

Mind the gap between the budget lines and the programs of the National strategy for poverty reduction¹

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Abstract

The objective of this study is to investigate the weak links in the processes for poverty reduction in Macedonia. We investigate the weak links between the budget lines and the poverty-reduction programs, involvement of vulnerable categories of people and researchers in the processes for poverty reduction. 27.1% of the Macedonian population lived below the poverty line in 2011. In order to reduce poverty, the National Strategy for Poverty Reduction and Social Exclusion has been introduced by the Ministry of Labor and Social Policy. The budget lines for passive measures account around 45% of the total Budget spending in contrast to active measures which took only 0.13% of all spending in 2013. We have used three different approaches: an analysis of the current strategic documents for poverty reduction, an interview with the people at social risk and a survey among the civil society and academic researchers in the country. The main result is that vulnerable categories of people face with lack of information about measures for poverty reduction, especially those with at most primary education. The citizens are not involved in the process of identifying potential problems of the vulnerable group and the process of construction measures for addressing the problems. Also, the Macedonian social system faces with absent process of monitoring of the spending of the funds and the effects of the used measure. Only 24% of the respondents were monitored regularly. At the same time, only 18% of the researchers were involved in the process of creating some strategic document for poverty reduction and only 9% made a social change or their recommendations have potential to be accepted by the policymakers and cause change.

Keywords: poverty, social vulnerability, budget lines, Macedonia, vulnerable categories of people, processes

JEL classification: I32, P36

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1 Contents

1.	Introduction	3
2.	Poverty and social exclusion in Macedonia	5
2.1.	Definition of the poverty and social exclusion	5
2.2.	Stylized facts about the poverty and income inequality in Macedonia	6
3.	Analysis of the strategic and operational documents related to the poverty reduction	8
3.1.	Literature review.....	8
3.2.	National Strategy for Poverty Reduction and Social Exclusion in the Republic of Macedonia	
	9	
3.3.	Process of implementation of the National Strategy.....	10
3.3.1	Bodies responsible for the implementation	12
3.3.2	Implemented projects	12
3.4.	Process of monitoring of the National Strategy	14
4.	Social protection system of the Republic Macedonia	14
4.1.	Overview of the social protection system	14
4.1.1	Social assistance programs – passive measures for poverty reduction	15
4.1.2	Labor market interventions – active measures for poverty reductio	18
5.	Budget lines for poverty reduction.....	19
5.1.	Literature review.....	19
5.2.	International budget support	21
5.3.	Budget processes in Macedonia	22
5.3.1	Budget lines for active measures for poverty reduction	23
5.3.2	Budget lines for the passive measures for poverty reduction	25
6.	Qualitative analysis.....	27
6.1.	Inclusion of the vulnerable categories of people in the processes for poverty reduction... 27	
6.1.1	The usage of the passive measures for poverty reduction.....	28
6.1.2	The usage of the active measures for poverty reduction.....	33
6.2.	Involvement of the academic and civil society researchers in researching the problem of poverty and their impact to policy-makers.....	34
7.	Conclusion and policy recommendations	39
	References	42

1. Introduction

If we take into account the definition of the poverty according to the European Union recommendations where poor is a person whose income is below 60% of the median equivalent value, than, 27,1% of the Macedonian people are poor (State Statistical Office). The broader picture of the poverty in the country is even more depressing because 40.7 % of the population cannot afford at least four of nine basic material needs, 72 % of the population cannot afford a vacation week, and more than half cannot afford a meal with meat (Laeken poverty indicators in 2011). In poor housing conditions like wet rooms, roof leaks and broken windows live 22.4% of the households, while 14.9% of the households, despite the need of doctor could not pay for (Survey on Income and Living Conditions 2010).

In order to improve this picture, partially at least, and to provide these people better leaving conditions, the executive authority in the county has introduced numerous programs and measures whose primary objective is poverty reduction. The main document that stipulates country's approach for poverty reduction is the National Strategy for Poverty Reduction and Social Exclusion in the Republic of Macedonia for the period 2010-2020. In order to achieve its goals, the National Strategy through is focused on the following areas: employment and strengthening of entrepreneurship, adapting the education to the labor market, social and child protection and building a new social model, promotion of health protection and long term care, transport, communications and housing, activation and strengthening the local authorities and support of the vulnerable groups. The vulnerable groups or people at social risks are consisted of the following categories: drug users and members of their families, children on the streets and their parents, victims of domestic violence and homeless persons, beneficiaries of social transfers, single parents, parents with 4 or more minor children, persons aged 30-49 years, persons under subsidiary protection, pet waste collectors, Roma, young couples with or without children under age 45, adults 50 to 59 years, inmate after release from the penitentiary correctional facility, beneficiaries of financial compensation for unemployment, long term unemployed (Operational Plan for active programs and measures for employment, 2013).

The most common programs and measures for poverty reduction, provided to vulnerable categories could be split in two types: passive and active measures for poverty reduction. The passive measures are defined as social assistance programs in financial form or in-kind contribution, designed for the most vulnerable groups, while the active measures are labor market intervention designed to improve the employability of the vulnerable categories. Both of them are financed through the Budget of the Republic of Macedonia. The budget line for the active measures for poverty reduction is composed of the sub-program named Employment fostering which took only 1.13% of all spending for the provided Government Programs. On the other hand, the budget lines for passive measures for poverty reduction refer to the social assistance and child protection. Into the Consolidated Budget of Macedonia there is a budget line named social transfers which include the effects of policy for pensioners support and the beneficiaries of social assistance. They account around 45% of the total Budget spending.

The aim of this research is to investigate whether and to what extent people at social risk in Macedonia are involved in the processes for poverty reduction. For this purpose, was done a qualitative interview among the representatives of the vulnerable categories, in 10 settlements in Macedonia. Also, was done a survey among the research society in Macedonia, in order to examine the level of their involvement in researching the problem of poverty in the country and their involvement in the process of designing measures and programs for poverty reduction. Specifically, the research has the following objectives:

1. To examine the situation with the poverty and the income inequality in the country;
2. To review the existing literature about the meaning of the Poverty Reduction Strategies (PRS) and to give a critical review about the current national strategy for poverty reduction and other documents related to the topic;
3. To examine the budget lines intended for poverty reduction, the budget processes and the amount of funds allocated for poverty reduction, and
4. Using qualitative surveys, to investigate the level of awareness of two categories (people at social risk and researchers) for the problem with the poverty and the measures for poverty reduction.

The paper is organized as follows. Chapter 1 explains the current situation with the poverty and income inequality in the country. Chapter 2 gives a short brief about the meaning of the National Strategy for Poverty Reduction. In Chapter 3 is explained the current social protection system, while the budget lines intended for financing the measures for poverty reduction are explained in Chapter 4. The analysis of the qualitative surveys is shown in Chapter 5. The last Chapter concludes the paper and gives recommendations for policies.

2. Poverty and social exclusion in Macedonia

2.1. Definition of the poverty and social exclusion

The new methodology for measuring the level of poverty, based on Laeken poverty indicators, was introduced in 2010. The indicators are based on the Survey on Income and Living Conditions, conducted according the European Union recommendations. They defined the poor as persons whose income is below 60 % of median equivalent value. Even there is a clear and internationally comparable definition of poverty, this definition puts the focus on the lack of financial resources, and does not reflect the multidimensional picture of poverty which include the living conditions, also.

The multidimensional poverty approach is covered by the National Strategy for Poverty Reduction 2010-2020 with a definition of the social exclusion. Here, the **social exclusion** is defined as “multidimensional and complex process that influences on weakening links among the individual and the community. Social exclusion implies more than lack of needs in terms of money or material assets, and unlike the economic exclusion, implies also other dimensions like social, cultural, political, moral, etc. indicating that the fight against social exclusion requires a broader access to the institutions and mechanisms of social integration”. Defined in such a way, the social exclusion is in a descriptive manner without a clear list of the targeted persons. A list of socially excluded persons is mentioned in the different relevant documents. The Programs for administering the problems of socially excluded persons is since 2004 and is framed within the program of the sector for social protection and targets only four socially excluded groups: drug users and members of their families, children on the streets and their parents, victims of domestic violence and homeless persons. In the Operating plan for active programs and measures for employment in 2013, the part for inclusive growth targets wider

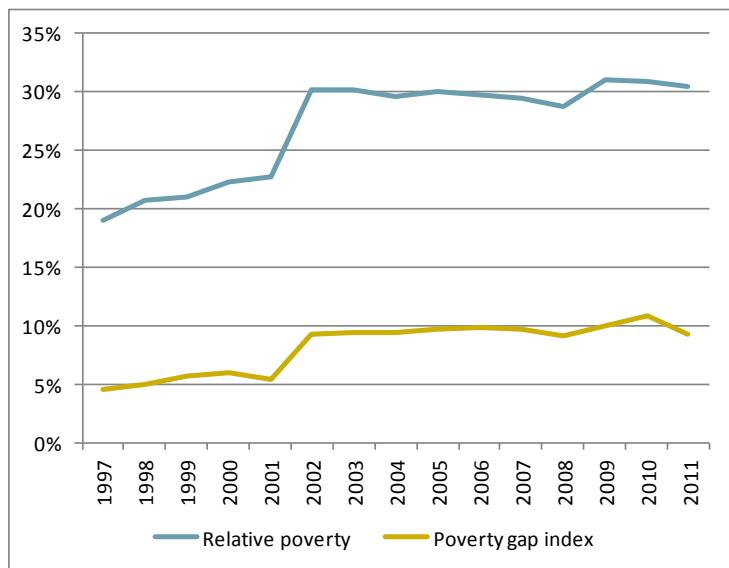
list of the social excluded and vulnerable group, which includes previously defined four group plus: beneficiaries of social transfers, single parents, parents with 4 or more minor children, persons aged 30-49 years, persons under subsidiary protection, pet waste collectors, Roma, young couples with or without children under age 45, adults 50 to 59 years, inmate after release from the penitentiary correctional facility, beneficiaries of financial compensation for unemployment, long term unemployed. Additionally, there is a category of persons at risks that are not included in the social excluded group. The group is composed of employees with low income, children with unemployed parents, urban and rural poor, etc., who are vulnerable and have a risk of being excluded or cannot access certain services, such as education and health services. Hence, there is no comprehensive and nationally accepted classification category of socially excluded people.

This initial defining has a huge impact on the further treatment of people, who will be classified as poor, socially excluded or vulnerable, and in the creation of measures for different dimensions of poverty.

2.2 Stylized facts about the poverty and income inequality in Macedonia

According to the latest published data by the State Statistical Office, 27.1% of the Macedonian population lived below the poverty line in 2011, 0.2 percentage points less compared to 2010. Analyzed by profile, the poverty rate is almost twice as high among the families with three or more dependent children, the unemployed and single parents. But if encompass broader picture of poverty, 40.7 % of the population cannot afford at least four of the nine basic material needs, 72 % of the population cannot afford a vacation week, and more than half cannot afford a meal with meat or submit an unexpected expense (Laeken poverty indicators in 2011). Do not ignore the housing conditions and access to health services, as well. In poor housing conditions like wet rooms, roof leaks and broken windows live 22.4% of the households, while 14.9% of the households, despite the need of doctor could not pay for (Survey on Income and Living Conditions 2010).

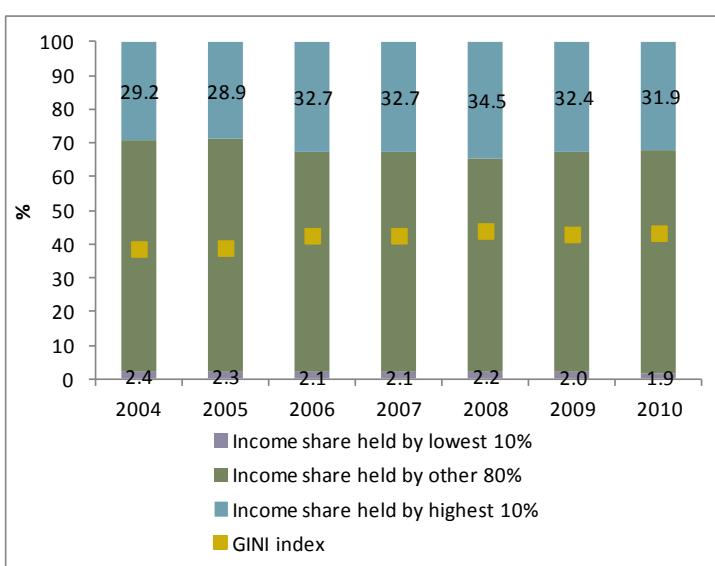
Figure 1: Poverty in Macedonia



Source: State Statistical Office in Macedonia

Figure 1 presents poverty trend based on the index of relative poverty and depth of poverty. Based on this analysis the poverty rate in Macedonia in the last decade has seen a growth trend. The high rate of poverty is partly due to socio-economic factors as overlong transition process, low economic activity and high unemployment rate, but a significant part of the factors accounting for the lack of strategic measures, operational plans and actions to reduce poverty.

Figure 2: Income distribution in Macedonia



Source: World Bank

Despite the high poverty rate, a high inequality based on the income distribution estimation is also identified. Figure 2 represents the income distribution between the richest 10% and poorest 10% of the population and the Gini index in Macedonia. The inequality gap in the analyzed period has increased because of social and tax policies that promote proportionality. The income share held by richest 10% in 2004 is 25.8% while in 2010 they hold 31.9% of total income. At the same period the income share held by poorest 10% decline; in 2004 they held 2.4 % of the total income, while in 2010 the disposable income decreased to 1.9%. The Gini coefficient, a measurement of the inequality increase as well.

3. Analysis of the strategic and operational documents related to the poverty reduction

3.1.Literature review

The World Bank and the International Monetary Fund introduced Poverty Reduction Strategies (PRS) in 1999, as a new approach to engagement with low-income countries. Introduction of PRS approach has became widespread as more than 50 countries prepared PRS. The Poverty Reduction Strategy approach aims to enhance accountability, efficiency and pro budget processes by promoting inclusion of all relevant stakeholders in the process of creating clear and realistic development goals (Wilhelm and Krause, 2008). Monitoring and evaluation of the annual operation plans, together with the reports from the line ministries and authorities should provide insightful information about implementation of the PRS to the policy makers. The PRS intended to provide a results-oriented approach to strategic planning and policy making, by formulating a clear framework of policy goals and targets for poverty reduction and monitoring of their implementation. Setting up such a system was expected to open a policy space for dialogue, establish priorities, design programs and policies, create a demand for data that would help setting a realistic targets, and assess implementation with a view to refining the strategy (Wilhelm and Krause, 2008).

Despite the developed and implemented PRS in many countries, the literature identified some structural and operational weaknesses in the implementation, the monitoring and the stakeholders of the PRS. Some of the weaknesses are related to the definition and measurements of the poverty and social exclusion. This has impact to the real picture of the poverty level of the country, appropriate targeting of the poor and vulnerable group and

monitoring the effectiveness of the implementation of the programs to reduce poverty. Georgia identified some weaknesses in defining poverty level and undertook modification in the methodology which has had significant impact on defining the poverty indicators (IMF Country report Georgia, 2006). Similar like Georgia, Albania identified weakness in the process of monitoring, which is usually focused on the realization of the action plans, rather than development of the indicators which measure the progress and effectiveness toward its strategy implementation and goals (IMF Country Report Albania, 2006). The experience of implementation of the PRS of two provinces of Canada: Newfoundland and Labrador, identified that the defined goals and timelines are essential for effective implementation (Social Planning Council of Winnipeg, 2012). They showed that the effective poverty reduction requires a broad range of interventions, must be in a relation to economic development, and needs to develop a short, medium, and long term goals to make sustainable development even during economic downturns. Some studies found that PRS approach strengthens the civil society participation in policy making and transparency in the process. Rodenberg (2006) recommended promotion of civil society organizations networking on questions of poverty reduction policies, in order to strengthen the engagement in the participatory process of PRS implementation.

Cagatay et al. (2000) investigated how the poor people in the slum of Dhaka and in rural areas understood the budget and which were the priorities for public spending. They found that the poor were excluded from a voice in budgetary processes and that there were serious leakages in the flows of resources allocated for poverty alleviation. The recommendations from this research were: decentralisation to local governments, pre-budget consultations with civil society and gathering feedback from citizen's juries, opinion polls and social attitude surveys.

3.2.National Strategy for Poverty Reduction and Social Exclusion in the Republic of Macedonia

The first National Strategy for Poverty Reduction in Macedonia was introduced in 2002. Although expert assistance was provided by the World Bank, it was never enacted and implemented by the Government. The second National Strategy for Poverty Reduction and Social Exclusion in the Republic of Macedonia for the period 2010-2020 was enacted in 2010 and is the main document that stipulates country's approach for poverty reduction. The

document was revised in March 2013 as a result of several reforms in the past period and this include reforms made in the area of education (mandatory secondary education and dispersion of the higher education), in the area of information technology use and accessibility, as well as with reference to the pension and disability insurance benefits. Revised version of the National Strategy also includes monitoring indicators.

The goal of the National Strategy is: "Reduction of poverty and social exclusion in the Republic of Macedonia through better use and strengthening of the available human and material resources, improving the living, working and social conditions of all citizens, systemic and institutional synergies with a view of faster development, higher standard, better quality of life, and developing of social inclusion mechanisms for the vulnerable categories of people in a local context".

In order to achieve its goals, the National Strategy through its measures and policies focused on the following areas: employment and strengthening of entrepreneurship, adapting the education to the labor market, social and child protection and building a new social model, promotion of health protection and long term care, transport, communications and housing, activation and strengthening the local authorities and support of vulnerable groups.

Although the Strategy is designed to reduce poverty and social exclusion, and take care about multi dimensional picture of poverty; the Operation Plan for 2013 with programs and measures is still not published.

3.3.Process of implementation of the National Strategy

Due to the complexity and multidimensionality of the problem that the National Strategy relies on, the poverty reduction, its implementation should be governed at the highest level. Namely, the Government of the Republic of Macedonia should be Chief leader and coordinator at the process of strategy implementation. In order to facilitate this process, the Government plans to establish a Sector or a Department for social inclusion at the Cabinet of the Prime Minister, according to the example of the ex British Prime Minister Tony Blair, who established a Social Inclusion Unit in 1997, in order to monitor the emergence and to report on poverty reduction and social inclusion, annually (Social Inclusion Strategy 2007/8-2009/10, 2007). The aim of this Department is to coordinate the activities at daily basis, to inform the

Government for the level of employment growth and poverty reduction, and to offer appropriate solutions. This is predicted at the revised National Strategy for poverty reduction and social inclusion, in March 2013, but it is not still realized.

Holders of particular strategic goals and measures are the individual ministries. According to the measures, activities and recommendations, competent ministries and agencies for strategy implementation are: Ministry of Labor and Social Policy, Ministry of Health, Ministry of Education and Science, Ministry of Economy, Ministry of Transport and Communications, Ministry of Finance, Ministry of Local Self-Government, Ministry of Information Society and Administration, Ministry of Agriculture, Forestry and Water Economy, Ministry of Justice – Registrar's Office, the Secretariat for Implementation of the Framework Agreement, Secretariat for European Affairs, Agency for Youth and Sport, State Statistical Office, Employment Agency, Agency for Entrepreneurship Support and Units of Local Self-Government. Every Ministry has its own Operational Plan for implementation of the National Strategy, in order to define the tasks, responsibilities and activities by specific deadlines. Each Ministry is obliged to report about the implemented activities that are in their jurisdiction, in order to achieve intersection of the policies, needs and resources in order to the reduction of poverty and social inclusion, as a permanent and long-term process.

For the success of the National Strategy, it is necessary an inclusion of the Local Units at the process of measures implementation, particularly for vulnerable groups. The basis for efficient implementation of the National Strategy is the capacity building of the local authorities' staff and cooperation with the Centers for Social Work. The Local Units should recognize their interest for active cooperation for poverty reduction and according to the Law on local units, to propose specific programs and measures in order to achieve the goals. There are some municipalities that have prepared Local Strategies for poverty reduction, but there is no evidence about their number. But, it is expected that this number will arise in the following years, because the publishing of the Guidebook for development of social services for vulnerable groups in local communities should facilitate the process (Spasovska et.al., 2013).

Especially important is the participation of the Non-governmental organization at the process of implementation of the National Strategy. Their engagement in this process should express

the particular interests of the individuals and groups affected by a social risk or face social exclusion. The increase of the public sensibility to the areas stated in the strategy, at the same time increase the responsibility of the institutions that are responsible for taking actions. At the same time, it is required adaptation to the requirements and needs of the population and initiating systematic changes in order to achieve strategy's goals.

3.3.1 Bodies responsible for the implementation

National Coordinative Mechanism for reduction of poverty and social exclusion in Macedonia, which was formed with a Decision by the Government of Macedonia, in august 2012, should be activated in order to provide administrative, financial and technical support in the process of implementation of the Strategy. Its staff strengthening and activation for goal realization is a main mechanism that should impact on the dynamics and realization of the strategy's implementation.

The **Council for reduction of poverty and social exclusion** was formed in order to provide coordinative policy at the field of social inclusion. Also, there is a **National Operative Group for reduction of poverty and social exclusion**, composed by public administrators who will develop programs in order to improve the coordination and implementation of the measures and activities.

By now, there is no information about the work of these bodies.

3.3.2 Implemented projects

During the past period were realized the following measures provided in the National Strategy for poverty reduction:

- Establishment of a Coordination Mechanism for monitoring and implementation of the National Strategy for Poverty Reduction and Social Exclusion 2010-2020;
- Implementation and monitoring of the implementation of selected micro projects in the area of fight against poverty and social exclusion in 8 municipalities;

- Conduct trainings for NGO sector at local level for the mechanisms for accountability, monitoring and public participation of the local NGOs in policies, programs and budget of the municipalities;
- Implementation of the projects "Strengthening of relevant actors in social inclusion at the local level "(IPA IV) and "Promoting social inclusion and inclusive labor market" (IPA IV);
- Implementation of a program for social workers patrol in 3 pilot municipalities to strengthen the preventive social protection at the local level;
- Support of the projects in the field of social protection and inclusion, implemented by NGOs and strengthening cooperation with civil society in this area;
- Providing spa and recreation service for pensioners and summer and winter vacation for children at social risk.

In a phase of implementation are the following activities:

- Revision of the National strategy for poverty reduction and social exclusion 2010-2020, in accordance with the EU 2020 Strategy;
- Operational Plan for 2013 for implementation of the revised National Strategy for Poverty Reduction and Social Exclusion 2010-2020;
- Implementation of the project " Strengthening of relevant social actors for inclusion at local level - Stage 2 "(IPA IV);
- Implementation of a program for social workers patrol with inclusion of 3 new pilot municipalities in order to strengthen the preventive social protection at local level;
- Supporting projects in social protection and inclusion, implemented by civil organizations and strengthening cooperation with civil society in this area.

3.4.Process of monitoring of the National Strategy

The process of monitoring is very important, because it shows the level of success of the implemented measure/s. In the National Strategy are provided a lot of indicators that will be used in the process of monitoring. Namely, they are divided in the following categories:

1. Poverty and low income
2. Lack of access to the labor market
3. Exclusion from services
4. Education
5. Health
6. Other indicators.

Although there are provided almost 60 indicators, a representative from the Ministry mentioned that the biggest weakness of these indicators is the fact that they are too aggregate and that the attention is paid to the input but not to the output indicators. Most obvious example for this are indicators like the poverty rate and the unemployment rate; both are too aggregate and we will never be sure if the improvement/deterioration is a result of the applied measure.

But, there are some elements of monitoring, like a percent of the participants at the training who found a job after the training. Also, in infancy is a long-term monitoring, as if these people are still working after 1 year from the employment. (interview)

4. Social protection system of the Republic Macedonia

4.1.Overview of the social protection system

The Social protection is a system of measures, activities and policies for prevention and overcoming basic social risks to which persons might be exposed during the lifetime, for reducing poverty and social exclusion and strengthening its capacity for own protection.

Macedonian Social Protection System was confronted with many challenges during the years of transition and has undergone significant reforms in order to get closer to international standards and regulations, and meet the obligation and requirements set by the European Social Charter and Additional Protocol (MTSP, 2010: National program for development of

social protection 2011-2021). On the way of improvement and transformation for the first time was enacted the Law on social protection in October 1997, and corrected in June 2009 which regulates the system and the social protection organization, the financing and the procedures for realization of social rights. More significant reforms and changes in the system were introduced by the amendments to the Law on Social Protection in 2004, which marked the beginning of the decentralization of social protection. In this period the protection of social excluded persons was improved through the development of new forms of day centers and temporary care for socially excluded persons, also the social protection of children without parents was improved by providing cash transfer, health care and the right to housing, programs to subsidize the consumption of energy, conditional cash transfer and other measures that reduce poverty (MTSP, 2010: National program for development of social protection 2011-2021).

The most common social protection services provided to vulnerable categories could be split in two types:

- Passive measures: social assistance programs in form of financial or in kind contribution, designed for the most vulnerability groups;
- Active measures: labor market intervention designed to improve employability, efficient employment and demand of the vulnerability groups.

4.1.1 Social assistance programs – passive measures for poverty reduction

Social assistance in Macedonia comprises of several programs targeting different groups of people exposed to a social risk, such as: social prevention, social assistance, non-institutional care, institutional care, child allowances, special child allowances and others. The social assistance services are realized under the Program for social protection. The program is enacted every year and represent main document according which institutions allocate its budgets. The Law defines following social assistance programs (Program for social protection for 2013, Official Gazette 4/2013):

1. **Social prevention** which consists of measures directed towards individuals, groups and families undertaken to prevent occurrence of social risks. Measures involve

educational and advisory work, development of self-assistance forms, volunteering and implementation of other methods, which conform to the needs of social welfare beneficiaries. Even, these types of services are compulsory under the Law for social protection, in practice they are underdeveloped and ignored.

2. **Non-institutional protection** that mainly results in provision of services. It includes the right to:

- First social service to social protection beneficiaries
- Assistance to a person
- Assistance to a family
- Daily care and temporary care to a person or family
- Placement in a foster family care
- Organized living and support

This type of social protection is in an early phase of implementation.

3. **Institutional protection** refers to:

- Right to qualification for working and productive activity in case of moderate and severe mental disability
- Right to placement in a Social Protection Institution

Currently there are 11 institutions for this kind of social protection services.

4. **Social assistance** consists of following cash benefits:

- Social financial assistance (SFA) is provided to persons who are able to work and socially un-provided. As socially un-provided persons are treated individuals and households whose incomes are lower than the social financial assistance and have no property or property rights which can serve to provide support. The monthly income based on SFA of the individual or household is defined on the bases of their average monthly income of the household earned in the previous three months.
- Permanent financial assistance provided to persons incapable for work and material un-provided, and persons who cannot provide means for existence.
- Financial assistance to persons that until the age of 18 had a status of child without parents and parental care and has no income or property which can serve to provide support until reaching 26 years.

- Financial assistance to mother that gave a birth to a fourth child born alive from January 1, 2009. The beneficiary is mother cared for their children until age 18, who is unemployed and not entitled to pension after reaching 62 years of age. The right cannot be exercised if the mother is deprived of parental rights to one of the children.
- Financial reimbursement for assistance and care from another person over 26 years of age, with moderate, severe and profound intellectual disabilities, persons with severe and impediments, totally blind, and a person with permanent changes in health condition, whom is necessary assistance and care of another person because they cannot meet their basic needs.
- One-off financial assistance or in-kind assistance. One-off financial assistance is provided to persons or households in the position of social risk, and persons and households suffering a natural disaster or epidemic and a treatment in a mental institution. In-kind assistance consists of: clothing, food and other resources for which the Center for Social Work shall determine to be necessary for minimal subsistence persons and households
- Reimbursement of salary for a shortened working hours due to care for disabled child
- Right to social housing
- Right to health protection
- Financial assistance for blindness and mobility

The Child Protection Law (Official Gazette, No. 98/2000, 17/2003, 65/2004, 113/2005, 98/2008, 107/2008, 83/2009, 156/2009, 51/2011, 157/2011) defines the following benefits:

- 1. Child allowance** which is in a form of financial assistance provided for covering part of the costs for child rising. It is a payment in cash provided to poor households.
- 2. Special allowance** is in a form of financial assistance granted to children with specific needs suffering from physical or psychological impairments or combined impairments in their development.
- 3. One-off assistance for new born babies** is a one-time financial assistance granted for the first newborn baby in a family.

- 4. Cost sharing (participation)** is state co-financing of expenses for caring and upbringing children in public childcare institutions, as well as expenses for vacation and recreational activities of children in public institutions.
- 5. Parental assistance for child** is granted to a mother for third born child.

Other programs for social protection are donor projects and loans from international organizations like World Bank. The latter consist of: conditional cash transfer for students in the secondary schools, financial assistance for electrical energy for socially assisted families and financial assistance for reduction of energy poverty.

4.1.2 Labor market interventions – active measures for poverty reduction

Besides the passive programs provided for vulnerability groups, there are also some active ones intended to increase demand, improve employability and reduce poverty of vulnerability groups.

Programs and measures for employment of the vulnerable groups are a part of the wider programs for unemployed. The Operational plan for active programs and measures is annually published and is part of the Government Program of the Republic of Macedonia 2011-2015. Its aim is to reduce unemployment, improve the employability of the unemployed and strengthen the competitiveness of the economy (Operational plan for active programs, 2014).

The active programs and measures include:

- Subsidizing employment of vulnerable groups, child without parents and disabled persons. The aim of this measure is to stimulate labor demand and employment. The measures provide financial assistance to employers for employment of the mentioned groups.
- Program for subsidizing users of state agricultural land. The program will provide state agricultural land for beneficiaries of social assistance. The beneficiaries will be paid off in the amount of financial assistance and social insurance. Beneficiaries will be registered as individual agriculturist because the agriculture is their main occupation.
- Pilot program for employment of Roma active job seekers. Through engagement of lecturers and mentors to promote opportunities for employment and further

training, employment, self-employment or improve professional capacity and position in the labor market, supporting candidates after employment or establishing their own business.

5. Budget lines for poverty reduction

5.1. Literature review

Public spending is a critical instrument for poverty reduction in developing countries. To have a significant impact on poverty, however, it must be budgeted and disbursed for activities that help the poor expand their access to resources and their income-earning potential (IMF, 2001):

- From a development perspective, countries need to focus on the allocation and implementation of public expenditures as they formulate Poverty Reduction Strategies;
- From a fiduciary perspective, citizens and governments in donor countries need assurance that resources they provide are devoted to poverty reduction;
- From a governance perspective, citizens and parliaments in recipient countries need reassurance that debt reduction resources are being used for the purpose intended;
- From a broader perspective, the capacity to track public spending also supports the ultimate aim of the HIPC Initiative of tilting the composition of overall public spending toward poverty-reducing programs.

For all developing countries, but especially those stuck in a poverty trap, UN Millennium Project (2005) recommends that the budget lines for poverty reduction should be designed around five broad clusters of public investments and policies:

1. Promoting vibrant rural communities, by increasing food productivity of smallholder farmers, raising rural incomes, and expanding rural access to essential public services and infrastructure;
2. Promoting vibrant urban areas, by encouraging job creation in internationally competitive manufactures and services, upgrading slums and providing alternatives to slum formation;

3. Ensuring universal access to essential health services in a well functioning health system;
4. Ensuring universal enrollment and completion of primary education and greatly expanded access to post-primary and higher education;
5. Building national capacities in science, technology and innovation.

Although the literature is poor with studies related to this issue, there are few studies, most for the poorest African countries, that described the budget lines for poverty reduction or the budgeting process itself. The introduction of the Poverty Action Fund (PAF) in Uganda's budget has seen a doubling in the share of the budget spent on poverty reduction programs, from 17% to 32% with the share designated to increase further. The PAF is not a separate fund, but it attempts to identify those expenditure programs within the budget that are relevant for achieving poverty reduction objectives. The PAF expenditure categories include primary education, primary health services, access to water and sanitation, agricultural services for poor farmers, and rural feeder roads as the major programs. The innovative aspect is that Government has committed itself to increase the level and share of total public expenditure committed to PAF expenditures, and to guarantee that allocated PAF funds are released in full, a promise which has so far been met. Government has guaranteed to utilize HIPC debt relief savings, plus designated donor budget support commitments, plus some additional commitments of Government own funding, for additional spending on PAF budget lines beyond a baseline level established in 1997/98 budget year (Foster and Mijumbi, 2002). Another African country, Ghana, has sought to introduce a budget process which has a medium-term expenditure framework, with budgets prepared on a basis which links strategic objectives to output targets to specific cost activities aimed at achieving them. These objectives have not been realized because budget discipline has been erratic. Public expenditure has been less effective than it need have been because the Government has not ensured that decisions are informed by, and respect, resource limits. The separation of responsibility for planning and for budgeting has resulted in plans which could not be implemented, and budgets which lacked strategic direction (Foster and Zormelo, 2002). According to Fozzard (2002) since 1995, the Government of Mozambique has consistently given priority to investments in human capital, through the expansion of education and health services, and rural infrastructure, through the rehabilitation of the road network and the

expansion of rural water supplies. In 2000, education, health and social assistance programs accounted for 18.4%, 14.4% and 6.6% of total spending respectively. In that year, spending on transport infrastructure amounted to less than 10% of total spending, as compared with 15% two years earlier. The 2000 budgets also saw significant increases in the share of resources allocated to agriculture and public order, both of which are regarded as poverty reduction priorities.

The World Banks' paper (World Bank, 2006) synthesizes the findings from a series of case studies on the interaction between the poverty reduction strategies and the budget. The studies, on Bolivia, Burkina Faso, Cambodia, Tanzania and Vietnam, assess the extent to which the budget allocation reflects the principles and content of the poverty reduction strategies and hence provide insights into progress in poverty reduction strategies implementation. The results showed that the poverty reduction strategies significantly affect budget processes and budget allocations. The accomplishments are particularly impressive, given the difficult changes envisaged and the short period of implementation.

5.2.International budget support

The World Bank define the budget support as financial assistance that supports a medium-term program and is provided directly to a recipient country's budget on a regular basis, using the country's own financial management systems and budget procedures. This form of aid has become an increasingly important mode of development assistance, receiving growing attention from bilateral donors and international financial institutions. There is one kind of budget support that is strictly directed towards budget lines for poverty reduction. One of them is Poverty Reduction Support Credits (PRSC), a financial assistance that World Bank gave to 22 countries to support the implementation of their poverty reduction strategies. The Poverty Reduction Budget Support (PRBS) of the Department for International Development by the British Government is another international program which main goal is to eliminate the world poverty and support the achievement of the Millennium Development Goals. This Program is concentrated to the poorest countries from Africa and Asia, but also contributes to poverty reduction and sustainable development in high developed countries of Latin America and Eastern Europe. The program supports the government budgets of developing

countries to easily implement the strategies for poverty reduction or similar documents. Countries that have clear strategies in which priority is given to spending for the poor, receive additional budgetary support that can accelerate the progress towards the Millennium Development Goals. The only European countries that have received this kind of support are Serbia and Macedonia. In 2001-2004, the Department for International Development paid about 750 million pounds to 20 countries beneficiaries of this program, of which 560 million were directed to African countries and Macedonia and Serbia received total funding of 13.4 million pounds (Poverty reduction budget support, 2004). Direct financial budget support for easily implementation of the poverty reduction measures, Macedonia received from the Dutch government. For the period 1999-2011, the total assistance from this institution amounted to 107 million euro. Apart from Macedonia, a part of this program were 23 other developing countries, where the poverty rate in the period 1999-2005 decreased by 8 percentage points, compared to poverty reduction by 5 percentage points in countries that did not received direct budgetary support of this program (Budget support: Conditional results, 2012).

5.3.Budget processes in Macedonia

The preparation of the Budget in Republic of Macedonia is governed by special regulative composed of: Budget Law (Official Gazette, No. 64/2005, 103/2008, 180/2011 and 171/2012), Law on Budget Execution (Official Gazette, No. 171/2012) and Law on Accounting of Budgets and Budget Users (Official Gazette, No. 61/2002, 81/2005 and 24/2011). According to the Budget Law, the Minister of Finance is responsible for preparing of the Budget and its delivery to the Government. Although the literature (Wilhelm and Krause, 2008) says that the budget processes should enhance domestic ownership by fostering transparency and dialogue between the executive and stakeholders in the sectors, parliament and civil society, the experience showed that the executive and parliament tend to be more involved in the formulation on the budget, while the civil society and public have less opportunity for meaningful engagement in this process.

What is most important for our research is to discover all programs and budget lines associated with poverty reduction. For this purpose, we use the information from the Budget

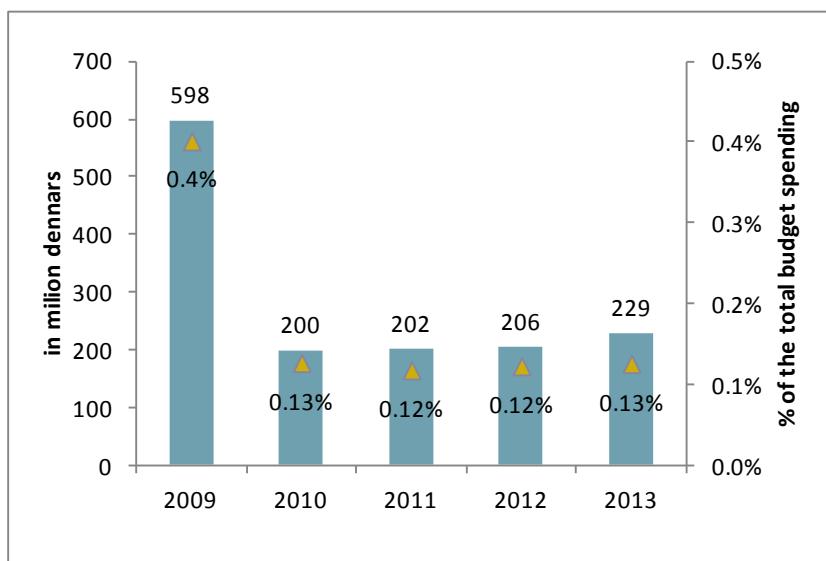
of the Republic of Macedonia, for the last 5 years (2009-2013). Mainly, the budget lines for poverty reduction measures are divided in two groups: active and passive measures. In the following section will be described both of them.

5.3.1 Budget lines for active measures for poverty reduction

These measures are directed to employment increasing through the implementation of the Operational Plan for active measures for employment, encompassing different target groups which can be harder engaged in the labor market. The budget line named Active measures for poverty reduction is composed of a sub-program named Employment Fostering. This program is governed by the Ministry of labor and social policy and its main objective is increasing of the employment as a top priority of the Government and the best way to tackle poverty and social exclusion. This program gives the opportunity to unemployed persons for actively operating in the labor market, to gain necessary experience and provide employment and livelihoods. It includes transfers from the Central budget to the Agency for employment for financing the active employment measures in accordance with the Operational Plan, related to the support of the family businesses, employment of single parents, disabled people, children without parents, training and so on.

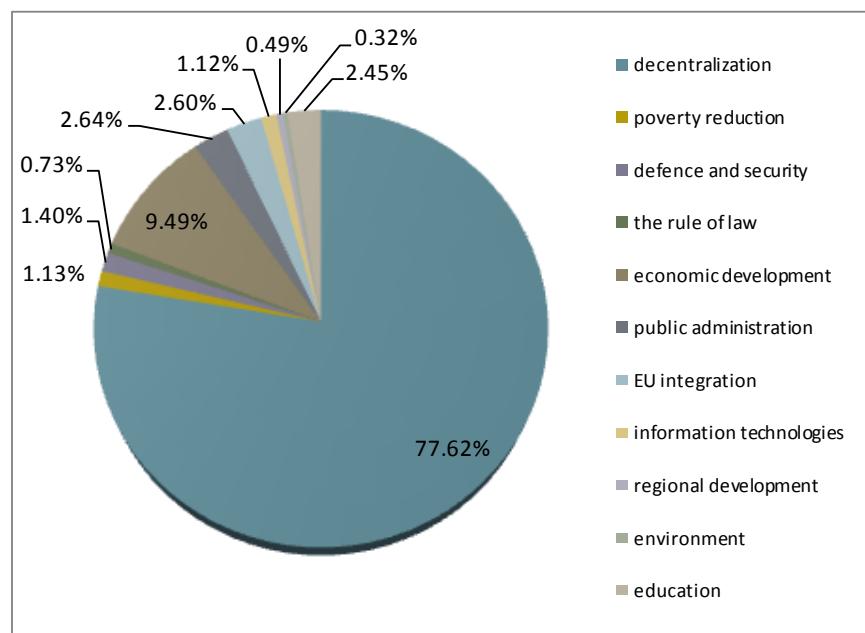
Figure 3 shows that after the sharp declining of the funds for active measures for poverty reduction dedicated to the Program for Employment Fostering in 2010, from year to year there is a little increase in these funds. But, in the total amount of funds that are budgeted for all programs of the Government, the active measures for poverty reduction take only 1.13% (Figure 4).

Figure 3: Budget funds for the active measures for poverty reduction



Source: *Budgets of Republic of Macedonia 2009-2013*

Figure 4: Allocation of the Budget funds for Government Programs in 2013

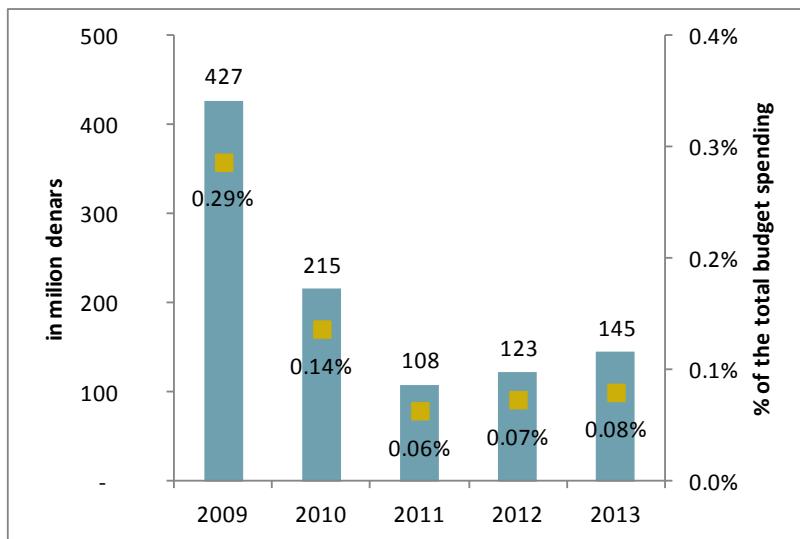


Source: *Budget of Republic of Macedonia 2013*

Also, the Budget allocated fund for another action for poverty reduction named Project for construction of social housing, which is governed by the Ministry of transport and communications. The ultimate aim of this project is poverty reduction as an essential

prerequisite for ensuring humane living conditions, reaffirmation of family and achieving sustainable economic and social development. The amount of funds for realization of this action from 2009 to 2013 is shown in Figure 5.

Figure 5: Funds for construction of social housing 2009-2013



Source: Budgets of Republic of Macedonia 2009-2013

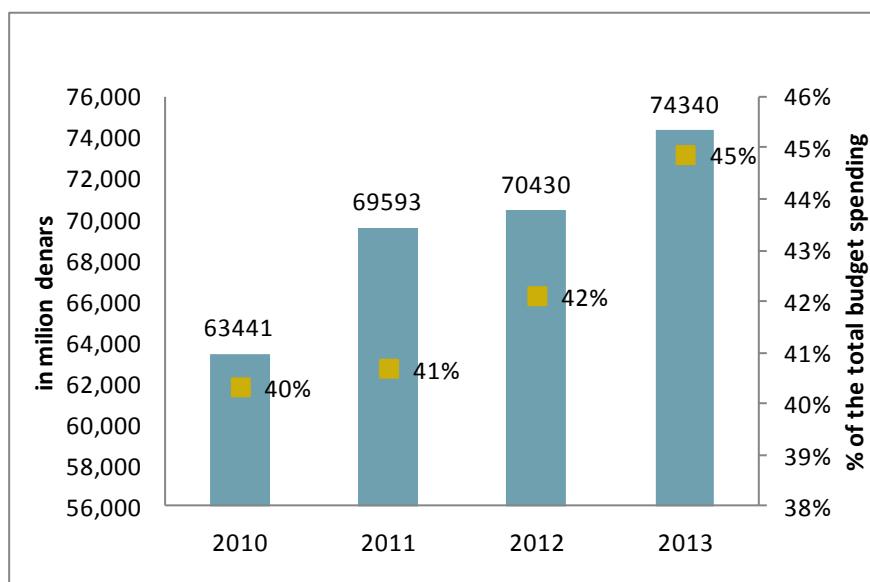
In the previous years, there were more programs as a part of the active measures for poverty reduction, such as a Program for Revitalization of the villages and a Program for Electrification of inhabited villages. The main objective of both Programs was to create opportunities for intense and balanced economic development, and thus conditions for poverty reduction, by returning of the inhabitants to the abandoned villages and development of the agriculture, livestock and forestry in these regions.

5.3.2 Budget lines for the passive measures for poverty reduction

Budget lines for passive measures for poverty reduction refer to the **social assistance** and **child protection**. Both are governed by the Ministry of labor and social policy and regulated by The Social Protection Law (Official Gazette, No. 79/2009, 36/2011 and 51/2011). Ministry of labor and social policy is a budget institution responsible for implementation and improvement of the social assistance and child protection, and cares for the welfare of families, vulnerable population, children and adults affected by social risks.

Into the Consolidated Budget of Macedonia there is a budget line named **social transfers** which include the effects of policy for pensioners support and the beneficiaries of social assistance. In 2013, the social transfers are provided at a level of 74.340 million denars (around 45% of the total budget spending) of which 39.815 million for pensions, fees for unemployed persons of 2.012 million, 21.867 million for health protection and funds for operation of existing day care centers, soup kitchens, as well as funds to subsidize the cost of power of the most vulnerable categories of citizens. The amount of the social transfer provided in the Budgets of Macedonia in the last 5 years is shown at Figure 6.

Figure 6: The amount of social transfers provided in the Budget



Source: Budgets of Republic of Macedonia 2009-2013

In the last three years, the amount of funds allocated for the social transfers increased from 63 million in 2010 to 74 million in 2013. In relative terms, as a percent of the total budget spending, the amount of the social transfers participate with 45% in 2013, up from 40% in 2010.

6. Qualitative analysis

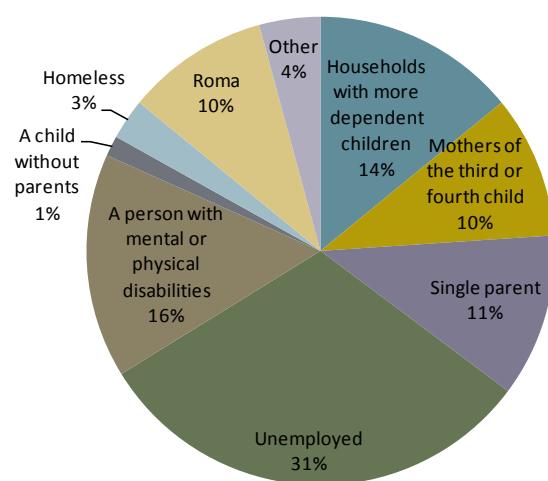
6.1. Inclusion of the vulnerable categories of people in the processes for poverty reduction

In this section we will analyze the results of the qualitative investigation that was conducted among the persons at social risk. In order to examine whether and to what extent this category uses the governmental measures for poverty reduction, a survey interview with 71 representatives of the people at risk in 10 settlements in Macedonia was conducted. Also, the objective of the survey was to investigate the level of awareness for the conditions and benefits of the usage of these measures, the problems which are encountered when people apply for their use, as well as the process of monitoring and control by the social servants.

The sample has the following demographic characteristics:

- **Sex:** 56% of the respondents are male; 44% are female;
- **Place of residence:** 70% live in urban area; 30% live in rural area;
- **Nationality:** 65% are Macedonians; 20% are Roma; 6% are Vlachos; 6% are Turks; 4% are Albanians;
- **Employment:** 66% are unemployed; 12% are employed; 11% are farmers; 10% are students or pensioners;
- **Education:** 58% have the most primary education; 30% have secondary education; 12% have high-level education.

Figure 7: Vulnerable categories



Source: Finance Think research

Figure 7 shows the division of the people according to the vulnerable group which they belong to. The most dominant category is the unemployed persons. Almost one-third of the respondents, or 31%, belong to this vulnerable group. The other vulnerable groups participate with about 10% in the total number of respondents, except these two groups: a child without parents and a

homeless person. Only 1% and 3%, of the respondents, respectively, belong to these categories.

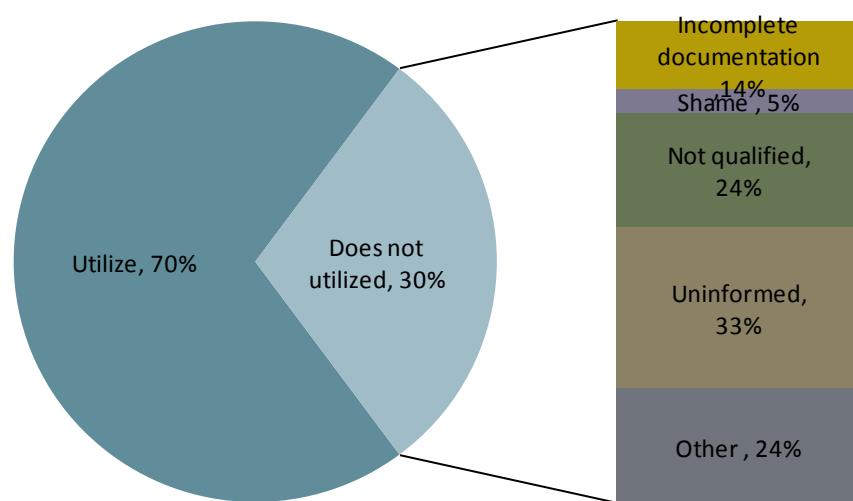
6.1.1 The usage of the passive measures for poverty reduction

The analysis of the usage of the passive measures for poverty reduction, the level of awareness of the vulnerable groups for these measures and the processes for their utilization is treated in this section.

Only 70% of the respondents said that they use any passive measure for poverty reduction. The most used measure for poverty reduction is the program for social protection. 72% of the respondents are beneficiaries of this kind of measure. 12% of the respondents are using the un-institutional protection measures like family care and financial assistance for care of another person and the remaining 16% use institutional protection, social inclusion or education.

Figure 8 shows that the remaining 30% does not use any measure, primarily due to lack of information (33%), ineligibility (24%) or other private reasons (24%).

Figure 8: The usage of the passive measures

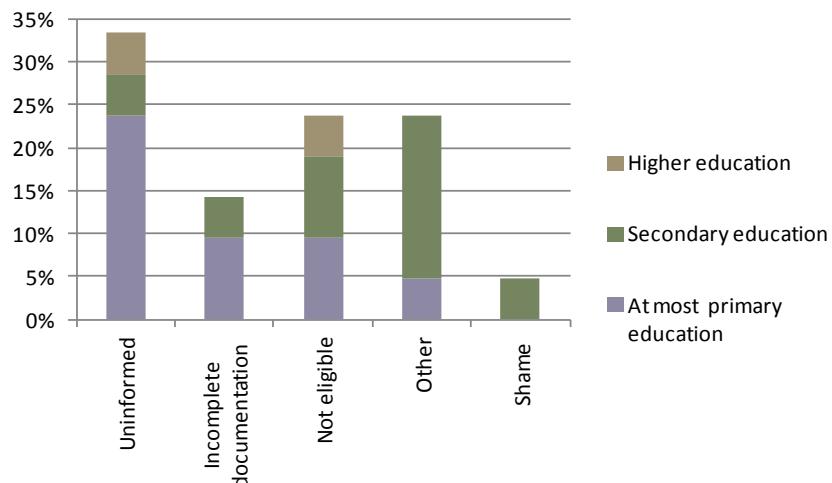


Source: Finance Think research

The analysis of the reasons for not using these measures, according to the level of education of the respondent, shows that the problem with the insufficient information is characteristic

of the respondents with at most primary education, while the ineligibility for using any measure is the biggest problem for those respondents with higher education. In the latter case, the respondents came from families with one employed persons or families with monthly income above the minimal line (Figure 9).

Figure 9: Reasons for not using the measures according to the level of education

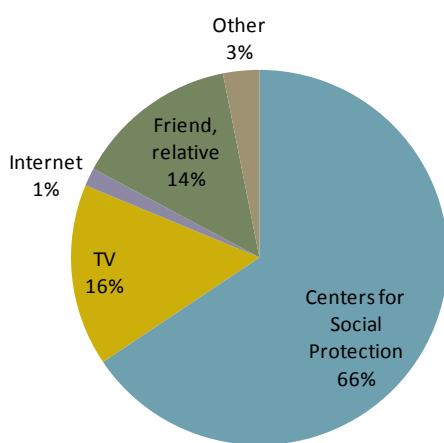


Source: Finance Think research

Also, we identified that the Roma face with some additional problems like communication problems with the official workers, mainly due to the language barriers, lower education and the lack of soft skills. Most of the respondent Roma complained to ignorance, disrespect and

Figure 10: Source of information for the measures for social protection

selective attitude by the social workers.



Source: Finance Think research

Figure 10 gives the answers of the question: Where do you get information about the programs for social protection? Usually, the respondents get information through the Centers for social assistance and only few are informed through TV or a friend. It is surprising that in this computer age only 2% of the respondents receive information for the measures for poverty reduction through internet. Those who

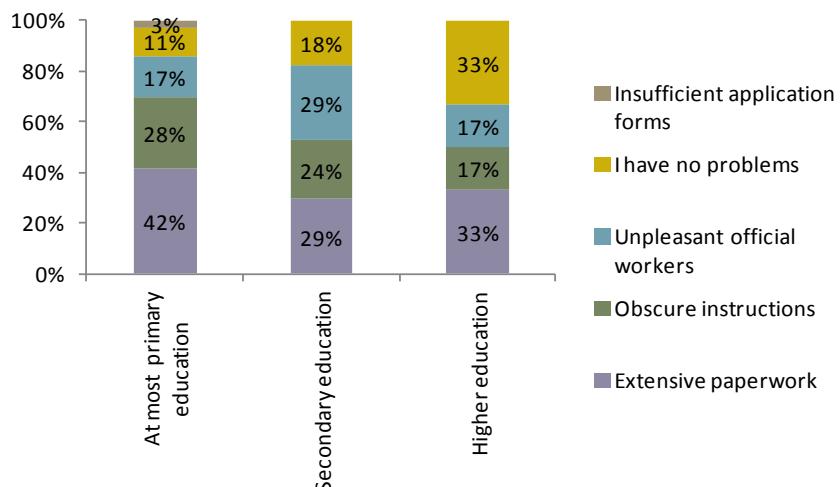
use internet answered that they do not know the web sites where can find information, but a large number of respondents answered that they do not use internet at all.

Although the Center for social assistance is the main source for information, only 41% of the respondents said that they receive the information immediately, while the remaining has to return several times (23%) or did not receive enough information (36%). Also, only 26% of the respondents were informed for other measures they are eligible for (beside the one they apply for); 33% get information only if they ask their self and 41% never received any additional information.

Beside the regular channels for information, we identified unusual and very helpful source of information, the irregular visits (several times per year) by the official workers in the rural area. The main objective of such visits was to inform the vulnerable categories for the available measures for poverty reduction and the eligibility criteria for their usage. Almost all respondents from the village Vrboec, which belongs to municipality Krusevo, were informed about the programs and the eligibility criteria intended for the vulnerable groups, as a result of the irregular visits by the official workers from the Center for Social Protection-Krusevo. However, this was an exception rather than usual practice, but a channel with a huge potential to increase awareness of the vulnerable categories, especially those in the rural area.

In the application process, the persons often complain about the required extensive paperwork (39%), obscure instructions (25%) and unpleasant official workers (20%). Figure 11 shows that the level of education of the respondents has significant impact to the problem that the citizens are faced with during the application process. Namely, among the respondents with primary education, 70% of the problems are concerned with the extensive paperwork and unclear instruction, while among those with higher education, even 33% never faced with any problem during the application process.

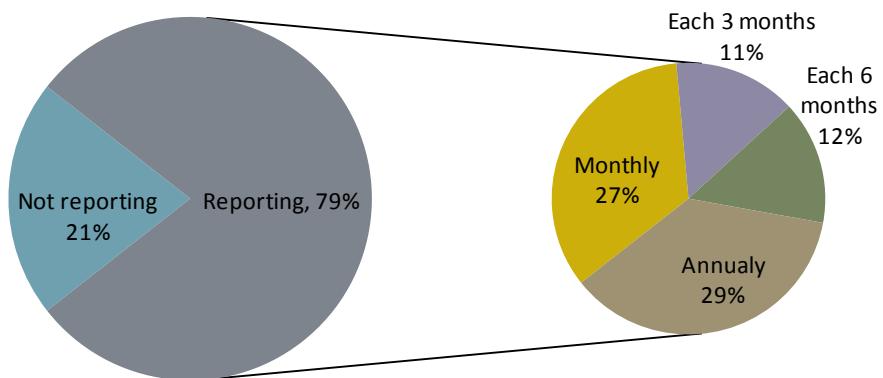
Figure 11: Problems in the application process according to the level of education



Source: Finance Think research

After the submitted application, the applicants receive response to the request relatively quick. 35% of the applicants received a response to the submitted application within 1 month while 48% received a response within 3 months after submitting the application. The remaining 17% received a response after a while. But these were requirements related to assistance for carer, care of another person, supplement for mobility, where probably in the decision process are included other institutions and bodies, besides the Ministry for transport and social policy.

Figure 12: Reporting for the financial changes



Source: Finance Think research

The Applicants who successfully passed the application process, report for their material and financial changes. Figure 12 shows that 79% of the respondents report regularly (29% report annually, 27% monthly and 33% report in the span of a month to a year). The respondents who do not report usually are beneficiaries of a measure which does not provide reporting like one-off assistance, assistance for a newborn child, care for person above the age of 80 years, etc.

One of the perceived disadvantages of the Macedonian social system is the exclusion of the citizens from the process of identifying potential problems of the vulnerable group and the process of construction measures for addressing the problems. To the question: Have you ever been asked by a social worker, for your problems and the possible solutions related to the amount or the form of the benefit, only 31% of the respondents were asked, usually whether they received the funds and whether they have other income, but less for their problems (financial, problems with health or family). The remaining 69% never have been asked neither for their problems, nor for solutions, even in the situations when they pointed at certain problem they faced with.

We identified some cases when persons who live in an extreme poverty are not beneficiaries of the measures because of some inconsistency in the requirements. There were some homeless persons who live without any social assistance due to lack of the Identification Card because of their nonpermanent resident status. Also, there were families who live in a rural poverty without social assistance because of lack of funds needed to obtain all necessary application documents and the travel cost to the social centers in the town.

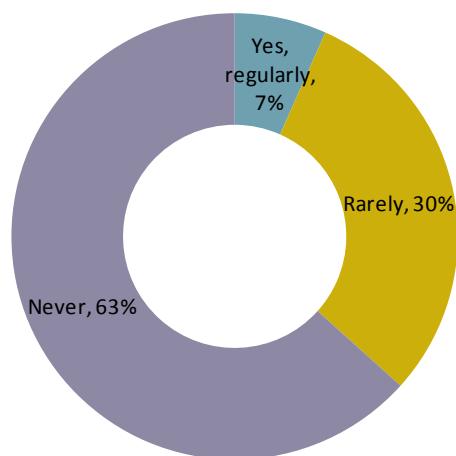
Also, the Macedonian social system faces with absent process of monitoring of the spending of the funds and the effects of the used measure. Only 24% of the respondents were monitored regularly, 8% rarely, while the rest 68% has never been monitored by the social workers for the spending of the funds or the effects of the applied measure. The process of monitoring is an essential link in the processes for poverty reduction. It is not important just to introduce a measure for poverty reduction; the more important is to know which of them give results. Hence, the monitoring system should be implemented and practice in the processes in order to increase the measures effectiveness. There should be developed indicators for monitoring, aggregated and disaggregated by different parameters like:

measures; users' characteristics; community characteristics; social exclusion, poverty or at risk of poverty state; etc. Monitoring indicators should be applied on regular basis and publicly available.

6.1.2 The usage of the active measures for poverty reduction

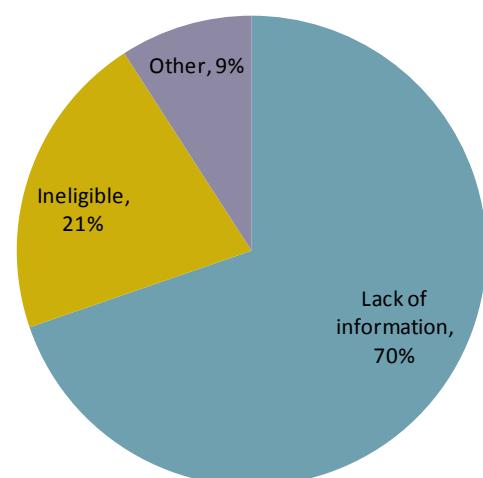
Besides the passive measures for poverty reduction, there are active measures for employment of the persons at social risks, elaborated in Section 2. Unfortunately, the usage of these measures is very rare. Only 3% of the respondents used some of these measures,

Figure 13: Information on active measures for employment from the EA



Source: Finance Think research

Figure 14: Reasons for not using the active measures for poverty reduction



Source: Finance Think research

usually training or a few months engagement in the project "Green Macedonia".

Another staggering moment in the case of the usage of the active measures is the level of awareness of the respondents for the availability of such measures. Figure 13 shows that only 7% of the respondents regularly receive information for the actual opportunities for employment from the Employment Agency of Macedonia, 30% rarely and 63% have never received information related to the active measure for employment.

Consequently, Figure 14 shows that 70% of the respondents cite the lack of information for the possible measures for employment as a reason for not using this kind of measures, while 21% mentioned that they are not qualified

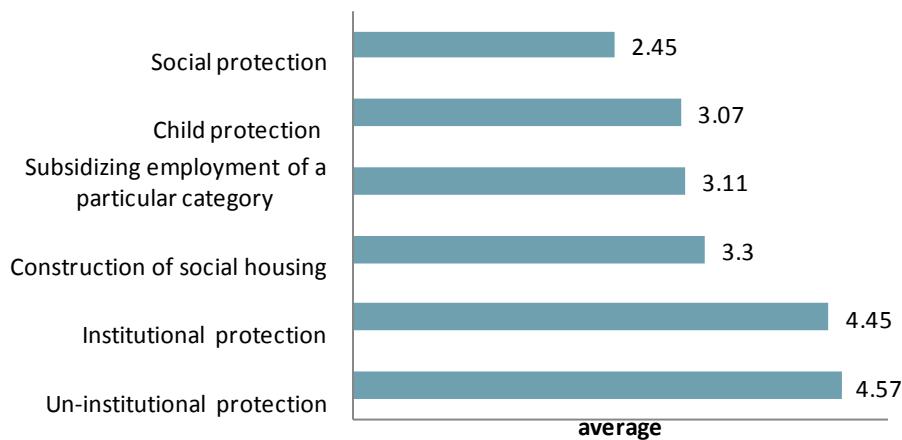
for usage of the active measures for employment, especially because of irregular registration in the Employment Agency.

However, we identified that youth especially those with higher education are more informed about the opportunities for employment than the older respondents. The reason for this situation has two potential explanations: first, these measures are design in a way that foster youth employability second is due to the optimism of youth educated persons, who are interested about the active measures and are looking for information on its own initiative. From the deeper interview analyses we recognized that the older people are hopeless that they could be employed through the Employment Agency and the most of them even do not register regularly. Additionally, we identified that there are some passive measures which demotivate people to seek for a job. One of them is the measure for assistance to the mother of third child, where mother receives a monthly financial assistance up to 10 years of the child, which discourage them to accept a job for a salary that is equal of less than the financial assistance they receive.

6.2.Involvement of the academic and civil society researchers in researching the problem of poverty and their impact to policy-makers

Besides a survey with the persons at social risk, a survey with the representatives of the Macedonian civil society and research sector was done, in order to examine the level of their involvement in researching the problem of poverty in our country. In order to investigate how academic and civil society researchers in Macedonia are familiar with the programs for poverty reduction, whether and to what extent they explored the problem with the poverty and to examine their impact on making key decisions by the policymakers, a survey among the researchers from civil society, academic researchers and individual researchers was conducted. The sample is consisted of 51 respondents of whom 72% are researchers from the civil society, 23% are academic researchers and the remaining 5% are individual researchers.

Figure 15: Researchers familiarity with the programs for poverty reduction

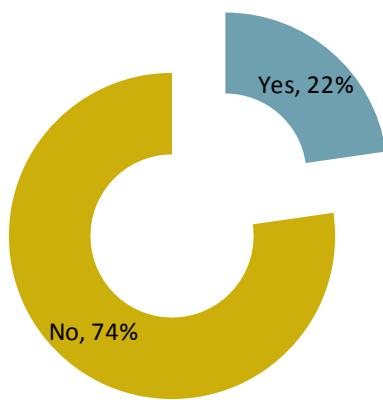


Source: Finance Think research

The

first

Figure 16: Information about the budget funds allocated for the programs for poverty reduction



Source: Finance Think research

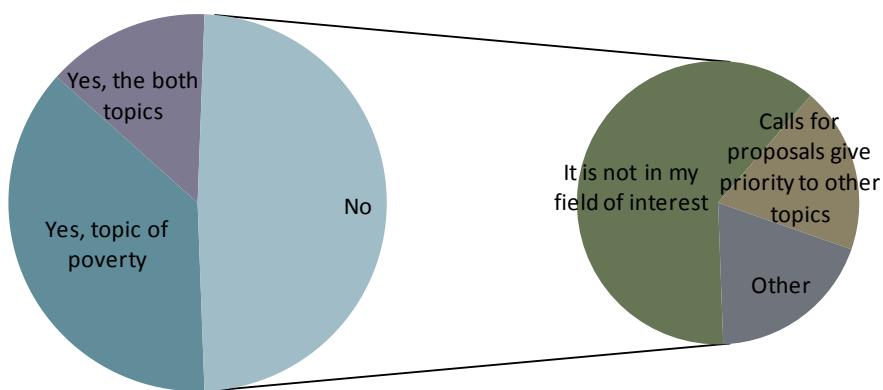
part of the survey investigate if the researchers are familiar with the government measures for poverty reduction and to what extent they are informed about the amount of budget funds dedicated for these measures.

Figure 15 shows that the researchers are most familiar with the measures for social protection and child protection, while they are less informed about the measures for institutional and un-institutional

protection. Also, the researchers are not informed about the amount of budget funds allocated for financing the program for poverty reduction. Only 22% of the respondents said that they know this amount (Figure 16).

Into the second part of the survey, we investigated whether and to what extent the researchers in Macedonia explore about the problem of poverty and the level of their impact in the process of decision making for this problem.

Figure 17: Research on poverty and budget funds and reasons if not

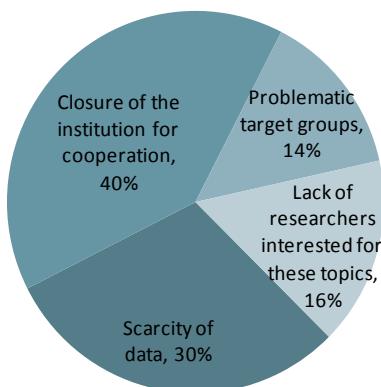


Source: Finance Think research

Figure 17 shows that almost half of the respondents did not investigate either a topic related to the poverty nor a topic related to the budget funds related to this problem. 62% of them never investigated these topics because they are not in their field of interest, while 19% of them mentioned that the Calls for proposals give priority to other topics. The remaining half of the respondents who said that they researched on these topics, 37% researched only a topic related to the problem of poverty and the remaining 14% researched on both topics.

In the process of research the face up with many problems, but most of them said that the biggest problems are the closure of the institution for cooperation and scarcity of data. Other problems that researchers confront with are the lack of researchers interested for these topics and the problematic target groups (Figure 18).

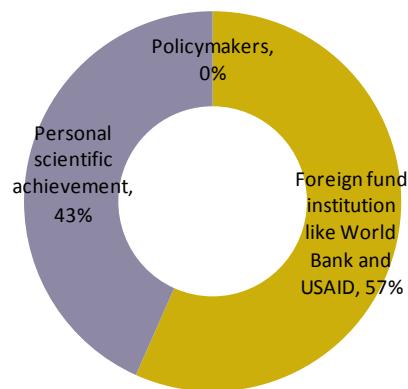
Figure 18: Which problems you face with during the research of these topics?



Source: Finance Think research

Although the poverty is one of the biggest problems in Macedonia, there are lacks of respective research and evidence policy-making studies. Of all researches on these topics that were done by the respondents, none of them was ordered by

Figure 19: Who ordered the research?

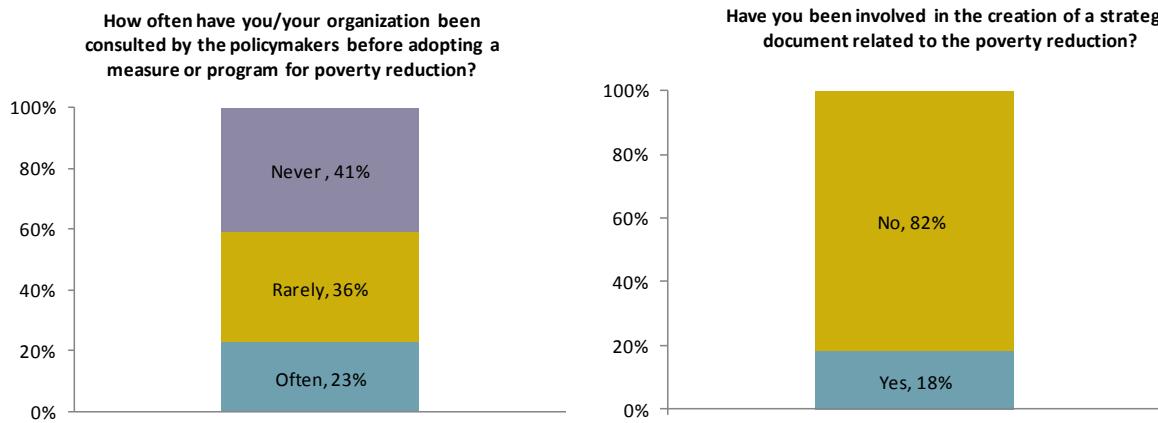


Source: Finance Think research

the Macedonian policymaker. 57% of the researches were ordered by foreign fund institution like World Bank and USAID, while the remaining 43% were researches for personal scientific achievement, like master thesis, PhDs, publication, etc (Figure 19).

At the same time, researchers are not involved in the processes of developing some strategic or policy relevant decisions by the policymakers. Although more than a half of the researchers stated that were consulted in the process of adopting measures and programs for poverty reduction, the fact that only 18% of them were directly involved in creating a strategy and/or operational or analytical document related with poverty reduction, is unsatisfactory.

Figure 20: Consultation with the policymakers and involvement in the process of creating strategic documents for poverty reduction

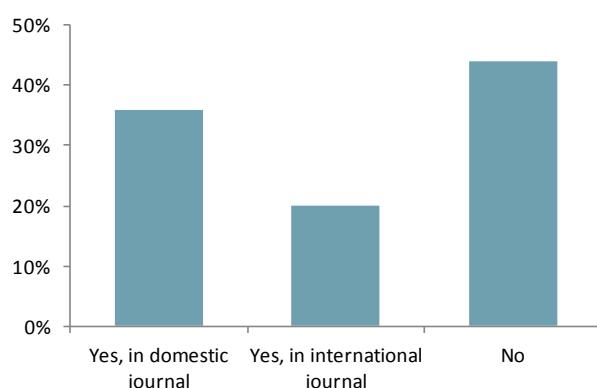


Source: Finance Think research

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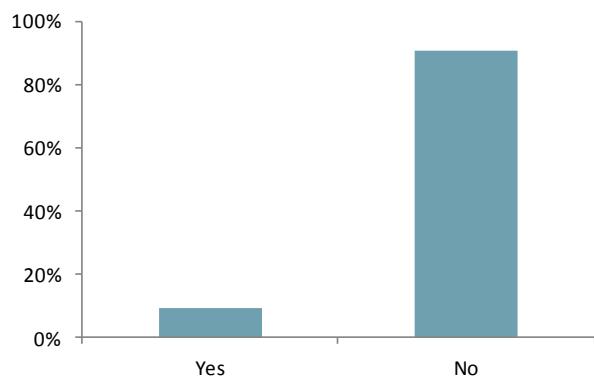
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Figure 21: Publishing of the study



Source: Finance Think research

Figure 22: Recommendations that caused any change in the governmental policies



Source: Finance Think research

heads of programs, sectors and so on). Unfortunately, recommendations and results caused minor changes. Figure 21 shows that only 9% stated that they made a social change or that their recommendations have potential to be accepted by the policymakers and cause change. The remaining 91% succeeded no change.

Consequently, researches recommendations achieve insignificant impact. The publishing of the studies, as a tool for presentation of the findings and recommendations in order to enhance the awareness of the policymakers, is moderate. Only half of the respondents published the study of the research, of whom 64% in international journal and 36% in domestic journal (Figure 20). Another channel to boost policymakers' consideration for the analyzed problem is the direct presentation of the study, in front of them. Only half of the respondents had opportunity to present the result of their research in front of the policymaker (minister, advisor,

7. Conclusion and policy recommendations

The objective of this study is to investigate the weak links between the budget lines, the poverty-reduction programs and involvement of vulnerable categories of people and researchers in the processes for poverty reduction. In order to examine this purpose, we have used three different approaches: an analysis of the current strategic documents for poverty reduction, an interview with the people at social risk and a survey among the civil society and academic researchers in the country.

Due to the high level of poverty in Macedonia which shows that 27.1% of the residents live below the poverty line, the involvement of different documents, measures and programs for its reduction is necessary. A few documents dedicated to this problem, were introduced in the last years. The main one, which stipulates country's approach for poverty reduction is the National Strategy for Poverty Reduction and Social Exclusion in the Republic of Macedonia for the period 2010-2020. Also, there is an Operational Plan for active programs and measures for employment 2013, but the analysis of these documents showed that both are not effective as they should be, because the process of their implementation is inadequate. Namely, many approaches and bodies competent for the implementation of these documents, which were predicted in them, are still not realized. For example, the predicted Department for Social Inclusion is still not opened and by now there is no information about the work of the Council for reduction of poverty and social exclusion, National Operative Group for reduction of poverty and social exclusion and National Coordinative Mechanism for reduction of poverty and social exclusion in Macedonia, although they were designated as bodies responsible for the implementation of the National Strategy. Also, the Local Units and the Non-governmental organizations are not included in this process, although their engagement should express the particular interests of the individuals and groups affected by a social risk or face social exclusion. The analysis showed that the process of monitoring is completely absent, which is one of the biggest weaknesses of this documents.

After the analysis of the strategic documents for poverty reduction, interview with the vulnerable group was done, in order to investigate whether and to what extent they use the measures for poverty reduction. The interview showed that people at social risk use the passive measures, and that the most used is the measure for social protection. Many of them,

especially those with at most primary education, face with some problems in the application process, like extensive paperwork and obscured instructions. The respondents, who do not use any passive measure for poverty reduction, stated the lack of information and the ineligibility as the biggest problems they are facing with. The citizens are not involved in the process of identifying potential problems of the vulnerable group and the process of construction measures for addressing the problems. Also, the Macedonian social system faces with absent process of monitoring of the spending of the funds and the effects of the used measure. Only 24% of the respondents were monitored regularly. The situation with the usage of the active measures for poverty reduction is completely different. Only 3% of the respondents use them. These measures are more attractive for the young people, especially because they foster youth employability.

Also, a survey among the academic and civil society was done, in order to examine the level of their involvement in researching the problem of poverty in our country. The analysis showed that almost half of them never investigated a topic related to the poverty or the budget processes intended for poverty reduction. Also, the country faces with the lack of relevant studies and researches on this topic, as proved by the fact that none of the researches on this topic was ordered by the Macedonian policymaker. Also, the fact that only 18% of the respondents were involved in the process of creating some strategic document for poverty reduction and only 9% made a social change or their recommendations have potential to be accepted by the policymakers and cause change, is unsatisfactory.

According to these findings – inadequate process of implementation of the strategic documents for poverty reduction, absent process of monitoring, under-utilization of the available measures for poverty reduction and the insufficient involvement of the researchers in the process of creating such measures – several important recommendations for policymakers arise from this research:

- Defining a unique and comprehensive nationally accepted classification of different vulnerable categories, classified as: poor, socially excluded or vulnerable.
- Publishing of the Operational Plan for implementation of the National Strategy for Poverty Reduction and Social Exclusion 2010-2020 on time and on a regular basis. For

example, the Operational plan for the current year to be published in the first quarter of the year.

- The Annual report of the implemented projects of the National Strategy for Poverty Reduction to be published on time and on a regular basis. The report for the previous year to be published by the end of the current year.
- Usage of clear and simple informative approach by the social workers, in the guiding principle and application process for the people with lower education, with emphasis on the Roma.
- Putting into practice innovative and non-traditional channels for information especially in the rural areas. An example of the non-traditional sources of information could be the irregular visits (several times per year) by the official workers in the rural areas to inform the vulnerable categories for the available measures for poverty reduction and the eligibility criteria for their usage.
- Increasing the inclusion of socially vulnerable categories in the process of problem identifying. The potential solutions could be mapping of the potential problems through the regular surveys or interview with the vulnerable categories.
- Providing institutional support for the mandatory documents for application, particularly for the socially excluded and those from rural areas.
- Implementation of a monitoring system in the processes, in order to increase the effectiveness of the measures. Indicators for monitoring should be developed, aggregated and disaggregated by different parameters like: measures; users' characteristics; community characteristics; social exclusion, poverty or at risk of poverty state; etc. The indicators for monitoring should be applied on regular bases and publicly available.
- Developing a plan for greater cooperation between policymakers and researchers. Also, greater involvement of the researchers in the process of designing measures and programs for poverty reduction, and the implementation of their recommendations in the processes is necessary.

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