

## IMPLEMENTATION OF EU REGIONAL POLICY AND LEGISLATION IN NORTH MACEDONIA: FOCUS ON THE ENVIRONMENT

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### ABSTRACT

European Union is strongly committed to the economic, social, and environmental equalization of regions in the member states and in the EU as a whole. The regional development policy is aimed at mitigating economic and other disproportions in the regions and at more balanced development. A big part of EU budget is directed to regional development through the financial support of the regions in the member states. The financial and other instruments for supporting regional policy are determined in the extensive legislation. The EU regional policy also stimulates cross-border regional cooperation. North Macedonia as a state with candidate status for membership of the EU, implements EU policies and legislation in the sphere of regional and environmental development. In 2021 was adopted a Law on balanced regional development and Strategy on balanced regional development. The country has 81 local self-government units: 80 municipalities, and the city of Skopje, as a local government unit with the special status. Local units have a status of legal person and have their own directly elected institutions. Also exists 8 regional planning regions, which do not have the status of legal persons. These regions have adopted regional action plans, that include the environmental area. Disproportion in regional development has caused a number of problems. National regional policy and legislation determined a goal of at least 1% of GDP to be intended to regional development. A significant part of this policy and legislation pays attention to the improvement the quality of the environment in the regions which will lead to economic development and better quality of life in all parts of the country. However, in the near future, the country has to make more efforts to mitigate all aspects of disproportions in regional development.

**Keywords:** regional policy, development, environment, legislation, regional differences.

### INTRODUCTION

A state is developed if all its parts are developed, which means to have balanced development. Balanced development leads to better conditions of life which includes better quality of the environment. Modern EU is decentralized. The main goal of EU regional policy is to strengthen cohesion and reduce differences in development

within the EU, as well as regions within the member states. One of the main focuses of this policy is green transition and circular economy which is deeply linked with the improvement the quality of the environment. It sets instruments that stimulate regional development.

The EU adopts a long-term budget framework, for the period from 2021-2027 provides an amount of 392 billion euros, which is intended for balancing of regional development. Taking into account the participation and co-financing of regional projects by the member states, this amount is over of 500 billion euros.

Disbalanced development in N. Macedonia causes problems with migration out of the country and inside the country among the regions. The country aims to mitigate disproportion in the development of the regions. The population according to the 2021 census is 1.836.713 residential citizens. (State Statistical Office 2022). In the country, there are 80 municipalities, and the city of Skopje, as a local government unit with special status. Local units have the status of legal person and have their directly elected institutions. Also in the country exist 8 regional planning regions, that consist of the local self-government units, which do not have the status of legal persons and have planning and administrative functions. The regions have their administration and they are governed by the council that consist of mayors from all local government units from the regions. The largest region is Skopje region with 607.007 citizens or 33.04 % of the total residential population in the country. Besides the Skopje Region, other regions are the South West Region, South East Region, Vardar Region, Pelagonija Region, Polog Region, North East Region, and East Region.



Figure 1. The map of the regions in N. Macedonia

With the purpose of mitigating disproportion in the regions, it was adopted Strategy for Regional Development in 2021, as the most important document in this area. (Strategy 2021). One of the most important pillars of this strategy as well as, the regional policy as a whole is the environment and other areas closely related to environmental matters. The Law on Local Self-Government stipulates activities for the development of undeveloped areas (Law 2002). The specific measures for the enhancement of regional policy are determined in Law for Balanced Regional Development (Law 2021).

The regions are classified for the period 2018- 2023, according to development, economic, social, and demographic index (Decision 2018). Table 1 presents the elements of the classification. Table 2 presents the distribution of state support for balanced regional development.

Table 1. Regional index

Planning region	Development index	Economic and social index	Demographic index
Skopje	151,0	147,7	153,5
South East	97,1	129,5	72,4
East	96,1	136,4	65,5
Pelagonia	91,2	109,1	79,6
Vardar	73,5	70,5	75,9
South – West	81,4	97,7	69,0
Polog	82,4	50,0	106,9
North East	62,7	27,3	89,7

Table 2. Participation of State support for balanced regional development in %

Planning region	Participation of State support for balanced regional development in %
Skopje	7,2
South East	11,1
East	11,3
Polog	13,2
Pelagonia	11,9
Vardar	14,7
South West	13,3
North East	17,3

The data from the tables 1 and 2 show the differences between the regions in N. Macedonia. Besides the smallest state support for regional development Skopje region is still convincingly more developed than other regions.

## MATERIAL AND METHODS

The research that was made in the process of the preparation of this paper is based on analyses of regional policies, practices, and activities in the EU and N. Macedonia. There were analyzed strategic, planning, and other documents of EU and N. Macedonia and they were compared. Also, legislation of the EU and N. Macedonia were analyzed and it was analyzed the implementation of EU legislation and policy in N. Macedonia. It was reviewed a relevant published literature. Statistical data both from the EU and N. Macedonia, were used analyzed, and compared. Additionally, a SWOT analysis was performed with an aim to put light on strong and weak points and the opportunities and threats for the future development of regional policy and legislation. There were performed the interviews with officials from the central government and local government institutions and from the science that are deeply involved in the researched issues.

## RESULTS

The EU as community that is strongly dedicated to enhance cohesion within the EU and within the member states. The cohesion understands mitigation of the differences between the states and regions in the sphere of the economy, migration, social development, environment, and the other spheres. A special focus of regional policy is on the environment and the other matters closely linked with it, such as climate change, green transition, circular economy, energy efficiency and renewable energy, environmentally friendly traffic and transport, and other matters. Strategic, planning and other documents, measures, and activities, as well the legislation in all areas have to consider the environmental aspects.

The initial EU budget for regional cohesion and development is 327 billion euros for the period 2021-2023(Anonym), through the funds: The European Regional Development Fund for investments in the social and economic development in all EU regions; European Cohesion Funds for investment in environment and transport in the less developed states; The European Social Fund Plus, for support jobs and create a fair and socially inclusive society in EU countries and The Just Transition Fund to support the regions most affected by the transition towards climate neutrality. Taking into account other areas, from the budget, that cover some areas of regional development and participation of the member states the total amount for supporting regional policy is about 500 billion euros. This clearly shows a strong commitment of regional policy. A significant part of this amount is directly or indirectly aimed to the environment. Also, all financed regional projects have to consider environmental matters.

Regional development and regional cohesion are determined by the basic legal acts of the EU, The EU Treaty, and the Treaty of the Functioning of the EU (Treaties 2016). Those treaties provide territorial and regional cohesion as one of the basic principles. The treaties underline the importance of the environment for human health and quality of life. They also determine EU funds and mechanisms for supporting regional cohesion and development. The measures, activities instruments, principles, and methodology of EU regional policy are determined in the comprehensive system of legislation. The most important parts of this legislation are: Regulation on the European Regional Development Fund and on the Cohesion Fund, (Regulation 2021/1058); Regulation establishing the

European Social Funds, (Regulation 2021/1057); Regulation laying down common provisions on the European Development Fund, European Social Fund Plus, Cohesion Fund, Just Transition Fund, and the European Maritime, Fisheries and Aquaculture Fund (Regulation 2021/1060), Regulation establishing Just Transition Fund (Regulation 2021/1056); Regulation establishing Just Transition Fund (Regulation 2021/1056) and Regulation on Specific Provision of European territorial goal (Interreg), supporting by the European Regional Development Fund and external financing instruments (Regulation 221/1059).

With an aim to mitigate the disproportion of the regions in 2021, was adopted Strategy for Regional Development of North Macedonia 2021-2031. (Strategy 2021). One of the most important pillars of this strategy as well as, the regional policy as a whole is the environment and other areas closely related to environmental matters, such as: circular economy, green transition, climate change, sustainable traffic, transport, and energy efficiency, etc. The country has relatively good documents, but problems appear with their practical implementation. The Strategy analyses the situation with regional development and determines the big disproportion in regional development including in the sphere of environment. Better environmental conditions in the 8 regions should be reached through regional improvement and approach in waste management, nature protection, eco-tourism, climate change, energy efficiency, climate change, and combating air, water, and land pollution and in the other environmental sectors. One of the main lacks of the Strategy is that it used the data for residential population from the estimation of 2019, according to which the population in the country is 2.076. 694 inhabitants, but according to the census from 2021, the number of residential population is 1.836.713 inhabitants. These differences in the population affect all areas of the Strategy. The residential population by region is given in Table 3.

Table 3. Number of the resident population by region- Census 2021

Region	Population
Skopje	607.007
Vardar	138.722
East	150.234
South West	177.938
South East	148.387
Pelagonija	210.431
Polog	251.552
Northeast	152.982
North Macedonia	1.836.713

This Strategy is implemented by the Program for its enforcement (Program 2021-2024), where are determined the priorities and indicators for evaluation. This program determines the plan for financial support, which is given in the table below, and strives to get closer to the goal of having at least 1% of GDP for regional development.

Table 4. Plan of the support for regional development, in euros

Year	2021	2022	2023	2024
Projection of amount of participation in GDP	19.000.000	20.000.000	22.000.000	26.000.000
Planning amount	38.000.000	42.000.000	42.000.000	36.000.000

Considering that the current national GDP is about 13 billion euros it is visible that the country is still far from the goal to participate at least 1% of GDP in regional development. Furthermore, this goal does not provide successful regional development. There is a need to have at least 2% of GDP for regional development to have in the near future more success in regional development, including better environmental conditions.

The main part of regional legislation is the Law on Balanced Regional Development, which stipulates that the state should issue from the state budget at least 1% of GDP for regional development. The law promotes polycentric development and mitigation of differences between the regions and inside in the regions, in the areas of economy, infrastructure, social affairs, environment, and other areas. According to the law, all regions have centers for development, that are obliged to adopt regional development plans for five years. These plans also determine the regional projects for the improvement of the environment. However, it is important to underline that these plans predict an unrealistic number of projects that are not realized. For the implementation of the regional legislation, it is adopted Regulation for the manner and methodology for evaluation for project applications, that determines criteria for supporting the regional projects, and projects for specific undeveloped areas, villages, and some urban areas

(Regulation 2021). This regulation provides that all projects have to consider environmental issues and prescribe the support for regional projects in the environment.

The Law on Waste Management, strongly promotes a regional approach of sustainable waste management, as an important part of the environment (Law 2021). This law provides the mandatory establishment of a regional waste management system, with an obligation for local self-government units to establish regional centers for managing five regional new landfills that should be built with the support of the government and the EU. If the local self-government units will not fulfill this obligation the government will undertake the competencies and establish regional centers. In the country currently, there are 54 landfills that do not meet national and EU standards and should be closed immediately, after building 5 regional modern landfills that will cover the area of the 8 regions. This decision comes from more than ten years of unsuccessful efforts to establish a regional system of waste management. It will be seen in the next period how it will be realized in practice and how will be improved the low standards of waste management. Establishing a sustainable waste management system is very important because waste is one of the biggest environmental problems. Table 5 presents the waste generation by the regions. The regional approach is also determined in the other laws that regulate separate waste streams.

Table. 5 Amount of collected and generated municipal waste in 2022, by regions in N Macedonia in tons.

Total waste	Collected	Generation
N. Macedonia	605.638	856.766
Vardar	60.284	87.944
East	90.108	107.431
South West	56.499	183.521
South East	57.717	71.724
Polog	57.672	84.423
Pelagonia	76.646	90.758
North East	34.423	56.562
Skopje	172.288	174.404

The data from the table above shows the low standards of waste management and that only about 72 % of the generated waste is collected. Besides the waste sphere, some more significant efforts in the regional approach to the environment exist also in the sphere of protection of nature, especially in the activities in three national parks: Pelister, Galicica, and Mavrovo. In the last few years the regional cooperation in the nature protected areas has been enhanced. A SWOT analysis which was performed in the research during preparing this paper shows, strong and weak sides, and also opportunities and threats, in the enforcement of regional policy in the area of environment.

Table 6. SWOT Analyses.

Strong sites	Weaknesses	Opportunities	Threats
relatively good environmental legislation, political will, attractive ecotourist area, natural potentials, developed ICT system in some parts, relatively good infrastructure, and land for agriculture.	lack of financial resources on central and local levels, poor waste management, insufficient administrative capacity, and large differences in the levels of socio-economic development between and within a country.	possibility for use of the EU funds, administrative capacity building, supporting the circular economy, energy efficiency, solar and wind energy, building regional landfills, cross-border cooperation, infrastructure development, further strengthening the legislation, public-private partnership, and further fiscal decentralization.	prolonging a global financial crisis, global trends of centralization, undeveloped public transport, workers' qualifications not complying with market requirements, slow implementation of administrative reform, and depopulation, especially in rural areas.

Besides some progress balanced regional development, including the environmental area in the country is still on a low level. That produces a need for urgent measures and activities aimed at supporting balanced development, which will mitigate disproportion between and inside the different areas of the country.

## CONCLUSION

The EU is strongly committed to strengthen its territorial cohesion, which includes regional development policy. This has significant support from the EU budget. It includes environmental protection. The EU has developed comprehensive legislation that determines regional policy and environment. All regional projects have to include environmental issues. Following the EU practices and also its national needs, N. Macedonia makes efforts to mitigate disproportions in regional development, including environmental issues, and has adopted regional development legislation and the Strategy for Regional Development, which provides basic measures for its implementation. Taking into account that the predicted population in The Strategy for Regional Development is much bigger than the real situation from the census 2021, it has to be revised. More efforts have to be made in the near future for the implementation of the Law on balanced development and the Law on waste management, to reach a goal at least of 1% of GDP to be directed in regional development. There is an urgent need to build new modern regional landfills that will meet the EU standards. It has to increase the percentage of 1% to 2% of GDP to support regional policy by 2025. The support primarily should be directed to the less developed regions. State support for private investment in environmental matters such as renewable energy, eco-tourism, sustainable public transport, climate change, waste management, circular economy and other environmental matters has to be increased. There is a need for further development of legislation that will provide stronger support of regional environmental development.

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