

## HUMAN SETTLEMENT COUNTRY PROFILE

### REPUBLIC OF MACEDONIA

#### 1. Introduction

The Republic of Macedonia is situated in the central part of the Balkan Peninsula covering an area of 25713 km<sup>2</sup> with about 1.945.932 inhabitants (census from 1994). According to the current administrative division, the country has 123 municipalities, in which 1795 settlements have been grouped with average population density of 76 inhabitant/km<sup>2</sup>. 29 settlements out of the total 1795 i.e. 1.6 % are characterized as urban and 1766 settlements, i.e. 98.4%, as rural settlements.

#### 2. Time related (bound) goals and integrated consideration of sustainable development including all three dimensions

As a country in transition, Macedonia is facing numerous problems and changes, among them being the transition from social to market economy, privatization and decentralization processes etc.

One of the basic problems is the change in the socio-economic structure of the population, which affects people's way of life. The extremely unfavourable social and economic status of most of the rural population has initiated migration towards urban centres. In the big towns one can see high concentration of population, urban poverty, expansion of illegal settlements, traffic and communal infrastructure overloading, all affecting directly and adversely the quality of environment in the settlements.

Public water supply systems have been built in all of the municipal centres. Part of the water supply network does not match the population needs due to it being completely worn-out/dilapidated and great leakage of water. Around 65% of the population is connected to the central water supply network, and the remaining 35% to the rural water supply network or through individual connecting to wells.

The coverage of the sewerage systems is not as high as that of water supply systems. In 12 urban settlements the sewerage system covers over 80% of the population, in 8 urban settlements the percentage of coverage ranges from 60-80% and in 5 it is under 60%. As for the waste water treatment, three plants have been built near the natural lakes: Ohrid, Prespa and Doyran Lake.

Solid waste management is the major environmental problem of the inhabited places in the Republic of Macedonia. The situation in this area worries us all, mainly for the low level of technical equipment and organization of public communal enterprises, lack of regulations, low public awareness and insufficient infrastructure. Except for the sanitary landfill for communal waste "Drisla" (located in the proximity of the capital), most of the locations used by the municipalities for waste depositing are illegal.

The problems with air quality in urban settlements result from increased use of motor vehicles and operation of industrial capacities using old technological equipment and production processes that generate pollution.

In the past years the Republic of Macedonia has been facing relatively high level of poverty due to insufficient economic development and unemployment increase. More than one third of the population in the country lives in poverty. The poverty rate increased from 19% in 1997 to 23% in 2000. About 30% of the labour force is unemployed. Annually, about 60000 households, that is 15% of the total number of households receives welfare.

In conditions of decreased purchasing power, part of the population solves their housing problem through illegal building on a state-owned land, often substandard building in the suburban areas of the towns, without communal infrastructure and appropriate living conditions. The problem of illegal building has been on the increase in recent years, resulting in usurpation of unrestricted land. Most of the households are not owners of the land and don't have a building permit. It is estimated that in the Republic of Macedonia there are about 100 illegal settlements which don't have access to the basic infrastructure, safe drinking water, sanitary and solid waste drainage etc.

This construction deviates from the planned urban development of the towns which adversely affects the quality of environment and its sustainable development. The legalization of illegal construction is one of the major problems the Government of the Republic of Macedonia and the local government in almost all municipalities faces.

The Housing construction policy is going in the direction of abandoning public construction. Out of the total housing fund in Macedonia, 580314 flats (according to the census from 1994) are privately owned, and only 4% are state owned.

The total number of flats owned by the Republic of Macedonia (according to the census for 2002) is 5425, of which 4139 are of hard building material, 352 are prefabricated buildings, and 934 flats are in substandard state.

Most of the flats (90.65%) are found in buildings of hard structure. 87.98% of the total number of flats are equipped with water supply and sewerage systems and electricity. About 11.9% of the total housing fund is substandard.

Housing policy applies a new manner of evaluation and investing in housing construction. Adding on and superstructures to existing buildings, adaptation of the attic in living space is allowed, which enlarges the housing fund and relieves the need for housing space.

The intention is to provide a flat for every household, to build the flats aseismically, to change the substandard housing fund with a new one and revitalize the dilapidated ones.

The Government of the Republic of Macedonia makes efforts to provide favourable financial conditions for solving the housing problem through approving favourable loans for housing construction.

The crisis in 2001 and the war activities that took place in the country left direct consequences in all spheres of living, especially in housing area. About 170000 people were displaced, about 5393 houses and 72 public buildings were destroyed. The rapidly increasing number of refugees and displaced people inside the country imposed the need to take a concrete action for surpassing the problems in the damaged settlements. To that end a Coordinating body was established for crisis management, which was supposed to engage the ministries to cooperate with the International Management Group (IMG), UNHCR and other agencies and non-government organizations in making estimates of the damages in the crisis areas, especially estimate of the destroyed and burnt houses, damaged communication and communal infrastructure.

Several international institutions and governments donated funds towards fast overcoming of the consequences arisen from the ethnic conflict in Macedonia.

### **3. Manner of implementation**

Making decisions: coordinating mechanisms: The monitoring of the status and sustainable development of settlements through integrating the economic and social development and environment protection is competence of the Ministry of Environment and Physical Planning.

Taking up the position of a guide in the implementation of the goals and recommendations of the Habitat Agenda, the Ministry undertook a few activities.

In this regard, the Government of the Republic of Macedonia made the decision for establishment of a National Committee for Human Settlements – Habitat. The National Committee, as a coordinating body acts in accordance with the UN Program for Human Settlements and has an advisory role in the Government's making decisions in the sphere of housing. The Committee consists of 22 representatives from ministries and other state bodies, local government, business sector, high education institutions, non-government organizations, which are directly or indirectly involved in the process of Habitat Agenda creation and implementation.

Legislation: The Republic of Macedonia accepts the challenges of human settlement sustainable development at a national level. In view of sustainable human settlement policy making, a few strategic documents were developed, such as laws and subsidiary acts.

The basic issues related to urban settlement planning and protection, i.e. issues related to the space organization, development, use and protection are regulated in the following laws:

- Law on Spatial and Urban Planning – regulating the planning of space, the type and content of plans, plan preparation and adoption procedure, awarding building land, identification of building requirements;
- Law on Building Land – regulating the rights and obligations related to building land and its development;
- Law on construction of investment projects – regulating the construction of investment projects;
- Law on Environment and Nature Protection and Promotion – regulating the rights and obligations of the Republic of Macedonia, the legal and physical entities in ensuring conditions for environment protection and promotion and enabling the citizens' right to healthy environment.
- Act on the conditions, manner and procedure for awarding building land;
- Book of Regulations on the standards and Normatives for Space Development.

The communal services are necessary condition for existence of all communities of human living, starting from the family, as the smallest, to the city as the biggest community. The issues related to communal services are regulated in the Law on Communal Activities and the Law on Public Hygiene Maintenance collection and transportation of communal solid and technological waste.

The Law on Housing and some subsidiary acts regulate the issues in the sphere of housing.

With the signing of the Agreement on Stabilization and Association with the European Union, the processes of approximation of the national legislation with the EU standards and norms were strengthened.

Regarding the legal regulations, there are no control mechanisms for their application. The Republic of Macedonia faces the problem of law in compliance, which in the sphere of housing represents inappropriate implementation of the planning documentation, thus directly and adversely affecting the sustainability of human settlements.

Strategies, policies, plans: Integral part of the Government of RM's human settlement sustainable development policy is:

- Poverty reduction through economic restructuring and acceptance of market economy principles;
- Development of economically undeveloped areas;

- Provision of flats for every household through change in housing construction policy;
- Strengthening the process of urbanization through preparation, adoption and implementation of spatial planning documentation adapted to the processes of transformation of social and other needs of the urban and rural settlements;
- Environment and nature protection through adoption of a new National Environmental Action Plan (NEAP 2) and preparation of Local Environmental Action Plans (LEAPs).

For the purposes of achieving sustainable development, and sustainable human settlements respectively, several strategic documents have been produced: National Environmental Action Plan (NEAP), National Strategy for Economic Development of RM, National Ecological Health Action Plan (NEHAP), Spatial Plan of RM (in Parliamentary procedure of adoption), Strategy for Poverty Reduction etc. Other documents are in course of preparation: National Solid Waste Management Plan, National Employment Strategy, National Environmental Action Plan (NEAP 2), as well as Local Environmental Action Plans for several municipalities (LEAP).

With the activities of the National Committee for Human Settlements – Habitat, the problems of urban development were identified that led to preparation of a Project for developing an "Urban Strategy" and a Project for "Municipal administration and development program", these being already in course.

For the purposes of implementation of the Government's policy for providing flats for every household, each year a Program for construction and maintenance of flats is adopted, which regulates the construction of housing projects and flats of state ownership.

The Public Enterprise for Housing and Office Space Management, which is responsible for the Program organization and realization, has started the construction of 66 housing developments with about 2693 flats on the territory of R. Macedonia. This Program is expected to be realized by the end of 2004. 25% of the total number of flats constructed is intended for socially endangered people (housing issue not solved), and a number of them for the purposes of the Law on Denationalization, and the remaining flats will be sold to young married couples – not possessing flats, at favourable buying conditions (50% participation and the rest with deferred payment in 15 years with an interest rate of 8.4%).

The housing policy provides for the Programme to include construction of 14 housing developments with 669 flats for people with low incomes, so-called social flats.

In order to strengthen the process of urbanization, the Government of the Republic of Macedonia, at a proposal of the Ministry of Environment and Physical Planning, as responsible for space planning, adopts an annual Programme for preparation of spatial plans, whereas at the proposal of the Ministry of Transport and Communications, as responsible for space development, adopts a Programme for preparation of urban plans. According to the 2002 census review, preparation of 30 master plans was registered, including all urban settlements. The annual Programme also pertains to adoption of studies, expertises and projects depending on the priorities at national, regional and local level.

With a view to stimulate the economic development of underdeveloped areas the Government adopts a Programme for realization of the tasks of the Bureau for economically underdeveloped areas. This Programme includes reconstruction of local roads, construction of communal infrastructure, electrification, construction and reconstruction of schools, medical centres, Cultural buildings (libraries, cinemas, cultural houses) and opening new jobs in small industrial capacities in the underdeveloped areas.

In the framework of the programme for environment protection and promotion, currently is implemented the Municipality and Environment Action Programme – MEAP. The Programme includes superstructure and reconstruction of communal infrastructure (quality, efficiency, access and safety of water supply and sewerage systems). The duration of the Action Programme is through 2001-2005.

In order to solve environmental problems on a local level, the local self-government units are obliged to adopt Local Environmental Action Plans (LEAPs). The LEAP is a document accorded with the National Environmental Action Plan (NEAP). The local self-government identifies and solves all environmental problems with the LEAP according to its own financial ability and a determined time dynamics. The municipality can use this document in seeking funds for its implementation from home and foreign investors.

The Framework Agreement (Ohrid Agreement), adopted in 2002, provides for extension of the obligations of the local self-government. The intensification of the process of decentralization of the governmental authority resulted in adoption of the Law on local self-government (2002). This Law regulates the competences of the local self-government: urban planning, issuance of building permits for buildings of local importance, space and building land development, environment and nature protection, local economic development planning, communal activities, regulation and organization of public transportation, construction and maintenance of roads, culture, sports and recreation, education and health care. Consistent carrying out of these activities will secure sustainable development of the settlements on a local level.

Capacities built: The capacities needed to achieve sustainable human settlements are institutional and scientific and are related to the institutions of the governmental authority, Housing policy authority, the business sector, scientific sector and non-governmental sector: Ministry of Environment and Physical Planning, Ministry of Labour and Social Policy, Ministry of Economy, Ministry of local self-government, Ministry of Health, Ministry of Transport and Communications, Ministry of Finance, State Statistics Office, Institute for Social and political and legal research, Faculty of Architecture, Public Enterprise for Housing and Office Space Management, Public Enterprise for Spatial and Urban Plans, Local Self-government Units etc.

In the framework of the Ministry of Environment and Physical Planning function several sectors which cover, within their scope of work, the issues related to human settlement development and protection, and these are: Department of Spatial Planning, Department of Sustainable Development and State Inspectorate of Environment.

Information system: Having in mind that different ministries and institutions contribute to the creation of the data base related to human settlements, there are several websites at which one can find adequate data. The information and data collected by the Ministry of Environment and Physical Planning can be found on the official web site of the Ministry: [www.moe.gov.mk](http://www.moe.gov.mk).

In 2001, the Ministry of Environment and Physical Planning was coordinator for preparation of the National Report on Human Settlements – Habitat.

Financing: The implementation of the policy sustainable human settlements in the Republic of Macedonia is financed by: economic entities own resources, state budget, budget of the local self-government units, foundations and donations. Financial resources for realization of some projects are provided from international financial institutions with which the Ministry of Finances has intensive cooperation, and these are: International Monetary Fund (IMF), World Bank, European Union, European Bank for Reconstruction and Development, Development Bank at the Council of Europe, European Investment Bank. The financial

resources are provided through different financial mechanisms, as loans from international and financial institutions and bilateral loans and grants.

For the purpose of implementation of the Municipal Environment Action Plan - MEAP, the Government of the Republic of Macedonia and the European Bank for Reconstruction and Development concluded an Agreement in September 2000 on a loan of 60.6 million EUR.

The Programme "Social Infrastructure I" (SIP I) is intended to improve the communal infrastructure through temporary employment of creation of additional incomes in 13 municipalities of R. Macedonia. The Programme is donation of the Government of SR Germany through the KfW Bank for reconstruction from Frankfurt in the amount of 16.000.000 DM. In the framework of this Programme a total of 54 projects were realized in the sphere of communal infrastructure.

The Programme "Social Infrastructure II" (SIP II) is continuation of the previous programme (SIP I) for the implementation of which the Government of SR Germany has granted 5.112.918 EUR. About 29 projects from the sphere of communal infrastructure are in course of implementation.

For the purpose of improving water supply in the inhabited places in the area of Skopje, the Government of Japan will donate 750.000,000 Jen. The Project will cover 7 municipalities with 21 inhabited places and be implemented in the period 2004 – 2005.

The Government of R. Macedonia concluded an Agreement for a loan with the Bank for Development (Council of Europe), in the amount of 15 million EUR for implementation of the project for construction of flats for low income citizens. So far, two parts of the loan have been received, 8.8 million EUR in total.

The Ministry of Local Self-government allocated 238.132.000 denars for encouraging the development of the economically underdeveloped regions in the country.

Part of the funds provided from the TELEKOM's sale was, through the Ministry of Local Self-government, used for financing the projects for communal infrastructure. The total amount of this part was 34.086.000 DM.

In order to overcome and remedy the consequences of the ethnic conflict which took place in 2001, the Bank for Development at the Council of Europe financed the Project for construction of a water supply and sewerage network in the amount of 1.000 000 EUR.

For the reconstruction of approximately 7776 damaged houses, about 31.509.000 EUR were donated by the governments of: Austria, Denmark, Germany, Greece, Italy, the Netherlands, as well as from the European Commission, UNHCR (United Nations High Commissioners for Refugees), BPRM (Bureau of Population, Refugee, and Migration) and OFDA (Office of Foreign Disaster Assistance).

#### **4. Implementation challenges and obstacles**

Priority urban challenges identified in the National Report –Habitat 2001 and the National Poverty Reduction Strategy (2002), aimed at providing appropriate home for all and achieving sustainable development of settlements are:

- Poverty reduction
- Development of economically underdeveloped regions
- Providing high level of environment protection
- Application of alternative energy technologies
- Increasing public transport capacities

- Providing access to land
- Decrease in urban disproportions
- Elimination of illegal construction
- Providing homes for every household
- Improving the quality of communal services
- Construction of flats for the poor
- Providing favourable credit lines for housing construction.

Striving to implement the goals and recommendations of Agenda 21 through the set challenges, the Government encounters many problems of social and economic nature. The social-economic situation has led to urban disproportions, migration of the population from rural to urban areas, urban poverty, illegal construction, communal and transport infrastructure burdening. All of this, brought about lower environment quality in the settlements.

One of the key problems the Government of RM faces is insufficient financial resources for preparation and realization of adopted strategies, programs and plans

### **5. Inclusion of major groups**

The Parliament and the Government of the Republic of Macedonia are involved in the process of human settlements developing through adoption of legislative documents, strategies, plans and programs for construction and maintaining of flats, as well as the programs for developing physical and urban plans, action plans for environment protection etc. Furthermore, various state and private expert and consultant institutions are consulted in this process.

In the process of decision making in the area of housing, the Ministry of Environment and Physical Planning is in full and complete communication with the national state authority institutions, experts in this area, the scientific and NGO sector. This cooperation and communication is especially fruitful through the National Committee for Human Settlements – HABITAT.

The mutual cooperation is provided by organizing working meetings, direct contacts and exchange of experience related to certain issues, and through incorporation of some materials in annual and developing documents.

The procedure of document adoption provides full involvement of governmental bodies and the citizens, through expert round tables and investigation of public opinion.

The Ministry of Environment and Physical Planning has opened the Office for Public Relations, aimed to involve the citizens in the process of decision-making in the area of environment protection. This Office is a service providing information about the state of environment, that is actually the basis for quality human settlements (clean drinking water supply, provision of adequate sanitation, solid waste disposal). The principle of work of this Office is two-way communication, meaning suggestions and data collection from the public and publication and dissemination of the information about the activities of the Ministry of Environment and Physical Planning.