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Abstract

This chapter focuses on the need for sustainable development planning, with special reference to the Republic of Macedonia. It starts with analyzing the issue of integrating the sustainable development concept in the economic planning process and proceeds by explaining why and what kind of economic planning for sustainable development is needed in developing countries. Then, main methodological explanations of the social accounting matrix (SAM) and the national accounting matrix including environmental accounts (NAMEA) are presented and explained. The chapter concludes by focusing on the main reasons why there is a need for implementing sustainable development planning in the Republic of Macedonia.

Keywords

Sustainable development planning • SAM • NAMEA • Republic of Macedonia

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Introduction

Economic planning is a process, implemented by policy-makers, which ensures the generation, sharing, and consumption of wealth on national, regional, and local level. Economic planning includes all aspects of society ambitions to encourage the country's social, economic, and environment development. Therefore, economic planning, the degree to which governments consciously interfere in the free market mechanism, has a key role to play in achieving a vibrant and sustainable economy. In other words, macroeconomic (development) planning refers to macroeconomic policies and financial planning conducted by governments to stabilize the market and promote economic growth and structural transformation in the national economies. This involves the use of monetary policy, industrial policy, and fiscal policy to “guide” the market toward targeted outcomes.

Yulek (2015, pp. 17–18) argues that “Planning is an effort to intervene in the economy, overruling market forces with the justification that it could ‘correct’ market failures to achieve second bests. Under this perspective, economic planning, essentially a macroeconomic concept, could be seen as a ‘dynamic,’ forward-looking policy framework to address various levels of market failures. A forward-looking government may be considered to have a dynamic policy framework where the sequence runs like the following: assess today and forecast tomorrow’s domestic and international economic environment; identify the failure(s); assess alternative ways to intervene; implement the preferred intervention from a dynamic point of view; and (hopefully) reach the second best outcome given the targets.”

The UN Conference on Environment and Development (Rio de Janeiro 1992) defined the basic principles and actions for implementing and achieving sustainable development. As a result, most of the governments in the world implemented measures to establish and implement national sustainable development strategies, which represent the efforts from governments trying to integrate the economic, social, and environmental dimensions at the very beginning of the management cycle, the strategic planning stage, with a hope to avoid the administrative trap, as much as possible.

According to OECD (2001), “the strategies for sustainable development are regarded as highly participatory instruments focused on ensuring socially responsible economic development, while in the same time protecting the resource base and the environment for the benefit of future generations.” Having this said, moving toward sustainable development requires tremendous challenges. Namely, important structural changes are needed to the ways societies manage their economic, social,

and environmental affairs. Sustainable development is a comprehensive concept, based upon effective integration of all government levels in the process of economic policy creation in the national economy.

In other words, good governance within each country and at the international level (sound environmental, social and economic policies, as well as democratic institutions responsive to the needs of the people) is essential for achieving sustainable development.

Hence, the achievement of sustainable national development must be based on a strategic approach, which is focused on the long-term perspective and integrated in connecting different development processes and challenges in the national economy. According to the joint study of OECD and UNDP (2002, p. 6), “the strategic approach at the national level relates to the following characteristics: (1) linking long-term vision to medium-term targets and short-term action; (2) ‘horizontal’ linkages across sectors, so that there is a coordinated approach to development; (3) ‘vertical’ spatial linkages, so that local, national and global policy, development efforts and governance are all mutually supportive; and (4) genuine partnership between government, business, and community and civil society organizations.”

Consequently, it goes without saying that the basic aim of the sustainable development planning is to help the dynamic process of achieving sustainable development. Namely, development (macroeconomic) planning should not be confused with government control, but it should be regarded as a “creative exercise” focused on strengthening and improving the quality of life.

Integrating the Sustainable Development Concept in the Economic Planning Process

The sustainable development is a complex concept which should be taken as a significant foundation upon which each national economy could define and implement its strategic priorities. Thus, the abovementioned implies its effective integration at all levels in the process of economic policy-making in the economy. Consequently, in order to successfully address the complex and numerous challenges of sustainable development, one must ensure greater efficiency, effectiveness, and reliability of the strategic institutional arrangements and procedures and their adjustment to the needs, priorities, and available resources of the individual national economies.

The process of long-term strategic planning is of fundamental significance for the formulation of economic policies that support and promote the sustainable development concept. Having in mind the complexity of the concept of sustainable development, it is of highest priority of the strategic planning to provide the optimal connection between all aspects of development processes and their compliance with the basic principles of sustainability. As a result, national sustainable development plans or strategies are focal points for integrating environment and development in

decision-making and for defining and implementing sustainable development priorities in the national economies.

Consequently, one should point out to the fact that integrating the sustainable development concept in the economic planning process includes (1) full commitment of the government to prepare national strategic plans for sustainable development; (2) promoting ownership, understanding, and application of the concept of sustainable development at all levels of decision-making; (3) integrating the concept of sustainable development in the strategic objectives and priorities at all levels of government; and (4) a coherent and proactive approach to all stakeholders in order to encourage and ensure their active participation in implementing the concept of sustainable development.

Sustainable development thus requires the participation of diverse stakeholders and perspectives, with the ideal of reconciling different and sometimes opposing values and goals toward a new synthesis and subsequent coordination of mutual action to achieve multiple values simultaneously and even synergistically.

However, successful adoption of a sustainable development concept in the economic planning process requires the support of the relevant stakeholders in the national economy. Such ambitious support can be a real challenge since it can provoke intense political debate and tensions. A critical feature of integrating sustainable development is the explicit focus on the concept in the planning process, which, in turn, can be hoped to influence positive plan support for the sustainability paradigm. Needless to say, national economies focusing on the sustainable development concept demonstrate a firm interest in planning for sustainable development. Support for sustainability during the planning process should result in stronger support for sustainable development principles in the resulting plan.

According to Conroy and Berke (2004, p. 1387), “good economic plans describe the current status of the national economy, present a vision or direction and provide concrete policies that not only guide actions to achieve the vision, but are strong enough to insure that they will be followed. A ‘sustainable development’ plan, thus, points out to the fact that the national economy vision is focused on becoming a sustainable economy. The comprehensive plan becomes an ‘agent of change’ for the national economy to realize a sustainable vision. Integration of the concept, as a dimension of the plan itself, shows at a minimum an awareness of the concept, if not an indication of the ‘systematic transformation of the planning agenda’ anticipated with adoption of a sustainable development planning paradigm.”

In summary, as a general rule, implementing any economic planning process that integrates sustainable development concept must include the following:

- Becoming more responsible with regard to the future and future generations.
- Taking into account the three aspects of sustainable development (economic, social, and environmental), in a balanced manner.
- Incorporating sustainable development in all areas of politics and process of economic policy-making.

- Increasing the coordination between political areas and improving consistency, where any wide-ranging political decision must be preceded by an early evaluation of its social, economic, and ecological consequences.
- Achieving the sustainable development objectives through partnership. All government institutions must work together with the civil society and the private sector.
- Data collection, information management, and capacities for policy analysis should be treated as a priority.
- Inclusion of more long-term thinking into planning processes for midterm goals and short-term actions.

All abovementioned points out to the fact that integrating sustainable development concept into the national economic planning processes has the potential to create synergies and more effective policies that can contribute to achieving the following: (1) economic sustainability, maximizing society's well-being, economic equity, and eradicating poverty; (2) sociopolitical sustainability, promoting social equity and improving the welfare and quality of life; and (3) environmental sustainability, the enhancement and conservation of the environment and natural resources for present and future generations.

Why and What Kind of Economic Planning for Sustainable Development Is Needed in Developing Countries?

Economic (development) planning, after the end of World War II, has become one of the main instruments of achieving a higher growth rate and better standard of living in many less developed and developing countries. The idea of planning acquired a tremendous support and is being regarded as a complementary (or even alternative) to the market mechanism and the use of market forces for the allocation of resources in developing countries. Thus, economic (development) planning includes formally predetermined actions toward achieving specific developmental results. Basically, economic planning entails direction and control toward achieving predefined set of macroeconomic development objectives.

According to Kesik (2015, pp. 79–81), “National development planning was believed as an efficient tool to eliminate major problems that developing countries may encounter. So it was believed that it covered necessary mechanisms to achieve determined development objectives. Accordingly national development planning has been the agenda of almost all countries across the world whether they are socialist or capitalist; whether they are developed or less developed. The rationale of planning in national development is to intervene in social and economic deficiencies in a way to correct these failures to transform society towards desired future situation. Looking back to historical practices, particularly in developing economies, the reasons for introduction of planning were related to some basic arguments; these

are for correcting market failures, achieving efficient resource allocation, psychological impact on population and decision-makers, and receiving foreign aid. Although planning approach, planning tools and the degree of planning might change, there will always be a need for development planning, especially for the countries with emerging markets confronting serious economic and social problems after more than 30 years of neoliberal market-friendly policies.”

A review of experience shows that successful approaches share certain characteristics. They set priorities and establish a long-term vision, seek to promote convergence between already existing planning frameworks, promote ownership, can demonstrate national commitment, and are built on appropriate participation. While most countries have a number of strategic planning processes in existence, few, if any, have a system to effectively coordinate them. Developing such a coordination system will assist in integrating all the components of sustainable development into mainstream planning processes OECD (2001, p. 16).

Planning the sustainable development has important political, institutional, and capacity implications, since it requires cross-sectoral and participatory institutions and integrating mechanisms which can engage governments, civil society, and the private sector in developing shared visions, planning, and decision-making. More generally, economic planning and policy-making will have to become more participatory, prudent, and transparent, as well as more long term oriented, so as to respect the interests of future generations (OECD (2001, p. 23)).

Economic (development) planning is beneficial for both the developed and developing countries, for the developed countries to sustain or accelerate growth already achieved and for developing countries to overcome poverty and to raise the standard of living.

All these issues need to be taken into account in steering a track toward sustainable development. They cannot be effectively dealt with on an ad hoc or piecemeal basis. They require a strategic approach.

Being strategic implies setting goals and identifying means of achieving them. This implies adopting an approach which has an underlying vision; is based on solid evidence; sets priorities, goals, and direction; and sets out the main tactics for achieving them. In relation to sustainable development, being strategic requires a comprehensive understanding of the concept and its implications, but not necessarily a comprehensive set of actions – at least at any one time.

As a consequence, it goes without saying that the most important task, when it comes to implementing sustainable development planning in the developing economies, must be the establishment of some form of a planning organization (institution). This planning organization (institution) can serve as a national sustainable development coordination mechanism that brings different stakeholders together in order to generate broad-based partnerships and to institutionalize participatory processes in national sustainable development decision-making.

According to Kesik (2015, p. 111), “Planning organizations are always needed since markets are not enough to correct market imperfections. These organizations should develop alternative policies to improve prosperity of citizens and continue to

advise governments for this end. These organizations should steer development process, develop fruitful strategies about economic and social issues and allocate public resources rationally.”

This planning organization (institution) should be provided with executive power and should include representatives from all relevant stakeholders: Government Ministries and agencies, private sector, labor unions, and civil society organizations. Given the different and often conflicting interest of these stakeholders, designing a structured and efficient dialogue mechanism is necessary to help build consensus among policy-related issues. The major effect of the planning organization (institution) will be the establishment of “a national consensus-building mechanism,” which will contribute to the integration of the diverse knowledge and experience and strengthen plan implementation. The main goal of this organization (institution) will be the overall guidance, technical support, and mentoring the national sustainable development planning cycle, while its basic tasks, in general terms, would be the following:

- Analyze the main strengths, weaknesses, opportunities, and threats related to implementing sustainable development concept in the national economies (address the economic, social, and environmental dimensions in a balanced manner while considering the interests of the future generations).
- Coordinate the activities of different relevant stakeholders in the process of economic policy creation and implementation. In other words, strives to meaningfully engage all relevant stakeholders in decision-making processes, maintaining an effective balance between top-down and bottom-up processes.
- Prepare short-, medium-, and long-term plans for the implementation of the mutually agreed sustainable development goals and targets.
- Monitors and evaluates the implementation of the plans, as well as propose amendments for their more successful implementation.

Taking into consideration the abovementioned, what developing countries need is the creation and implementation of a system of strategic sustainable development planning, which basic objectives would be the following:

- Become an institutionalized space for an agreed definition of a shared vision, objectives, and strategic plans for sustainable national economic development
- To strengthen the linkages between long-, medium-, and short-term strategic development planning processes
- Coordinate and integrate, in a coherent and coordinated manner, the various proposals and opinions for the development of national strategic sustainable development plan, as well as the guidelines, methods, processes, and tools for strategic planning
- Promote and coordinate the programs of capacity building for strategic sustainable development planning
- Promote dynamic and efficient cooperation between the public, private, and civil society sectors in the formulation of national strategic development plans, in order

to ensure national development and the continuous improvement of the competitiveness of the country

- To provide an arrangement for harmonizing national level planning with planning at the sector and local government levels

The system of strategic sustainable development planning in a developing country will have to be based on a couple of fundamental planning elements. These planning elements will be intended to guide the relevant stakeholders in the process of developing and implementing national sustainable development plans and strategies. Those elements, among others, may include the following:

- Partnership – Implementation of the national sustainable development planning includes frequent interactions among the most relevant stakeholders involved in development processes related to economy, environment, and social well-being. This partnership brings together the Government Ministries and agencies, private sector, labor unions, and civil society organizations to jointly coordinate, implement, and monitor the system of national sustainable development planning. Moreover, it will support the successful exploitation of new and existing ideas and experiences to deliver economic, social, and environmental benefits.
- Vision – The partnership will create a shared vision for a sustainable future, focused on guiding the planning and development efforts in the national economy. This vision will represent a shared set of strategic goals to direct and guide the efforts of the partnership. Coordination between the relevant stakeholders will be improved through a comprehensive strategy and an official strategic management framework.
- Social Dialogue for Priority Setting – The objective of the process of social dialogue is to share vision and development expectations of the relevant stakeholders, in order to collectively decide on strategic development priorities.

Setting priorities assists in determining which actions should be taken first and the resources required. In addition, social dialogue processes actively promote effective and participative systems of good governance at all levels in the society – promoting people’s creativity and energy.

- Action Planning – This is a very highly significant element of the sustainable development planning process. The plan of action is developed through the collective efforts of the various stakeholders in the parish and is representative of their commitment to implement the plan together. Action planning must be undertaken in a spirit of intra- and intergenerational equity, taking the needs of everyone concerned into account.
- Monitoring and Evaluation – Monitoring and evaluation framework is required for periodic as well as permanent measurement of progress toward mutually predefined and agreed sustainable development goals. These two processes will

contribute to implement required changes and adjustments, as planning efforts and implementation proceed.

Hence, strategic planning in the developing countries will have to be a democratic process, organized to create a vision and strategies to achieve the desired future of the national economy, to direct the activities and projects for implementation of concrete plans and access to their representation in the form of a document – strategic sustainable development plan. Strategic planning will be a strategic process determining the priorities and objectives that are considered most important; defining programs, projects, and activities that will achieve the defined priorities; and determining the necessary funds for the priorities through the budget process. Simply put, strategic sustainable development planning is a strategic planning and disciplined process for adopting fundamental decisions for the future development of the national economy.

Social Accounting Matrix (SAM) and NAMEA (National Accounting Matrix Including Environmental Accounts): Major Methodological Tools for Sustainable Development Planning

The development planning methodology is of highest importance for the unity, complexity, and consistency of the sustainable development planning system. It should enable methodological consistency in the process of evaluation of the development conditions, problems, and perspectives; perception of interests, objectives, and tasks of the relevant stakeholders; and their harmonization, the simultaneity of the planning process, as well as the mandatory preparation and execution of plans. Hence, what is of significant importance is the fact that every system of economic planning needs adequate quantitative analysis of sectoral and macroeconomic policy, based on reliable data and relevant analytical tools. Having this in mind, one can confirm that social accounting matrices (SAMs) and national accounts matrix including environmental accounts (NAMEA) provide a coherent, detailed data based on major macroeconomic aggregates in the economy, which support macroeconomic and development policy-making.

Social Accounting Matrix (SAM)

Social accounting matrix (SAM) is a technique related to national income accounting, providing a conceptual basis for examining both growth and distributional issues within a single analytical framework in an economy. It can be seen as means of presenting in a single matrix the interaction between production, income, consumption, and capital accumulation.

The SAM is an organized national accounts framework, in a form of a square matrix, that presents the circular flows of all economic transactions and income for a given country. It represents the whole economic system (in a form of annual static data) of the national economy and highlights the interlinkages and the circular flow of incomes and outlays among the various components of the system: goods, activities, factors, and institutions.

One needs information from different sources when constructing a SAM, which in most of the cases imposes certain level of mismatch between the incomes and outlays of separate accounts. Therefore, the construction of a SAM requires the availability of some key datasets, such as:

- Input-output tables
- Household survey (incorporating a labor force survey)
- Government budget accounts, trade statistics, and balance of payments statistics
- National accounts

Consequently, SAM for a certain economy involves three most important goals:

- Presenting information on the socioeconomic and environmental structure of the national economy for a given time period
- Presenting clear picture of the flows of receipts and payments in an economic system
- Creating a statistical basis for building macroeconomic models, in order to simulate the socioeconomic impact of macroeconomic policies

The Social Accounting Matrix can be used for the national economy economic planning processes in two ways:

First, SAM provides a framework for the organization of economic, social, and environmental information of a country's economy. Hence, SAMs can improve the countries' capabilities to produce descriptive analysis of the economy, presenting its income distribution patterns and institutional and industrial structure.

Second, SAM is appropriate database for a macroeconomic model building and utilization for a given economy. It can help building a consistent data set coming from different data sources, since economic planning in many countries suffer from dealing with insufficient, unreliable, and poor quality of data.

To conclude with, appropriately designed and disaggregated SAM presents huge amount of details related to the structural features and interdependencies of every national economy. It is highly desirable that a SAM should be consistent with the national accounts, where an aggregate SAM is a unique way of representing the national accounts within a matrix framework. Hence, using SAMs for economic policy analysis contributes to the increased relevance (by combining economic, social, and environmental indicators in a single disaggregated information system), reliability (by producing stable and consistent results), and efficiency (by using uniform units, classifications, and concepts throughout the system) (Kjosev et al. 2014, pp. 45–47).

National Accounting Matrix Including Environmental Accounts (NAMEA)

The economy is a complex system of which extraction of natural resources, production, consumption, technology, investment, imports and exports, and release of wastes (and pollution) are just a few of the many different interrelated dimensions. All these different aspects of the economy may have detrimental or beneficial effects on environmental pressures. Hence, there is a pressing need for promoting integrated economic and environmental information systems as opposed to indicators' lists in order to meet the increasing users' demand for conducting integrated economic and environmental policies.

Having this in mind, in 1989, Statistics Netherlands started to develop a system for describing environmental aspects in conjunction with the national accounts. The system, known as the National Accounting Matrix including Environmental Accounts (NAMEA), creates a link between the national accounts and environmental statistics. NAMEA shows the relationship between a number of important economic indicators (gross domestic product, balance of payments, etc.) and the environment.

The NAMEA has been developed to systematically supplement the national accounts with environmental statistics. Its hybrid accounting structure, i.e., the combined presentation of physical and monetary accounts, indicates that in the NAMEA environmental imputations in the core national accounts framework are avoided. Therefore, NAMEA has been developed to link environmental and economic statistics. An important characteristic of environmental accounting is that the data are consistent with the National Accounts which mean that the environmental data can be directly compared to well-known macroeconomic indicators such as GDP, inflation, and investment rates, developed in the System of National Accounts (SNA).

Two accounts for the environment have been added to the national accounts matrix in the NAMEA: a substances account and an account for environmental themes.

The "substances account" explains the relationship between the amount of environmental stress attached to current economic transactions and the amount of environmental stress that potentially threatens all properties of resident entities including economic assets, health, and the national ecological heritage.

The "environmental theme account" is denominated in physical units and focuses on the consistent presentation of material input of natural resources and output of residuals for the national economy. These inputs and outputs are the environmental requirements of the economy (Kjosev 2012).

De Haan, in his paper (de Haan 2004), points out to the following main characteristics of the NAMEA:

Firstly, the NAMEA maintains a strict borderline between the economic sphere and the natural environment, established by monetary accounts on the one hand and accounts denominated in the most relevant physical units on the other. The nonmonetary accounts

show the environmental requirements of an economy, which are not subject to market transactions and which are for that reason not included in the core national accounts. Similarly, the physical flows underlying commodity transactions do not enter the accounts for environmental requirements.

Secondly, the NAMEA maintains a clear distinction between physical inputs (extraction of resources) on the one hand and outputs (emission of pollutants) on the other.

Thirdly, most NAMEAs contain environmental themes account in which substances are grouped together and aggregated in accordance to the type of environmental pressure to which they are expected to contribute. In this way, a wide range of substances are represented by only a limited number of aggregated theme indicators on the basis of weighting methods.

Why Do We Need Sustainable Development Planning in the Republic of Macedonia?

The 1990s were years of significant changes. In front of our eyes, a world disappeared, a world that everybody thought to be stable, long-lasting, and practically indestructible. The transformation of the socialist into market-based economies is the basic task of the policy-makers, the international community, and the economic profession. The economic reforms implemented in the ex-socialist economies are something new in the world economic history, having in mind its enormous complexity. The reason for this is quite simple: these reforms are not aimed at the reform and modification of the existing economic system but at its complete transformation and replacement. Such ambitious goal asks for revolutionary changes in the institutional infrastructure and in the way one implements economic policy.

These major material, institutional, and intellectual changes significantly affected the attitude toward the role and the significance of macroeconomic planning. There were tendencies to consider macroeconomic planning as the only reason for the destruction of all socialist socioeconomic systems. After the independence and the start of the transition process, the Republic of Macedonia left the system of economic planning of its economic development. It started creating and implementing a market-based economy. Thus, Macedonia neglected the experiences of many of the market-based economies, which point out to the significant importance of economic planning in managing the economic development processes in those countries. In other words, the market-based economies use economic planning as an instrument for the preparation of development strategies and implementation of coherent and coordinated economic policies. Moreover, the transition countries' experiences impose the necessity to implement economic planning as one of the instruments for the creation and implementation of economic policies that will enable and provide stable and continuous economic development in these countries.

The need for implementation of macroeconomic indicative planning is much more visible in Macedonia, as a transition country, where the government should implement managerial activities in the public sector, public finances, etc. A basis for such indicative economic planning is the macroeconomic policy document of the

government, which provides instruments necessary for the realization of the pre-determined medium- and long-term development goals. The macroeconomic planning document of the government should be a program for the government medium-term economic and social policy, with clearly specified activities for the public investments, public enterprises, local economic development, social assistance, public revenues and expenditures, etc. This system of indicative economic planning is compatible with those already existing in the market-based economies and enables the realization of the government medium- and long-term goals of the socio-economic development (Kjosev 2007).

National Sustainable Development Strategy for Macedonia (2009–2030)

Sustainable development is an ongoing process that involves improving the integration of environmental, economic, and social considerations. Population should enjoy and contribute to a good framework for employment, living conditions, social conditions, and quality of life. Sustainable development implies that society must face up to economic, environmental, and social challenges simultaneously. Future generations should have, at least, as favorable opportunities for a good life as present generations, and a sound socially balanced economic development must be ensured. This development must provide for greater individual freedom of action, must display respect for the limits of nature and the environment, and have no negative impacts on people's health.

Policy and Legal Framework

- There is a need for development of an integrated SD policy-making approach, and substantial efforts need to be focused on development of an integrated policy approach that will provide enforcement of the policy.
- The lack of integrated policy approach toward SD is caused by inappropriate budget planning, low capacity for policy-making, and no investment for capacity building. Furthermore, there are undeveloped mechanisms for policy implementation and no institutional setup for SD promotion and implementation.
- Lack of awareness about SD, insufficient cooperation among the policy-makers from different sectors, and top-down approach of policy-making cause difficulties to incorporate the SD dimension in the sector policies. Capacity building is essential in this respect, focusing on policy and legislation at the same time.
- The existing strategic policy documents do not sufficiently include the SD dimension. This is clearly evident within the economic and social pillars. Enforcement of the SD policy should imply revision of the existing strategies from the SD perspective and also inclusion of the SD component in any further elaboration of the strategic documents at national level.
- In relation to the alignment with the EU regulations in respect to SD, the situation is especially critical in the economic and social pillars. The basic environmental

legal framework is in place, although its implementation is not supported with the necessary secondary legislation and institutional setup.

- The basic institutional setup and legislation exist in many sectors, but the operational potential of the institutions is rather limited, especially in respect to human resources and finances. The main problem with the legislation is its implementation, even in cases when the harmonization of the legislation with the EU has been done and technical assistance has been provided toward capacity building of the implementing institutions (Ministry of Environment and Physical Planning 2009).

Project Results

With the aim of making the NSSD as viable as possible, it builds on the following three mutual supporting guiding principles:

- Guiding Principle no. 1: The government should function in an innovative supporting and guiding role in relation to the municipalities and the private sector, which has the operational role in relation to making the Republic of Macedonia sustainable.
- Guiding Principle no. 2: E-government should be introduced, covering national as well as regional and local government, in order to ensure transparency and efficiency and as a strong tool in relation to faster and more effective processing of sustainable development projects, from the public as well as from the private sector.
- Guiding Principle no. 3: Focus in the short-term should be on projects and activities, which target the well-educated work force, in order to avoid further brain drain and to possibly attract Macedonians abroad who are highly skilled, well educated, and highly prospective.

The overall strategy comprised of two main parts:

- Long-term, intermediate, and short-term objectives, which timely address the important issue of EU accession as well as making the Republic of Macedonia sustainable. Seven strategic thrusts, based on the three guiding principles, cover the three main pillars: economic, social, and environmental sustainability. In this context, the seven strategic thrusts address:
 - The important issue of ensuring EU accession.
 - Raising awareness and commitment to sustainable development covering all walks of life in the Republic of Macedonia.
 - Introduction of E-government as the key SD implementation tools and as the key booster of the commercial process.
 - Streamlining the public sector through organizational development and institutional strengthening based on the concepts and principles of SD, including cross-cutting and integrated strategic and participatory work.

- Streamlining the banking, funding, and financial infrastructure in the same context, so that investment and running costs are readily available for SD projects and activities.
- Streamlining the private sector so that the private sector is developing based on SD principles and that engineering, construction, and other supporting private companies have the capacity to plan, design, and implement/construct projects and activities based on the principles of SD.
- Identifying a number of demonstration and pilot projects early on during implementation of the NSSD. These should be used as practical demonstration of costs and benefits of SD-based development.

The strategy proposed three phases of introducing and implementing the sustainable development concept in the country, as follows:

- The first phase (from 2008 to 2010), with the heading “Focus,” should be the booster and starter of the SD development process by focusing on the important EU accession, the importance of ensuring understanding and commitment, and last but not least E-government as the starting key instrument for ensuring transparency and efficiency, and thus support for the processing of SD projects should be implemented.
- The second phase (from 2010 to 2015), with the heading “Mature,” addresses the important issue of maturing the public, economic, and private sector for SD. This has already been identified as one of the key constraints for SD in the Republic of Macedonia. Consequently, this SD streamlining of the said sectors is a basic precondition for making the Republic of Macedonia sustainable through projects and activities. Pilot and demonstration projects are selected and implemented at this level too.
- The third phase (from 2015 to 2030), with the heading “Implement,” addresses a more comprehensive selection and implementation of pilot and demonstration projects based on lessons learned from the implementation of pilot and demonstration projects in the first and second levels. This should be one of the major implementation and guidance tools of the government in relation to the municipalities and the private sector (Ministry of Environment and Physical Planning 2009).

Advantages of Implementing Sustainable Development Planning in the Republic of Macedonia

The sustainable development planning in the Republic of Macedonia should ensure broad consent in all walks of life in the country. Sustainable development planning is of essential importance for the coherence, complexity, and consistency of the process of socioeconomic development creation and implementation in the country. This will

ensure consistency in the process of providing information related to the development conditions and problems, adjusting goals and objectives of macroeconomic policy-makers, as well as in the process of development and implementation of plans and programs for future socioeconomic development.

Basic precondition for a successful implementation of the sustainable development planning concept in the Republic of Macedonia is to create mechanisms and institutional arrangements for effective management of sustainable development at local and national level, through fittingly presenting the views and needs of all stakeholders in the process. Strengthening and reforming the institutional framework should not be an end in itself, but a means of achieving sustainable development, which will support the achievement of the following objectives:

- Promoting balanced integration of the three dimensions of the concept of sustainable development
- Promoting access, aimed at the activities and results achieved in order to more effectively implement the concept of sustainable development
- Promoting interconnection between the main issues and challenges of sustainable development and application of systemic approach to finding the most appropriate solutions
- Strengthening coherence, reduce fragmentation, and increase efficiency and effectiveness while strengthening mutual coordination and cooperation
- Promoting the full and effective participation of all stakeholders: government, private sector, trade unions, civil society organizations, and the entire population of the national economy (Kjosev 2015, pp. 223–224)

Applying sustainable development planning will create a number of benefits for the national economy:

- Economic planning will allow us to know when something needs to be done – without adequate planning, projects or programs can be implemented at the wrong time or in a wrong way and can contribute to achieving poor results.
- Economic planning will help us to mitigate the consequences, to manage crises, and to provide easier implementation – there will always be unexpected situations and developments within the programs or projects. However, the application of appropriate methods of economic planning helps to reduce the likelihood of their occurrence and to prepare an implementation team that can handle them. The planning process should include activities to assess risks of occurring unintended consequences/developments that can be caused by the planned project activities. The results of these activities can be helpful in predicting and dealing with unexpected problems.
- Economic planning will improve our focus on long-term priorities and will lead to more efficient use of time, money, and other resources – existence of a clear plan helps to direct limited resources on the priority activities, i.e., to those in which there is a highest probability to achieve the desired changes. Without proper

planning, projects and programs will not be implemented in a satisfactory way and will become inefficient and ineffective.

- Economic planning will help us to determine how development processes success will look like – an adequate economic plan helps people and institutions to know whether the results are those that have been planned in advance and assess possible deviations from the planned results. Of course, this approach requires an effective system of monitoring and evaluation of what was planned. Therefore, a good system of economic planning includes a clear strategy for monitoring and evaluating the results and the appropriate use of the information obtained to improve the system of economic planning in the national economy (Kjosev 2015, pp. 224–225)).

In summary, systemic application of sustainable development planning in the country, basically, will contribute substantially in achieving the key challenges of the future socioeconomic development of the Macedonian economy:

- Build a dynamic and innovative economy that provides prosperity for its citizens – National economy should create wealth that will enable achievement of the ambitions of all relevant stakeholders in the Macedonian economy. On individual level, the national economy should create opportunities that will contribute to improve the quality of life of every citizen. On national level, preconditions should be created for improving the quality of life of the entire population, in the present days and in the future. Hence, the national economy should support and encourage the transition toward the application of the sustainable development concept, in a way that it will be treated as an opportunity to provide better life and a better future.
- Construction of a tolerant, inclusive, and stable society that provides improved quality of life for its citizens – It is of high importance to build a society that will meet the diverse needs of its citizens in the present and, in the future, promote personal well-being, social cohesion, and inclusion and create equal opportunities for all.
- Provide an appropriate balance between responsible use and preservation of natural resources in support of a better quality of life and quality of environment – The relationship that people have with the natural (living) environment is a critical dimension of our society. One must be aware of the nature of the environment as a natural resource, for our needs to live within given environmental limits and the ways one's consumption of natural resources affects the ability of the environment to support the diverse economic activities in the future. It should never be forgotten that the environment is invaluable to our future growth and quality of life.
- Construction and application of a mechanism for macroeconomic policy that supports the application of the concept of sustainable development in national economy – It is necessary to promote best practices on cooperation of public, private, and civil society for implementing the concept of sustainable

development in all activities that are part of the creation and implementation of macroeconomic and development policies in the country. Consequently, one needs to promote effective participatory systems at all levels of government in the national economy, where creativity, energy, and diversity of all people in the country will be expressed and implemented to the highest possible level (Kjosev 2015, pp. 225–226).

As a result of the above presented, our general opinion is that the following initial activities should be implemented in order to realize the concept of sustainable development planning in the country:

- The basic precondition is the understanding and acceptance of the concept and principles of sustainable development.
- Increase awareness and commitment to sustainable development, covering all walks of life in the country. Therefore, of particular importance is enhanced cooperation between policy-makers from different ministries and agencies of the government in order to ensure inter-sectoral and integrated strategic and participatory operation.
- Development and implementation of an integrated approach to policy-making on sustainable development.
- Strengthening the institutional capacity of the government and its institutions for efficient implementation of the sustainable development concept.
- Strengthening the operating potential of the institutions, especially in terms of human resources and finance, given the fact that the basic institutional and legislative foundations exist in a number of ministries and agencies in the national government.
- Improving and enhancing the institutional capacities of the already established National Council for Sustainable Development, so that it can take the full responsibility for the implementation of the National Strategy for Sustainable Development of the Republic of Macedonia (Kjosev 2015, pp. 227–228).

Conclusions

Achieving sustainable development requires deep structural change and new ways of action in all spheres of economic, social, and political life. Sustainable development has important political, institutional, and developmental implications. At the national and local level, participatory institutions and integrating mechanisms are required that will engage governments, civil society, and the private sector in the drafting process and define common visions, planning, and making strategic decisions.

Governments, corporations, and civil society should be more open and transparent in terms of their activities. In fact, the sustainable development planning and the creation of economic policy should become more participatory, prudent and transparent, and more oriented toward defining and implementing long-term strategic

decisions and show greater respect and appreciation for the interests of future generations.

Sustainable development and sustainable development planning are complementary processes which, ultimately, should contribute to enhanced and improved well-being of mankind. In order to better understand and implement the whole process, one should take into account the methodological foundations related to the process of creating and implementing effective macroeconomic and development policies for national economies.

All of the above points to the fact that sustainable development planning and market mechanisms are complementary mechanisms. The successful combination of the “invisible hand of the market” and “the visible hand of the plan (the state)” will enable more efficient and more rational use of the developing factors and dynamic economic development of the national economy. This will lead to continuous improvement of the instruments of economic policy, as well as other kinds of planning and programming of sustainable development of national economies.

The Government of the Republic of Macedonia is in charge of the implementation of efficient macroeconomic and development policies. Such policies are the basis for the implementation of the development planning system in the national economy. Moreover, the macroeconomic policy is aimed at realizing the strategic commitments to long-term and sustainable economic growth and development of the country. It is fair to say that its implementation is looking for utilization of modern planning and forecasting techniques, as well as a developed information system as a basis for an efficient macroeconomic and development policy. This will result in permanent improvement of the economic policy instruments, as well as the other types of planning and programming of the national economic development (Kjosev et al. 2014, pp. 49–50).

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