

**STRATEGIC PLANNING OF LOCAL  
DEVELOPMENT IN THE REPUBLIC OF  
MACEDONIA WITH FOCUS ON MAKStat  
DATABASE<sup>1</sup>**

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**Abstract**

The research in this article pertains to role and the importance of the strategic planning during the process of local development in the municipalities in the Republic of Macedonia. Accordingly, the subject of the research is strategic planning of local development in municipalities in the Republic of Macedonia within some wider context of municipal functioning in national frames. On other hand, the goals of the research are concentrated around the strategic idea and the process of strategic planning or the functional structure, the legal framework for the existence and appliance of the system for local development strategic planning as well as planning the process of strategic planning of the local development in municipalities. For the purpose of achieving the research goals, at the end of the article is given an analysis of the importance of the availability of local indicators during the

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<sup>1</sup> review scientific paper

management and control of the local development process in the municipalities. In doing that, the accent is put on the MAKStat database of local indicators maintained by the State Statistical Office with some recommendations for future development.

**Key words:** strategic planning, local development, municipalities, Macedonia, indicators

## INTRODUCTION

Efficient management of each municipality involves a detailed picture about the present condition or the situation in which municipality operates at the moment, what is the future vision and most important: what are the possible ways for achieving that vision or which strategies will be used in order to fulfil the future desired goals. In all that, undoubtedly, all municipal potential within the organizational structure gets involved taking into account the needs of the citizens and protecting the public interest. As a result, the strategic goals are arising from the analysis of the current conditions and depicture the priority areas. These activities form the nucleus of the strategy and they must be real in scope as well as in the same direction of the needs and possibilities for community development.<sup>2</sup>

The municipal strategic planning is a benefit of the democratic system. The result is an official document called strategic plan that incorporates and integrates all the necessary components of the municipal planning for local development. In other words, satisfying the public interest is permanently present during the process of strategic planning on municipal level and the citizens have a possibility to be actively involved in any phase of the development of the strategic plan during its drafting.

Every municipality in the Republic of Macedonia characterizes with differences from the aspect of external and internal organizational environment, which means that every municipality possess more or less resources or the needed capacity for strategic planning of the local development. In any case, the generally acceptable methodological approach in outlining the strategic plan for local development must be in accordance with the adopted Law on Budgeting and the Methodology for Strategic Planning adopted by the Government of the Republic of Macedonia that pertain to the middle three-year planning or three-year plan for municipal local development<sup>3</sup>.

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<sup>2</sup> Municipality of Zelino, p. 7, 2015.

<sup>3</sup> Government of the Republic of Macedonia, Skopje, 2007.

Strategic planning is one of the basic crucial ventures of the municipal professional administration in local government that besides the availability of outside experts, field consultants etc., is the only competent institution for planning the municipal development and for choosing the best approach in the workmanship of the strategic plan<sup>4</sup>. In most cases, these activities are in charge of the sector of strategic planning that is responsible for the preparation of strategic documents for the needs of different organizational levels in the municipality (for example for separate units etc.).<sup>5</sup>

In the next sections of the research in this paper the accent will be put on a legal regulation of the system of planning the local development in the Republic of Macedonia as well as the process of local strategic planning. Next, it will be performed an analysis of the current indicators or the capacity of so-called MAKStat database developed and maintained by the National Statistical Office of the Republic of Macedonia for the purpose of strategic planning and monitoring the local municipal development in the country.

## **LEGAL REGULATION OF THE SYSTEM OF PLANNING OF THE LOCAL DEVELOPMENT IN THE REPUBLIC OF MACEDONIA**

Strategic planning on local level in the Republic of Macedonia is legally regulated in Article 22 of the Law on Local Self-Government from 2002<sup>6</sup>. According this article, the municipalities are competent for urban and rural planning. Along that, also, they are competent for local economic development planning. But, besides that, in the Macedonian municipalities still does not exists integrated or comprehensive defined system for local development planning.

Other Law that legally regulates the strategic planning of the municipal development is the Law on Budgets adopted in 2005<sup>7</sup>. According

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<sup>4</sup> Finnish Consulting Group, Skopje, pp. 63-64, 2008.

<sup>5</sup> Municipality of Kumanovo, Sector for Administering with incomes, strategic planning, local economic development and information technology-2014, available at <http://kumanovo.gov.mk/1er/>.

<sup>6</sup> Law on Local-Self Government, Official Gazette of the Republic of Macedonia No. 5/02.

<sup>7</sup> Law on Budgeting of the Republic of Macedonia, Official Gazette of the Republic of Macedonia No. 64/05; 103/08; 156/09; 95/10; 180/11; 171/12; 192/15.

Article 15 of the Law on Budgets: “The budget users prepare three-year strategic plan that incorporates programs and activities for fulfilling the strategic priorities of the Government of the Republic of Macedonia as well as the goals and priorities of the budget users for the relevant period”. As a result, because the municipalities are budget users, according Article 15 they have full authority in planning of their own future development. As local authorities, the municipalities are fully independent and have full democratic right in order to define their own development goals that must be compatible and in line with the strategic priorities and goals mentioned in the Government Program of the Republic of Macedonia in connection with the use of funds from the State Budget. According the Law on Balanced Regional Development adopted in 2007<sup>8</sup>, the Ministry of Local-Self Government is responsible to coordinate and to synchronise the planning process of the municipal local development. Also, the Law on Urban and Spatial Planning adopted in 2005<sup>9</sup> defines the spatial planning as well as different types of local and municipal spatial and urban plans that are of great and utmost importance for the municipalities during the process of strategic planning of their own overall development.

Besides the fact that a couple of key laws regulate the strategic planning of the local development, still, there isn't integrated and thoroughly defined approach in local development planning that is fully legally regulated. The municipal administrations have independent role according their resources to develop such a plan that best reflects local development in the future. As a consequence, because of the municipal differences, municipal strategic plans are also different. That is one of the main reasons why is not legally possible to define uniformity in the process of strategic planning for local development in Macedonia. Furthermore, it allows more flexibility for planners in municipal administrative services in order to be fully committed on the specifics of the strategically focused or sector areas during the performance of their daily municipal working tasks. As a result, during the last decade after the introduction of the process of decentralization in 2004, the number of foundations and programs that deal with training of the municipal decision-makers rapidly grew with a purpose

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<sup>8</sup> Law on Balanced Regional Development, Official Gazette of the Republic of Macedonia No. 63/07; 187/13; 43/14; 215/15.

<sup>9</sup> Law on Spatial and Urban Planning, Official Gazette of the Republic of Macedonia No. 199/14; 44/15; 193/15;31/16.

of further strengthening of their institutional capacities during the process of performing their tasks and responsibilities.<sup>10</sup>

### **AN OVERVIEW OF THE KEY ASPECTS OF THE PROCESS OF STRATEGIC PLANNING FOR LOCAL DEVELOPMENT**

Generally, from the numerous definitions about strategic planning that can be found in the literature, prevails the following synthesized thinking, and that is: “strategic planning is a process of defining the local municipal development strategies by promoting rationality in the allocation of the available resources”. As a result, the universal approach in the literature that leads to a successful preparation of strategic local development plan envisages several successive phases, such as: a) gathering the necessary data with the purpose of defining and preparing of the socio-economic profile of the municipality with analysis of the municipal potentials and expectations of the future local development; b) defining the municipal mission; c) setting practical approach to the municipal vision by defining the strategic areas in which the focus of the planning activities will be put in the future; d) finally, defining the strategic or the specific development goals that have to be fulfilled by various activities, for example municipal projects or programs<sup>11</sup>. Every budget year, the Ministry of Local Self-Government in cooperation with all local and regional representatives supports the local development by giving financial support to a number of projects for which successful implementation there must be well prepared strategic plan.<sup>12</sup> In doing that, it is very well known that so-called approach of SWOT analysis is most applied.<sup>13</sup>

In order to be achieved the desired efficiency and effectiveness in performing the abovementioned activities it is only possible by mutual

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<sup>10</sup>Foundation of Local Community Development- 2016, available on <http://frlz.org.mk/programi/programa-za-gradenje-na-institucionalni-kapaciteti.html>.

<sup>11</sup> LDK/Rambol, Skopje, p. 23, 2007.

<sup>12</sup> Tvnova-The project implementation for local development, available on <http://tvnova.mk/vesti/makedonija/pocetok-na-implementacija-na-proekti-za-lokalen-razvoj/>.

<sup>13</sup> Municipality of Bitola, Municipality of Mogila, Municipality of Novaci, Municipality of Demir Hisar, p. 106, 2015.

partnership and cooperation between all relevant local actors widely and within the framework of the local government administration itself.<sup>14</sup>

### **INDICATORS OF LOCAL DEVELOPMENT: A REVIEW OF MAKStat DATABASE**

In order to be monitored and to get approached in the preparation of the strategic plan for local development there is a need of data and already calculated indicators that the municipal administration will use in order to accurately present the “diagnosis” of the local developmental conditions. Considering the fact that data collection as well as data processing with the purpose to create indicators can be very complicated and long process, the municipal administration in greater possible extent must use all possible official statistical data that is provided by official and competent bodies and organizations on local and national governmental level. In most part, here, the accent is put on the statistical data that is provided by the State Statistical Office. There are many indicators that can be of great importance in leading the strategic planning process of the local development. In a broader context, they can be classified in many groups or sub-groups according the focus of the area they cover, such as: a) population and demographic trends; b) economy; c) finances; d) housing and urban planning; e) infrastructure; and f) social services.

As a result of the EU financially supported projects for improving the process of decentralization, during 2008 was prepared a Manual for strategic planning of the local development in the municipalities in the Republic of Macedonia. The document is published and released by the Macedonian Association of Local-Self Governments<sup>15</sup> and is one of the most important standardized manuals for managing and monitoring of the process of strategic planning in local context. The Manual defines a total of 70 indicators that are classified within 6 categories or target areas:

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<sup>14</sup> Municipality of Bogdanci, p. 1, 2015.

<sup>15</sup> Association of Local-Self Governments of the Republic of Macedonia, available on <http://www.zels.org.mk/Default.aspx?id=258715f0-12cc-4dc1-b56a-fe5c2b6196e8>.

**Table 1. Focus areas and indicators for planning the local municipal development**

Focus area	Number of indicators
1. Population	12
2. Local economy	12
3. Finances	7
4. Housing and urban planning	5
5. Infrastructure	8
6. Social services	26

Source: Finnish Consulting Group International, *Manual for strategic planning of the local development in municipalities: Support for the process of decentralization*, Contract No. 06MAC01/05/102, Skopje, pp. 63-64, 2008.

On other side, very similar to other countries in the region and EU, as mentioned before, the so-called MAKStat database<sup>16</sup> is a very valuable statistical portal for local (municipal) and regional data. The analysis of the available data for local development shows that this database according indicators and years is not very rich source of municipal data which is a big handicap for municipalities during the strategic planning process of their local development. In presence, this database contains a total of around 36 indicators that can be used by the municipalities in preparing their strategic plan. In other words, according the Manual for strategic planning of the local development, the current situation with MAKStat indicators according the areas of interest is presented in Table 2 below.

**Table 2. The analysis of MAKStat database of the local indicators: Real condition**

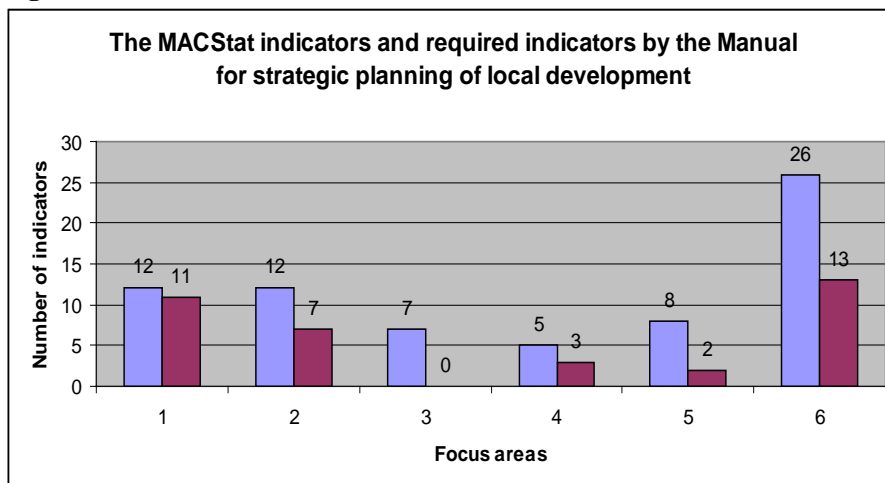
Focus area	Number of indicators
1. Population	11
2. Local economy	7
3. Finances	0
4. Housing and urban planning	3
5. Infrastructure	2
6. Social services	13

<sup>16</sup> MAKStat database of municipal indicators, available on <http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef>.

Source: State Statistical Office of the Republic of Macedonia, available on <http://makstat.stat.gov.mk/PXWeb/pxweb/mk/MakStat/?rxid=46ee0f64-2992-4b45-a2d9-cb4e5f7ec5ef>

In Figure 1 below is displayed the deviation of the available number of indicators provided by the MAKStat database from the total volume of required indicators within the above mentioned 6 focus areas of the local municipal development in Macedonia.

**Figure 1.**



## CONCLUSION

The local development is a comprehensive organizational activity that includes the description and the elaboration of municipal profile, the mission, vision and strategically focused development goals. However, the whole process of local strategic planning must be legally possible. In presence, the process of strategic planning of the local development in Macedonia is legally regulated by many Laws whereby to municipal administrative services are given sufficient flexibility in planning future development.

The process of strategic planning means possession of the necessary databases or indicators that can be used for the possible preparation of more comprehensive and detailed strategic plan. Without the presence of the necessary indicators is not possible efficient preparation of the future local



development. In that direction, the analysis of MAKStat database provided and maintained by the National State Statistical Office showed that this database contains data for a much smaller number of indicators (a total of 36) from the necessary number of indicators (a total of 70) that is needed for a successful projection of the overall local development at municipal level within six areas i.e. population, local economy, finances, housing and urban planning, infrastructure and social services.

In order to partially or fully eliminate the previously numbered shortcomings of the future development of the system and processes of strategic planning of local development in the Republic of Macedonia, as a future recommendation it must be considered the following aspects, such as: a) first, beside the existence of various databases on municipal level, MACStat database must be used as basic and unique centralized and plausible source of statistical indicators during all phases of monitoring and managing the process of strategic planning of local development in the country; b) second, for that purpose between municipalities must exist mutual synchronization in gathering and sending the needed data to the State Statistical Office for calculating the indicators; third, besides that MACStat database is a very valuable statistical logistics of the local development, in the future this database must be additionally enriched or to be extended to other areas (for example science, culture, sport etc.); fourth, a number of the existing indicators especially in the areas of finances, infrastructure and social services must be calculated in order for the municipalities to use MACStat database in a more comprehensive manner; finally, in the future MACStat database must be fully promoted and available from all official institutions on local and national level in order to achieve better transparency and mutual confidence between domestic as well as foreign legal entities especially during the decision-making process of making investments that inevitably results in further acceleration of the overall local development in the Republic of Macedonia.

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