

Municipal urban development in Macedonia

Comments based experience of the UP5 of the EAR training programme

**Geoffrey Payne, Short-Term Expert,
Geoffrey Payne and Associates, London**

The success of any training programme can be judged ultimately by the degree to which those receiving training are able to apply the new perceptions, skills and techniques in their working lives.

The TRAIN programme has imparted a wide range of new ways of addressing urban development issues in Macedonia to professional staff from every municipality in the country. By the end of the programme, the mayors of all 84 municipalities and the city of Skopje will have received 3 weeks training and some municipal staff will have received 18 weeks of full time training, (three weeks for each of six modules). This represents a large part of a post-graduate masters degree course in terms of information gained, not to mention a substantial investment of time, money and expertise from those providing the training.

To what extent are municipal staff likely to be able to apply this enhanced capability? To what extent will it improve the service that municipalities offer to existing and potential investors or local communities in terms of urban management? Sadly, the answer to these questions remains at best uncertain. Concern is not due to a lack of commitment or ability on the part of municipal staff, (and hopefully not to inadequate training!), but to the legal, policy and institutional environment within which municipal staff work. These constraints are beyond the ability of any training programme to address, but unless they *are* addressed, training may well produce more frustration than innovation.

What are these constraints? A summary of some key issues includes the following.

The urban planning system – GUPs and DUPs:

At the start of the EAR training programme, especially for Module UP5, which concerned strategic aspects of municipal urban development, participants were encouraged to bring copies of current General Urban Plans (GUPs) and Detailed Urban Plans (DUPs) for their local municipalities. Although only a small number of GUPs were seen in any detail, discussions with participants and other colleagues indicated that such GUPs are often prepared on the basis of a limited database and that they lack a strong economic and social focus.

International experience has demonstrated that spatial plans prepared in isolation from a clear assessment of local needs and resources, or which are not capable of responding to changes in the macro-economy or social needs, prove impossible to implement and therefore remain on paper as expensive exercises in failure. This is particularly the case with plans such as GUPs which are invariably prepared for periods of at least 10 years, even though it is clearly impossible to forecast needs and resources available for implementing such plans further than one year, or even several months, ahead. Such fixed plans have little value in a rapidly changing world where uncertainty and change are the only certainties.

The present approach of preparing GUPs emphasises spatial distribution rather than social and economic policy objectives. As such, they do not provide an appropriate basis for stimulating the local economy or responding to diverse and changing social needs. It is likely

that a more flexible form of strategic urban development will be required to realise such policy objectives.

Decentralisation and administrative effectiveness

The introduction of far-reaching proposals to decentralise public administration in Macedonia is a welcome step in improving governance and moving towards synchronicity with Western Europe.

Much will depend on how far and how fast this approach proceeds. To date, there are inevitably considerable variations and anomalies in the relationship between the responsibilities of municipal governments and the resources available to realise them. This is partly due to the small size of some municipalities and the consequent restrictions on the critical mass they can generate in terms of revenues and human capital. For example, 30 of the country's 86 municipalities have populations of less than 10,000 people and approximately 16 municipalities (or 19% of the total) have populations of less than 5,000 people.

The ability of municipalities to fulfil their legal obligations varies widely and some clearly lack adequate professional capability. For example, approximately 25 municipalities only have one professional person responsible for planning and environmental management. Yet the Law on Local Self Government passed in January 2002 and implemented from July 2005, together with the Law on Decentralisation passed in 2005 requires all municipalities to undertake a wide range of activities, including urban and rural planning, obtaining technical documentation (building permission) for constructions of local concern, land development and land management at local level. The small size of their populations must make it unlikely that they represent viable municipalities. In the former Yugoslavia, Macedonia had 36 municipalities and comments from various sources indicate that this is a more realistic figure. Other sources suggest that the total number of municipalities should be even less. Some form of Village Council, with less responsibilities than the present 41 Village Municipalities, may represent a more appropriate administrative unit of government for villages with less than about 5,000 population. Anecdotal evidence obtained from participants suggests that most small municipalities are not increasing in population, have negligible potential in attracting new commercial or industrial investment and have a minimal revenue base. However, their advantage is that everyone knows everyone else and this provides an opportunity for collective decision making in terms of meeting locally defined needs which is presently impeded by the need for externally prepared GUPs and DUPs.

Administrative efficiency is also impeded at present by a tendency for political influence to penetrate all aspects of local administration, including the appointment, promotion and transfer of professional staff according to real or perceived loyalties. This restricts the independence of the civil service and reduces administrative efficiency, since are inhibited from offering advice which may be prejudicial to their careers. Also, stakeholders with good connections are able to bypass administrative procedures and norms. This further undermines professional integrity and leads to decisions on investment which are determined by short-term political motives rather than the wider public interest. The separation of plan formulation and implementation also reduces local 'ownership' of the plans produced which naturally leads to frustration and may result in a lack of commitment by municipal staff.

Another administrative constraint is the variable level of collaboration between municipalities. One example of this is when one of the many newly formed municipalities seeks copies of plans (GUPs or DUPs) prepared for areas within its jurisdiction from another which was previously responsible for the area. Cases are cited of the municipality holding the plans

charging large sums for making them available. Such bureaucratic constraints do nothing to foster inter-municipal collaboration and the effective use of scarce resources.

Licensed firms

Unlike most Western European countries, municipal staff in Macedonia responsible for urban development and management are unable to exercise the professional duties normally required of public sector officials responsible to a democratically elected local government. They are presently required to implement plans prepared by a limited number of licensed firms, of which there are 13 nationally, employing a total of 105 qualified professional staff. These are responsible for preparing all GUPs and DUPs in the country.

Each licensed firm is required to employ at least five architects, of which one should have a licence for urban planning and other planners to deal with infrastructure planning. Other professions, such as economists, are advisable, but not essential. There is no academic or professional training in city or town planning available in Macedonia, so those seeking to work for a licensed firm are usually architects or engineers. However, these professions do not provide an adequate conceptual framework for understanding the multi-faceted issues involved in managing urban areas and promoting social and economic development. Whilst many staff working in such firms may have learned relevant skills whilst preparing GUPs and DUPs, the plans themselves frequently emphasise spatial aspects to the detriment of these wider considerations. Many plans are also prepared by firms whose staff lack an intimate knowledge of the locations and communities for which they are preparing plans. In the light of all these considerations, it is not surprising that so many plans are not implemented.

A further consideration is the cost of preparing a GUP or DUP. This is usually based on a rate per hectare of between €-800-900 (DUP) and €300 (GUP), rather than the actual cost of staff time, expenses and overheads, plus profit. Such fixed rates are anti-competitive and restrictive. They protect the interests of licensed firms at the expense of client municipalities, which are effectively held to ransom. The costs of preparing them are also far higher than many very small municipalities are able to afford, resulting in them being unable to update GUPs and DUPs prepared many years ago and already overtaken by events on the ground.

Another major problem in urban planning is the lack of investments in plan design. Even though there are many projects funded by EAR, UNDP, USAID, World Bank etc, most are focused on training and capacity building, but none of them on plan designing. In recent years, local investors have financed plan preparation because local authorities often cannot afford to employ licensed firms. Although the TRAIN project has increased municipal capacity in theory, more assistance is needed to introduce and assist municipalities to formulate and implement more innovative planning approaches through pilot projects adjusted to the real and expected economic situation.

State land

Most of the municipalities represented in the training programmes appear to have areas of State owned land within or around them. Course participants complained that such land was often in areas where demand was increasing and that they needed the land to be allocated to their municipalities so they could develop it. However, it appears that State agencies holding these areas are reluctant to transfer it free of cost and many municipalities are equally unable to pay the market rates to purchase the areas involved. Participants all agreed that this is a major impediment to the development of their municipalities and the realisation of both GUPs and DUPs.

A number of policy options were discussed during the training programme which sought to address such issues. These were based on a role for municipalities as mediators between

the State agencies and potential developers in which the municipality could propose a range of components required of any proposal in order to enable developers to realise a reasonable return on investment in ways which also reimbursed State agencies and met local needs. One of these consisted of Requests for Proposals (RFPs) which have been introduced successfully in Bulgaria and Russia. Another is known as Land Pooling or Land Readjustment, which has been extremely effective in many countries where urban areas are surrounded by a large number of small land-holdings. Materials on these was presented at workshops and aroused considerable interest from participants.

Skopje

As the capital city and by far the largest urban area in the country, the future of Skopje occupies a pivotal role in determining the future development of Macedonia. It contains the largest pool of labour, and particularly educated workers, the best infrastructure and the best sites for new commercial and industrial investment, as well as the largest market for consumer durables.

In the first cycle of the training programme in Skopje, I introduced the concept of City Development Strategies, (CDS) which provide the basis for a multi-stakeholder process of developing a vision, strategy and practical programme for the social, economic and environmental development of urban areas. The approach has been pioneered by Cities Alliance (www.citiesalliance.org) and has produced CDS's for cities around the world, including Sofia, Mostar, Fieri and other cities in eastern Europe. I encouraged training course participants to discuss the potential of undertaking a CDS for Skopje with their mayors and colleagues and offered to meet them separately to explain how to apply, since I have close links with senior staff in Cities Alliance. I was therefore disappointed to find they had not pursued this offer and did not express any interest in other policy options. This does not augur well for the implementation of innovative approaches in the capital.

Conclusions and recommendations

The present arrangements for managing urban development in Macedonia do not appear to provide an institutional or professional framework to stimulate local economic, social or environmental development, or use scarce resources efficiently. Many urban development programmes appear to depend for their implementation on the availability of external subsidies, sometimes from international donors. Whilst these subsidies help to increase the extent and scale of providing infrastructure and other basic components, subsidies are rarely available to poorer developing countries with even lower levels of provision and there is a risk that they may encourage a culture of dependency. After all, in most countries, urban development is a wealth creating process. Subsidies therefore need to be carefully targeted and should not discourage innovative, self-financing approaches.

A more economically efficient, socially responsive and environmentally sustainable approach is urgently needed to promote development and bring the country into line with planning methods in northern and western Europe. It is recommended that the Government of Macedonia reconsider the legal and administrative basis on which municipal urban development is practiced in order to promote a more open and flexible framework for urban development. A full review of urban planning and building regulations, standards and admin procedures, as carried out in the training programme, is strongly recommended.

Among the specific recommendations submitted for consideration to both the Government of Macedonia and EAR are the following:

- The current form of strategic and local urban development, as represented by GUPs and DUPs, should be phased out and replaced by more pro-active, market-sensitive

and flexible approaches, based on economic realities and reflecting the primary interests of all key stakeholder groups, including poor communities.

- Such plans should be prepared, implemented, monitored and updated by professional staff within each municipality and submitted for local approval through open democratically accountable and transparent processes. Political interference in the appointment, promotion and transfer of professional staff should be reduced and ultimately removed.
- Pilot projects based on some of the policy and project options introduced from international good practice during the course of the training programme could be initiated and implemented. These would provide practical 'learning-by-doing' opportunities for municipal staff to gain experience and confidence in adopting innovative approaches to municipal urban development.
- Small municipalities could be re-designated as villages with a new form of official status, with appropriate roles and responsibilities.
- The privileged position of licensed firms should be phased out as the institutional capability of municipalities is increased. However, they may still be appointed to advise municipalities as required.
- Innovative arrangements for developing State land should be explored which build on the experience of Bulgaria and Russia. It is not essential that municipalities actually own land in order to develop it.

As an extension of the training provided under the EAR TRAIN programme, there could be significant benefits in undertaking the following:

- A delegation of mayors from the larger urban areas could visit a number of innovative local authorities in northern and western Europe to see at first hand what strategic planning methods have enabled them to respond positively to changing economic opportunities and enable all sections of their populations to benefit.
- Selected senior professionals from these larger municipalities could visit the selected northern and western European municipalities for periods of about a month to obtain practical experience in formulating and implementing innovative urban development strategies.
- A number of young professionals could be sent abroad to post-graduate degree courses on town and city planning and urban design.

G K Payne
10 March 06