

Foundation New Business Education

“Improving Regional Policy in Macedonia – Sharing the German and Slovenian Experience”

The “Think and Link-Regional Policy Programme 2011/2012” part of the Envisioning Europe Programme Area, supported by the European Fund for the Balkans has awarded a project grant to New Business Education (NBE) Foundation for the implementation of a research project. The final result of this project was the policy paper entitled “Improving the Regional Development Policies – Sharing the German and Slovenian Experience”.

This paper was commissioned to provide an analysis and evaluation of the current institutional setup for regional development in R. Macedonia, by drawing comparisons from the institutional frameworks for regional development in Slovenia and Germany. In 2007 the Law on balanced regional development was enacted, and eight planning regions were established on a NUTS III level. Since then a number of problems surfaced, the implementation has proven to be complex task. It is the appropriate time to provide a snapshot of the current regional policy, and offer recommendations for its improvement.

The methods of analysis include desk research and field research. The field research consists of conduction of semi-structured interviews: 20 interviews in R. Macedonia, 12 interviews in Slovenia and 10 interviews in Germany. Once the data is obtained, the process of data analysis is utilized. A comparative analysis is used as a tool for extraction of key comparable

variables, provision of relevant interpretations and construction of adequate recommendations.

The analysis draws the attention on several important issues when discussing regional development in R. Macedonia. The careful examination of the research findings diagnosed several factors that have affected the successful establishment of the setup for regional development throughout the years. The communication flow among the stakeholders involved in regional development in R. Macedonia is capable of improvement, thus identified as time-consuming and lacking in efficiency. Participatory approach is lacking and by introducing it will allow greater sharing of ideas and involvement of the people and organizations concerned. There is a need for a constant capacity-building of the stakeholders at all levels and this encompasses equipping the institutions with adequate employees both quality and quantity-wise.

The paper also investigates the role of the CRD's, as the major drivers of the implementation of the regional development policy. Some of their most notifiable limitations are the ambiguous financing mechanisms and the legal framework under which they operate.

Key messages:

- Constant capacity-building process for the stakeholders
- Inclusion of representatives from the business sector and the civil society in the decision-making process
- Standardizing the communication protocols by establishing a ticketing system (ICT solution)
- Combining both formal and non-formal education for employee capacity-building and utilization of available expertise and advisory services in the field.

NBE Briefing Paper presents a profound problem analysis and key policy recommendations for improving the institutional setup for regional development in R. Macedonia

Alternative solutions and Policy Recommendations

Problem: *Improving the communication flow among the institutions at the national level*

Alternative solution 1: Conducting mutual capacity-building events

Alternative solution 2: Standardizing the communication protocols

Alternative solution 3: Organizing frequent meetings among the stakeholders at the national level

communication flows at the same time. The ticketing system is accompanied with some costs for creating and maintaining the system. However considering the efficiency it will provide, it is a feasible long-term investment.

Problem: *The number of employees in the CRD's*

Alternative solution 1: Increasing the personnel in the institutions involved in regional development

Alternative solution 2: Outsourcing of parts or entire activities

Alternative solution 3: Mobilizing the stakeholders in the region

A tracking system

(also ITS) is a computer software that manages and maintains lists of issues. Tracking systems are commonly used to create, update, and resolve reported customer issues, or even issues reported by that organization's other employees. The tracking systems have proven to be an effective software solution in optimizing the communication protocols.

Recommendation:

We recommend alternative two, **an introduction of a standardization process for the communication protocols**, which is a key element for the success of the formal communication mechanism. **The establishment of a ticketing system**

will formalize and improve the information flow among the institutions responsible for conducting activities and implementing policies in the field of regional development. In addition the introduction of such an ICT solution (in the form of communication software) would increase the efficiency and modernize the

Recommendation: **Optimizing the utilization of its network, thus mobilizing the stakeholders in the region is crucial for the successful implementation of the CRD tasks.** Parts of the tasks that cannot be performed with the existing capacities of the CRD's, should be contracted out to relevant experts or institutions with expertise in the particular field, with an experience that can guarantee a successful implementation of the tasks. It is through these activities that the CRD's will build their capacities over the long run, and obtain confident and solid work relationships with other institutions.

Problem: *The human capital of the institutions involved in Regional Development*

Alternative solution 1: Experiential learning (learning-by-doing)

Alternative solution 2: Introducing formal education programmes

Alternative solution 3: Organizing capacity-building events connected to certain goals

well as share experiences with their foreign colleagues. All of the respondents from Slovenia, Germany and R. Macedonia pointed this element as the main pathway to building employee capacities. Overall, the crucial element is the willingness and commitment to learn by the people involved, whether it is a formal education, informal and learning by doing.

Problem: *Identification of the most appropriate legal form for the CRD's*

Recommendation: Dedication to learn!

The education process for the potential employees in the field of regional development has to start in the secondary and tertiary education levels. An integral component of the education of the employees in

The quality of the human capital contributing for regional differences in development:

Much of life is "creative" in much the same way that is "art" and "science" ... To an outsider it even looks the same. A collection of people doing pretty much the same thing, each emphasizing his own originality and uniqueness. (Lucas, 1988)

the field of regional development is the experiential learning (learning-by-doing) – supporting and encouraging the Centers for development of the planning regions to start joining and implementing more projects, especially cross-border projects. It is through these projects, that they will be able to learn new ideas, acquaint themselves with new opinions and skills as

Alternative solution 1: Provide flexibility to the CRD's

Alternative solution 2: CRD's with employees as civil servants

Alternative solution 3: CRD's as companies

Recommendation: There are pros and cons to every legal form. This issue is especially difficult to be answered in the current constellation of things. The key problem is the restrictive character of the Macedonian legislation. Two things need to happen:

- First, comprehensive analysis of this problem with appropriate methodology how to approach this issue (focus groups etc.) and maybe even more importantly **clear determination and commitment by**

the stakeholders (most of all the CRD's) to participate in this process

- Second, readiness by the national decision makers to address this issue and implement the necessary steps

However, having all this in mind, we recommend that the CRD's should be free of the basic financial concerns. This will prevent the CRD's to think only about their existence and therefore neglect the public regional interest. In the same time, whatever is the legal form; proper monitoring mechanisms need to be put in place to ensure the interest of the region.

Problem: Regional Vs. Local projects

Alternative solution 1: Changing the structure of the Council for development of the planning region

Alternative solution 2: Improving the understanding of the mayors about regional development

Alternative solution 3: Introducing agreements for regional projects

Recommendation: We recommend implementation of the first and second alternative solutions. Both of these alternatives are complementary and could significantly contribute to the solution of the problem, which is the realization of regional projects. The idea is to introduce a participatory approach in the Council for development of the planning region that

will allow the stakeholders to be heard and share their ideas and views. What we suggest is the following composition of the Council for development of the planning region membership:

- 40% representatives of the municipalities
- 30% representatives of the private sector
- 30% representatives of the non-profit sector

The idea for our recommendation has empirical background and has already been introduced in plenty of countries (including Germany and Slovenia). This would also be an effective way for

building partnerships in the region among the stakeholders and increasing the visibility of the regional governance.

With respect to increasing the understating of regional development by the local government and the mayors, all foremostly we suggest advising (advisory services) and sharing experiences of other regions and other mayors that contribute to successful regional policy.

This draws similarity to the structure of the Regional Development Councils in Slovenia. The number of **representatives from the non-profit sector** should be no more than $\frac{1}{2}$ and not less than $\frac{1}{4}$ of the number of representatives from the municipalities.