>
<td></td>
<td>• Cadastre</td>
</tr>
<tr>
<td></td>
<td>• Ground Cadastre</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>POSSIBILITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Regional planning/intermunicipal cooperation possibility for more efficient urban development;</td>
<td>• Frequent change of law regulation for urban planning</td>
</tr>
<tr>
<td>• Use of IPA funds for regional development (IPA+IPARD);</td>
<td>• Labored implementation of the adopted planning documentation for the purpose of amending the regulation</td>
</tr>
<tr>
<td>• Cross border cooperation as possibility for development (Saraj Chucher Sandevo)</td>
<td>• Unsolved property and legal relations (MF)</td>
</tr>
<tr>
<td></td>
<td>• Absence of coordination of cadastre – general urbanism unit (movement of information, changes etc, update of geodetic changes)</td>
</tr>
<tr>
<td></td>
<td>• Long procedure for amending the UP (threat for investors)</td>
</tr>
<tr>
<td></td>
<td>• Absence of bases for property and legal affairs</td>
</tr>
<tr>
<td></td>
<td>• Article 14 of the Law on Physical and Urban Planning is problem trig for planning</td>
</tr>
</tbody>
</table>
Draft measures for solving and over passing the existing conditions

The bigger coverage of the region with physical and planning documentation and its realization appears as unavoidable need for Skopje Region and it covers the following: Drafting physical plans for all regions; Drafting physical plans for municipalities; Drafting planning documentation for rural and protected areas; Promotion of the legal and institutional frame for realization of physical and planning documentation is the second strategic determination that in major part treats the efficiency of the district ministries, absence of underground cadastre and existence of illegal constructions.

VIII. Strategic area: Urbanism and physical planning

Strategic aim 8.

Bigger coverage of Skopje Region including physical planning documentation and its prompt and effective realization

Concrete aim 8.1.

Bigger coverage of regions including physical and planning documentation for planning of the urban and other segments of the development

Concrete aim 8.2.

Preparation of planning documentation for the areas of specific development needs

Each of the concrete aims is particularly elaborated in programs and projects. Indicators are determined as monitoring tools for their control and as possible sources of information.

Concrete aim 8.1.

Bigger coverage of regions including physical and planning documentation for planning of the urban and other segments of the development

Programs:

- Preparation of physical plans for regions
- Preparation of urban plans for the municipalities
- Establishment and consolidation of the cadastre in the process of drafting the urban plans - updated trig supports

For the purpose of realization of this aim it is necessary to implement programs for drafting regional physical plans. The general urban plan for the city of Skopje should be able to the updated as soon as possible and to reflect the current situations as well as to envisage the future city development. In the part of DUPs coverage, the emergency is especially necessary in the part of drafting and adoption of DUPs for the rural municipalities. One of the barriers is non-existence of updated geodetic basis as a result of non-cooperation of the Cadastre with the units for urbanism in the municipalities. The deficit of finances for drafting DUPs may appear as risk for non-performance of the positive indicators especially in rural municipalities, non-coordination or deficit in cooperation of the central and local government as well as procedures for adoption of GUP and DUPs.
Concrete aim 8.2.

Preparation of planning documentation for the areas of specific development needs

Programs:

- Planning specific economic and business zones including the necessary documentation (coordination at regional level)
- Planning of protected zones (Vodno, Gazi Baba and Matka, Govrlevo)
- Appreciation of protected zones of the springs (Rasche, Nerezi-Lepenec) while adoption of planning documentations

Drafting of planning documentation for the areas with specific developing needs is a condition for realization of physical and planning documentation in its entirety. Concrete programs for this strategic aim are planning of the protected zones (Vodno, Gazi Baba and Matka, Govrlevo) as well as respecting the protected zones of the streaming (Rasche, Nerezi-Lepenec) while adopting the planning documentations. In each whole development strategy the planning of specific economic and business zones with the necessary documentation as well as coordination at regional level are precondition for successful future of each modern city or region. The different interests of the city and the municipalities in Skopje as well as deficit of finances may appear as risks for non-performance of positive indicators. Lawlessness that may derive from insufficient inspection surveillance and non-coordination or deficit of cooperation of central and local government is one of the challenges that are to be solved in positive way.

5. Implementation

5.1. Institutional framework for regional development

Leaders of the regional development policy. The following leaders of the regional development policy are defined in the Law on Balanced Regional Development:

- Government of the Republic of Macedonia;
- Council for Balanced Regional Development of the Republic of Macedonia
- Ministry of Local Self-government, and
- Council for Regional Development

Besides the abovementioned, the leaders of the process of regional development planning and implementation of the regional development planning documents are as follows:

- Bureau for Regional Development, and

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13 Members of the Council are as follows:
- Vice president of the Government of the Republic of Macedonia competent for economic affairs;
- Ministries for local self-government, finances, economy, transport and communications, labor and social policy, culture, environments and physical planning and agriculture, forestry and water management;
- Presidents of the Councils for Development of Region, and
- President of ZELS- Association of Units of Local Self-government, and
- Expert and science persons in the area of regional development (non-obligatory and inconsistent members).

14 Mayors of the unit of self-government part of the plant region are members of this Council

15 The Bureau is a body part of the Ministry of Local Self-government
The Council for Balanced Regional Development consists of representatives of the central government and representatives of regions and harmonizes the policy of balanced regional development with the sectoral policies and macroeconomic policy of the Republic of Macedonia. The Council gives opinion for planning documents for regional development (Strategy and Programs for Regional Development) before their adoption by the relevant institutions (Government and/or parliament).

The Council for Balanced Regional Development is competent and responsible for:
- harmonization of the policy for stimulation of balanced regional development with sectoral policies and macroeconomic policy of the Republic of Macedonia;
- establishment of the Draft-strategy of Regional Development;
- provision of previous consent for programs for regional development;
- establishment of Draft-list of areas with specific developing needs;
- establishment of Draft-decision on classification of the units of the local self-government and regions according to the level of development;
- establishment of draft for financing concrete projects from the assets from the Budget of the Republic of Macedonia, aimed at development of regions, areas with specific developing needs as well of villages;
- provision of opinion on the reports on implementation of planning documents for regional development;
- initiation on consideration of the issues in the area of regional development for which the coordination is necessary between the Government of the Republic of Macedonia, units of local self-government and other parties considered; and
- consideration of other issues in the area of balanced regional development.

The Ministry of Local Self-government is authorized to create and implement the national policy of balanced regional development in cooperation with other district ministries that divide assets for stimulation of the regional development. It is responsible for creation and implementation of the national policy in accordance with the other national strategic documents. As particular subject within the frames of the Ministry the Bureau of regional development has the role of main operational unit for implementation of the policy thus including the support of the Centers for Regional Development. For the activities related to the regional development the Ministry submits regular reports to the Council for Balanced Regional Development and to the Government of the Republic of Macedonia. The Ministry of Local Self-governments performs the following:
- organizes and coordinated the preparation of the national strategic-planning documents for regional development;
- provides harmonization of the Strategy with program documents for integration of the Republic of Macedonia in the European Union;
- prepares and submits to the Government of the Republic of Macedonia reports on implementation of planning documents for regional development;
- organizes and coordinates the activities for monitoring and assessment of the implementation of the planning documents for regional development;
- performs other activities related to the balanced regional development prescribed by Law.

The Councils for Regional Development are formed for each particular region and the mayors of municipalities in the given region are part of its constitution. The councils are responsible for developing policy of the region for creation of planning documents for
A Program for Development of Skopje Region

regional development, coordination of the leaders of development in the region, as well as promotion of cross border cooperation with regions of other countries.

- organizing and coordinates the activities for monitoring and assessment of the implementation of the planning documents for regional development;
- adopting Program for Regional Development, upon previous consent of the Council for Balanced Regional Development,
- adopting annual action plan for implementation of the Program for Regional Development;
- setting out annual list of draft-projects for regional development, pursuant to the priorities of the Program for Regional Development delivered to the Bureau for Regional Development for financing from the assets aimed at projects for regional development;
- submitting suggestions to the Bureau for Regional Development for the purpose of identification of the areas with specific developing needs in the frames of region, pursuant to the criteria from Article 7 of the Law on Balanced Regional Development;
- providing coordination of the activities of the units for local self-government citizens associations, state agencies and institutions in the frames of the region acting in the area of regional development;
- initiating consideration of issues related to the regional development for which the coordination is necessary between the units for local self-government and partners from private and civic sector;
- promoting cross border cooperation with regions from other countries on the basis of mutual interests;
- adopting annual action plan for implementation of the Program for Regional Development; and
- performing other activities in the area of the regional development laid down by Law.

Bureau for Regional Development performs the following activities:

- preparation of analytical and documentation basis for drafting strategic and operative planning documents for regional development;
- elaboration of Draft-methodology for drafting the planning documents;
- preparation of annual reports on implementation of the Action Plan of the Strategy;
- elaboration of Draft-decision on the criteria and indicators for identification of the areas with specific developing needs;
- elaboration of Draft-list of areas with specific developing needs;
- elaboration of Draft-criteria for the level of development of the units for local self-government and the regions;
- elaboration of Draft-decision on classification of the units of the local self-government and regions according to the level of development;
- provision of expert assistance of the Centers for Regional Development while preparation of the programs for development of regions and performing other activities related to the regional development;
- information the parties concerned about the types and volume of the assets and the types for stimulation of the regional development;
- establishment and taking care for maintenance of the information system for regional development in cooperation with the State Statistical Office; and
- performing other activities in the area of the regional development laid down by Law.

The Centers for Regional Development (formed by the municipalities in each region) have role in operative bodies whose primary function is preparation and realization of planning documents for regional development. The Centers for Development informs the
A Program for Development of Skopje Region

Councils for Regional Development regarding their work. The Centre for Regional Development performs the following activities:

- elaboration of Draft-program for regional development;
- elaboration of Draft-action plan for implementation of the A Program for Regional Development;
- preparation of Draft-projects for regional development and for the areas with specific developing needs;
- coordination of the activities related to the implementation of the Program for Regional Development and realizes the projects for regional development;
- provision of information to the parties concerned during the realization of the Program for Regional Development and other issues related to the regional development;
- provision of expert and technical assistance for the units of local self-government while preparing their development programs;
- provision of expert services of associations of citizens and other parties concerned for preparation of projects in the area of regional development;
- stimulation of intermunicipal cooperation within the plan development;
- implementation of projects for stimulation of the regional development, funded by funds of the European Union and other international sources;
- submission annual report on its activity to the Council for Regional Development and the councils of the units of local self-government;
- promotion of the developing possibilities of region; and
- performance of expert and administrative and technical activities for the need of the Council for Regional Development.

The units of local self-government should mutually participate in the preparation of regional draft projects (in accordance with the directions given by the Bureau for Regional Development), and they are as well responsible for submission of requests for funding projects for development of the areas with specific developing needs and development of villages located in their territory. The units of local self-government will as well have significant role in the realization of the projects for regional development, in particular the projects for development of the areas with specific developing needs and village development. For the purpose of maximal use of the available financial resources for regional development, the units of local self-government should perform high internal coordination and mutual cooperation in the creation and realization of projects important for the region.

Building capacities for regional development. For the purpose of achieving efficient and effective process of building capacities it necessary to fulfill several preconditions:

- Consensus between the main leaders regarding the aims of the policy for regional development;
- Will and devotion of the management structures in the relevant institutions (bodies) for building capacities for regional development;
- Providing necessary financial support by the central and local government for building capacities for regional development;
- Selection of the staff mainly on the basis of professional qualifications and use of all available staff with certain knowledge relevant for regional development;
- Devotion to education and training for regional development of the employees in the relevant institutions.
A Program for Development of Skopje Region

The building of institutional capacities for regional development is a complex process considering several elements:

- Systematic set up of the process of building capacities for regional development including clear determination of the leaders in the process of building capacities (institution at national level desired), connection of the target institutions where the upgrade of capacities is necessary, networking of human resources with certain pre-knowledge in this area for the purpose of better use of already existing capacities.
- Creation of single base of trainees in the area of regional development and providing training for trainees for the purpose of use of uniformed methodology while transfer of knowledge;
- Providing coordination at different institutional levels involved in the system for regional development:
  - Horizontal, including the coordination between: Ministries at national level, (ii) regional bodies (Centers and Councils) for support of the development at regional level, (iii) municipalities at local level;
  - Vertical: between the different levels of administration (Ministries to regional bodies with the municipalities) and in the frames of the framework laid down by Law. The connection at the level of policy (between the national Council and the regional Council should not be treated separately from the connections at operational level (between the Centers and municipalities and the Bureau for Regional Development);
  - The coordination between the public and private sector that is between the different levels of administration and/or bodies and representative from business and non-governmental sector.
- Providing coordination of the support by the donors for the purpose of achieving high effect from the support aimed at building capacities for regional development;

The existence of the elements given determines the success of the process of building capacities having regard to the fact that the matter is about an area being neglected for a long period in the Republic of Macedonia. Having in mind the complexity of the regional development, the measures should be aimed at over passing the weaknesses detected in the capacities of each institution appearing as leader of the regional development (stated above). Building capacities should be continuous process for the purpose of dynamic nature of the development and permanent opening new possibilities for financing projects from regional knowledge for which suggestion and realization the qualified staff is required.

5.2. Regional development funding

The realization of the aims envisaged in the Strategy for Regional Development of the Republic of Macedonia is connected to significant financial resources. Pursuant to the Law on Balanced Regional Development (Article 27) the following are stated as sources for financing the regional development:

- Budget of the Republic of Macedonia;
- Budgets of the units of local self-government,
- Available EU funds;
- Other international sources,
- Donation and sponsorships from natural and legal entities and
- other assets laid down by Law.

The Law prescribes that for stimulation of balanced regional development assets in amount of at least 1% of GDP should be divided on annual basis from the Budget of the Republic of Macedonia. The financial assets are necessary for the purpose of stimulation
A Program for Development of Skopje Region

the development of regions and providing reduction of disparities between regions. Unfortunately, the recent practice of division of assets for stimulation of the development of undeveloped areas in the Republic of Macedonia (before establishment of the regional development system) showed that much less finances were divided than the envisaged. The continuation of the same practice would disable the achievement of the planed aims of the policy for regional development and that is why the **basic precondition for stimulation of the regional development is providing finances in the prescribed amount (or more) by the country.**

The Law defines the following instruments for stimulation of the regional development: capital investment, irreversible grants, financing and co financing of preparation of analysis, studies, planning documents and action plans; financing of building capacities of institutional capacities for regional development of the Republic of Macedonia, as well as country assistance in form of loans under favorable condition, guarantees for loans, insurance of credits, tax releases, subventions and other instruments pursuant to the Law.

The use of economic and financial mechanisms for support of regional development should be under the principles of good coordination of instruments management, partnership, efficiency and effectiveness from the aspect of costs, transparency, report and control. The following principles are especially important:

- Coordination of instruments and resources for regional development for the purpose of optimal allocation for performance of the aims of regional development.
- Efficiency and effectiveness of the instruments from the aspect of justification of the costs in relation with the aims. This assumes allocation of the finances only on projects expected to give the envisaged results that is competition projects. This principle should refer to all regional and it means that, no matter of the level of their development, the same should be able to suggest quality projects as finances for development might be obtained in that way only. On the basis of this principle the system for allocation of assets has been made for the purpose of stimulation the regional development for providing efficiency and effectiveness in spending the finances as well as making the regions able for application for projects and from other sources, in particular IPA EU funds.

5.3. Monitoring, assessment and update of Regional Development Strategy

The monitoring of the realization of the Strategy for Regional Development is performed by the Government of the Republic of Macedonia through annual report on implementation of the Action Plan of the Strategy (Article 44 of the Law). The Ministry of Local Self-government prepares this report and submits to the Government, upon previous opinion of the Council for Balanced Regional Development.

The National Strategy for Maintainable Development in the Republic of Macedonia will be taken into account in the realization of the Program for Development of Skopje Region, through promotion of balanced, balanced economic, social and environment regional development that would be in way of achieving sustainable development.

The Strategy for Regional Development is assesses through preliminary, current and final assessment. The preliminary assessment is performed before the beginning of the implementation of the Strategy that is before its submission for adoption by the competent authority. The preliminary assessment assess the coherence and harmonization of the aims, priorities and measures of the Strategy for Regional Development including the aims, priorities and measures in the strategic development documents at national level and program documents for integration of the Republic of Macedonia in EU. The preliminary assessment is performed by the Council for Regional Development of the Republic of Macedonia that gives opinion and suggestions on amendments of the Strategy.
The current assessment of the Strategy for Regional Development is performed in the middle of the period of its implementation. The current assessment assesses the realization and effects from the implemented measures for stimulation the regional development, identified in the Strategy and action plan. The final assessment is performed after the realization of the period of implementation of the Strategy. The final assessment assesses the level of realization of the Strategy, fulfillment of the defined aims and priorities and the achieved effects regarding the stimulation of the regional development. The performed preliminary, current and final assessment of the Strategy the reports are made as basis for update that is amending the Strategy.

Pursuant to the Law, the procedure on selection of the assessors and methodology for assessment are regulated by bylaws of the Ministry of Local Self-government. In the period of drafting the Strategy, these bylaws were not adopted and the result is absence of detailed review on the procedures and criteria for assessment.

Pursuant to Article 3, point 8 of the Regulation on Strategies, plans and programs, including the changes of the strategic, plans and programs, for which the procedure is obligatory for assessment of their impact to the environment and health and life of people, after the drafting, and before the implementation of the Program for Development for Skopje Region, the Council for Skopje Region is obligated to implement a procedure on strategic assessment of the environment.