

The state of  
Local Governance and Decentralization  
in North Macedonia



# 10 things we need to know in 2024

In recent years, discussions around decentralization have captured widespread attention. Despite the extensive debates, some questions regarding the transfer of competencies and functions from the central to the local level in North Macedonia have yet to be answered, and they require further considerations. It remains rather uncertain whether North Macedonia reached the ‘tipping point’ in decentralization and local governance reform. Can our local government institutions carry out decentralized functions effectively?

Last December, marked another successful gathering of stakeholders at the [Annual Decentralization Conference](#), a flagship event known for fostering inclusive dialogue among the two levels of government, civil society, business community and local governance experts and practitioners.

As someone deeply invested in local governance, I had yet another privilege of participating in this exceptional exchange.

This blog summarizes the 10 points that could be regarded as indicators of the tipping point in decentralization and local governance in North Macedonia

# 1. Ensuring fiscal autonomy for development initiatives and providing critical services



Local governments in North Macedonia face revenue constraints, hindering their ability to fulfill responsibilities adequately. To tackle this issue, [Targeted fiscal decentralization](#) is crucial. This involves increasing intergovernmental transfers and adopting transparent criteria for allocation, granting control over resources, and enabling revenue generation through taxation, fees, and other means. Yet, challenges like limited fiscal management capacity and tax collection difficulties strain the social contract. Addressing coordination gaps between national and local financing strategies and improving local budget management is imperative. In this context, the challenges are further complicated by the New Organic Budget Law characterized by tight timeframes and capacity constraints. Despite efforts to issue municipal bonds, none have succeeded due to limited borrowing powers. To address this, local governments should have independent debt instrument usage, provided to adhere to fiscal rules. Innovative finance instruments can dynamize the local development and directly benefit citizens by creating job opportunities, providing access to essential services, fostering entrepreneurship, and offering other advantages.

# 2. Strategic planning for local development



Strategic planning should not be a simple bureaucratic exercise, but a vital tool for local development. Local development plans should serve as roadmaps, guiding local authorities towards the planned future and enabling citizens to monitor municipal efficiency.

Strategic planning must be:

- a) **integrated** to ensure coordination of policies across sectors and ensure policy consistency over time;
- b) **inclusive** to reflect the diverse aspirations of the community.

The [UNDP-backed Methodology on Integrated Planning](#) offers clear guidance on community engagement, ensuring coherence among different strategic goals and area-based approach. Most importantly, it guides on how to embed strategic priorities into budgetary decisions, including reflections on the new Organic Budget Law and its implementation at the local level. In addition, the plans should be accompanied by integrated financing frameworks that enable to mobilize/align public and private financial resources towards identified local priorities. This ensures that limited resources are directed towards activities that yield the greatest benefits for the community. By engaging in these processes, citizens not only contribute their knowledge and expertise, but also cultivate a sense of ownership and empowerment. When community members collectively agree on priorities, for example through the UNDP facilitated [community forums](#), it not only results in the development of diverse and effective solutions that target different needs, but also enhances the creation of social capital. This, in turn, reinforces social cohesion among diverse groups within the community.

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### 3. Interplay between the central and local governance

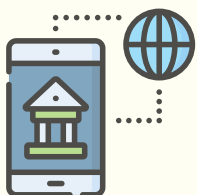


Central-local relations determine whether decentralization achieves its full democratic potential for the benefits of all. When central and local authorities work closely together, they are better able to respond to what citizens need. This means improved services like education, transportation, and sanitation, making life better for all. Citizens experience tangible improvements in their daily lives as a result, enjoying better access to essential services and a higher standard of living.

Line ministries play crucial role in promoting decentralization by developing appropriate and effective national policies and regulations for decentralization and strengthening local institutional capacities to assume responsibility for

new functions. Even in instances where responsibilities are decentralized by the national government, it still retains significant policy-making and supervisory functions. To effectively implement the [Government Programme on Sustainable Local Development and Decentralization 2021-2026](#) and address EU progress report recommendations, urgent action is required to enhance the normative and financial framework. Success in doing this, largely depends on the ability of both levels of government to adopt a collaborative approach and work together towards sustainable decentralization.

## 4. Inclusive Digitalization

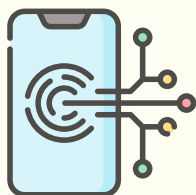


Local governments across the country have embraced digital transformation, despite challenges such as limited IT infrastructure and personnel. Collaborative initiatives, especially through inter-municipal cooperation and the implementation of solutions like UNDP’s [LoGeS](#) cloud-based platform, have driven substantial progress in introducing digital services. This collaborative approach has proven more efficient and cost-effective than individual municipality efforts and ensures equal access to e-services for citizens regardless of their location. For instance, residents of Pehcevo can conveniently access services with minimal effort by utilizing their municipality’s website, even though the provider is located in Shtip.

When discussing local services, cybersecurity represents significant challenge. The next step involves integrating these local systems into the national e-service portal.

Despite these advancements, the [digital divide](#) persists, emphasizing the need for initiatives promoting digital literacy, enhancing e-service accessibility, and supporting inclusion efforts for vulnerable populations. Bridging this gap is crucial for ensuring equal access to opportunities and resources for all citizens.

## 5. New technologies and opportunities for municipal development



New technologies offer municipalities the opportunity to enhance efficiency in processes, improve service delivery, and promote economic development and innovation. Throughout the country, several examples illustrate this potential. For instance, [interactive e-kiosks](#) enable citizens to perform various tasks such as paying bills and obtaining permits, proving convenient and efficient. These kiosks not only improve service delivery and reduce administrative burdens but also increase citizen satisfaction. Moreover, e-kiosks can help bridge the digital divide by providing access to services for those without internet access or digital literacy skills. Additionally, municipalities should further explore the potentials of smart infrastructure, which can ensure smart management of energy and waste, optimize resources, and reduce costs.

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Leveraging data analytics, and embedding emerging technologies in public policymaking, as demonstrated by our colleagues in UNDP and their government partners in Serbia, allows municipalities to tailor services to better meet citizen preferences based on demographics and service usage patterns. Drawing lessons from the region allows municipalities to tap into valuable knowledge and experiences to effectively adapt new technologies for the benefit of citizens.

## 6. Civil society deepens local democracy and empowers service delivery



There is a clear need to enhance support for CSOs and local governments to bolster their partnership, develop collaborative responses to citizen needs, and reinforce local democracy.

One constant recommendation for North Macedonia is that it needs to do better to integrate civil society in public policy making and in general in public

affairs. CSOs should strengthen further their capacities to prepare projects that respond better to the priorities of citizens, while the country should also consider introducing a unified model and continuous and transparent funding of CSOs. Community empowerment allied with citizens perception enable communities to address their unique challenges and build sustainable tailor-made solutions enabling to capitalize on local opportunities. In addition, active civil engagement and available mechanism for meaningful participation can lead to improved local policies and more accountable local authorities that deliver on their promises. On the other side, CSOs can fill the service gaps and provide essential services where local government may lack resources or capacities. Often these services are better targeted as they are tailored to the specific needs of local communities. UNDP’s [Reload project](#) provides a methodology on financing CSOs that local governments should follow and demonstrates how joint service provision can [improve quality of life](#).

## 7. The power of YOUTH



Forward-thinking local governments must tap into the vibrant energy and creativity of young people to create inclusive spaces where they can [voice their ideas](#) and contribute innovative solutions to issues that affect them. Youth emigration in North Macedonia remains a significant challenge, with the young population shrinking by 6% between 2002 and 2021. To drive positive change, local governments should focus on youth empowerment through strengthening of the local youth councils and creating economic opportunities for youth by supporting youth employment programs and entrepreneurship initiatives. Youth is and can be even more the driving force behind urban

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## 8. Women leading changes for all at the local level



In North Macedonia, the landscape of political leadership at the local level remains largely dominated by men. While municipal councils are committed to achieving equal representation, there are only two female mayors across the country. This lack of diversity not only perpetuates inequality but also overlooks the unique perspectives and needs of half the population. [Gender equality in political representation](#) requires deep-seated social and cultural

barriers that hinder women's participation. Whole-of-society approach is needed to create equal opportunities for women to access and excel in political functions. Proactive measures to promote women's leadership and promoting political will can help the empowerment of women at the local level and progress towards more equitable and just society.

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## 9. Gender-responsive services



Investing in gender-responsive services is a strategic move with far-reaching impacts on community well-being, economic development, and societal progress.

In North Macedonia, a promising trend is emerging with the implementation of gender-responsive services at the local level. Several examples demonstrate the effective collaboration and partnerships between local governments and civil society organizations and women's groups, working together to address the specific needs of women. These efforts encompass crucial areas such as prevention and protection from [gender-based violence](#) and reducing the burden of care for children with disabilities. Inter-municipal cooperation is proving effective in pooling financial resources for gender-responsive services at the (micro) regional level. However, ensuring the sustainability of these services requires long-term financing strategies by municipalities, supported by the central government, donors, and the private sector.

## 10. Local governance as transformative force for more equitable development



North Macedonia has adopted the Law on the [National Development Strategy](#) and it looks into the complete adoption of the Strategy itself through wide consensus between political parties, between the central and local level of government and between different segments of society. A significant advantage of local governance is its capacity to customize the implementation of the NDS to suit the unique requirements and circumstances of different communities and ensure that development efforts resonate with the realities on the ground, maximizing impact and relevance.

For example, implementing housing affordability policy as part of national social policy needs targeted and adapted approach as housing affordability measures like subsidies may have mixed effects across neighborhoods. While they may alleviate financial stress for low-income residents in gentrifying areas, they could also discourage investment and maintenance, potentially exacerbating urban blight and social segregation. Municipalities need to use their deep understanding of the local circumstances and the connections between local conditions with the local actors to implement tailored policies to the relevant contexts.

The topics covered in this blog are just a small part of what's needed for significant improvement in local governance. Effective decentralization demands critical support, awareness, advocacy,

and sustained commitment from various stakeholders, including government officials, civil society, communities, and international partners. This collective effort necessitates a reevaluation and integration of our knowledge, capacities, and resources to drive meaningful transformation. Only through collaboration we can pave the way for stronger, more responsive local governments that better serve the needs of communities. ●

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***Biljana Cvetanovska Gugoska***

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