

## About CROP

CROP, the Comparative Research Programme on Poverty, is a response from the academic community to the problems of poverty. The programme was initiated by the International Social Science Council (ISSC) in 1992, and the CROP Secretariat hosted by the University of Bergen (UiB) was officially opened in June 1993 by the Director General of UNESCO, Dr Frederico Mayor. In 2018, the ISSC merged with the International Council for Science (ICSU) to become the International Science Council (ISC).

In recent years, poverty-related issues have moved up on the international agenda, with poverty eradication now defined as the greatest global challenge facing the world today. In co-operation with the ISC and the UiB, CROP works with knowledge networks, institutions and scholars to establish independent and critical poverty research in order to help shape policies for long-term poverty prevention and eradication.

The CROP network comprises scholars engaged in poverty-related research across a variety of academic disciplines. Researchers from more than a hundred different countries are represented in the network, which is coordinated by the CROP Secretariat at the University of Bergen, Norway.

The CROP series on *International Studies in Poverty Research* presents expert research and essential analyses of different aspects of poverty worldwide. By promoting a fuller understanding of the nature, extent, depth, distribution, trends, causes and effects of poverty and poverty-related issues, this series will contribute to knowledge concerning the prevention and eradication of poverty at global, regional, national and local levels.

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and Paul Stubbs (Eds.)

## SOCIAL POLICY, POVERTY, AND INEQUALITY IN CENTRAL AND EASTERN EUROPE AND THE FORMER SOVIET UNION

Agency and Institutions in Flux

*ibidem*  
Vestis

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## CHAPTER 6: IGOs' STRATEGIC FRAMEWORKS AND POVERTY ALLEVIATION IN MACEDONIA<sup>1</sup>

Maja Gerovska Mitev

### INTRODUCTION

The role and impact of international governmental organizations in the social policies of South East Europe has been widely discussed in the academic debates. Most notably, Deacon and Stubbs conclude that 'no analysis of social policy is complete without the role of international actors being understood' (2007; 238). In this respect, the case of Macedonia has been frequently added to this type of analysis, confirming that 'the policy of excessive use of external financial and technical support prohibited customized and country specific reforms and agendas' (Gerovska Mitev, 2007; 145). While such impact could be detected more on the central governmental level, international authority has been less visible in the local governance in Macedonia (Pickering, 2010). An earlier attempt to depict the type of influence of international organizations in social policy in Macedonia shows that it is more a regulative and institutional type of influence rather than the cognitive and discursive shifts that can be indicated (Gerovska Mitev, 2006). The analysis below focuses more on direct visible impacts in relation to International Governmental Organizations' (IGOs) impact on poverty reduction and measuring systems, in order to provide a general assessment about the effectiveness of specific IGOs' policy mechanisms and approaches to poverty and social exclusion.

### POVERTY TRENDS IN MACEDONIA

Poverty as a socio-economic phenomenon has been on the rise since Macedonia's independence in 1991. More visible poverty reduction trends have been noticeable as of 2012, although the latest chosen methodology used for poverty measurement may not provide a realistic

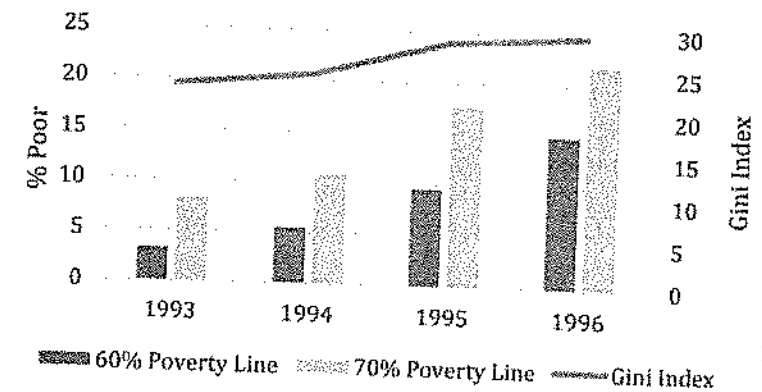
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1 Throughout the book, the official name 'Macedonia' is used. Just prior to publication, this was changed to 'North Macedonia'.

outlook. Systematic and comprehensive periodization of poverty trends and poverty profiles in Macedonia for the period 1991 – 2017 are hampered due to changes in methodologies and survey instruments of poverty measurement.

In the period 1991 – 1996, the State Statistical Office did not measure poverty. For this period, there are World Bank assessments, which determine poverty as consumption below 60 percent of median annual adult equivalent. According to these estimates, poverty increased significantly in the period 1991 – 1996, from 4 percent of the population in 1991 to approximately 20 percent in 1996. More particularly, poverty increased sharply between 1993 and 1995, mainly because of a decline in real consumption. The incidence of poverty increased further between 1995 and 1996, and analysis indicates that as real consumption remained roughly constant over this period, the main reason for poverty growth was growing inequality in the distribution of income (World Bank 1999, ii). The composition of poor people also changed during the transition period. In 1990, the majority of the poor resided in rural areas, in mixed (43 percent) or agricultural households (32 percent). In 1996, this changed, and although poverty was still predominantly rural, those with non-agricultural source of income represented the majority among the poor (66 percent). Additional groups that were affected by poverty during the first years of transition included: unemployed / social assistance beneficiaries; households headed by the employed; and younger household heads. Also, the number of children has a strong impact on the poverty status of a household. In particular, households with three or more children have the highest poverty rates relative to households of other family size and composition. These households comprised almost half of all the poor in 1996. Common factors among those experiencing poverty in this period were: low education attainment, labor force status, poor living conditions and vulnerable health status (ibid.; iii).

Figure 1 Growth of Poverty and Inequality, 1993 – 1996



Source: World Bank, 1999

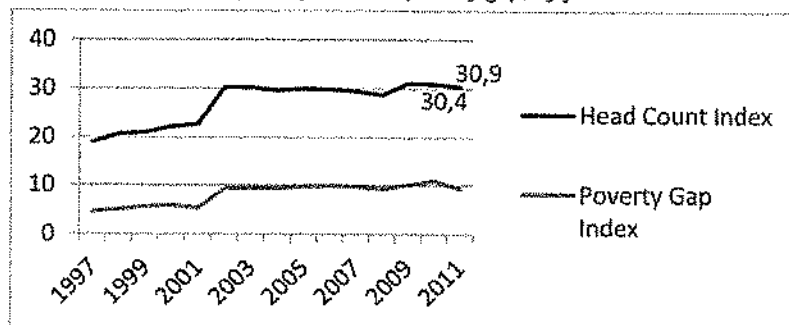
According to the World Bank assessment (1999) the rise in inequality in the early transition years is a result of movements in the upper tail of the distribution of wages. The main reason behind growing wage inequality is the emergence of the private sector: Wages were far more unequally distributed in the private sector than in the public sector. Within each sector, education (though less so in the private sector) and inter-industry and occupational wage differences are also important in explaining the growing wage inequality (1999; 25).

Official calculations of poverty in Macedonia have been initiated in 1996, and the State Statistical Office has provided poverty data, based on the expenditure method, since 1997. During 1997 – 2010, the poverty line was defined as 70 percent of median equivalent expenditures. The choice of measuring poverty as 70 percent of median expenditure (not comparable with the international standard of 60 percent of the median) was a peculiar arbitrary policy choice at the time, which might have been connected also with the small sample of households obtained through the Household Budget Survey. According to Novkovska, the reasons for using expenditure rather than incomes as the basis for poverty calculation in Macedonia included:

great variations in households' income, especially when salaries are received with delays up to few months; social transfers not reported by the households; households whose head works abroad, do not report the incomes received as private transfers; expenditures show greater stability over time; in the current social-economic conditions, the households' incomes are insufficient to cover all the households' expenditures. (2002; 6)

Throughout this period, poverty was on continual rise, reaching its peak in 2010 and 2011, with more than one-third of the population living below the poverty line. Most affected by poverty were: households with three and more children (with a poverty rate of 55.8 percent in 2010); children aged 0 to 6 (37.9 percent in 2010); children and households living in rural areas (43 percent and 47.1 percent respectively); as well as those without education or incomplete primary education (62.3 percent and 49.6 percent respectively). The alarming fact remains that during 2004–2008, five years in which the country experienced continual real GDP growth of 4.7 percent to 6.4 percent, poverty decreased only negligibly, by 1.3 percentage points. This confirmed not only that economic growth does not benefit everyone in the society (already acknowledged by the rising income inequalities data), but also that the prevailing national economic approach—seeing growth as a panacea for unemployment and poverty issues—should be redefined and reconstructed.

Figure 2 Relative poverty rate and poverty gap, by years\*



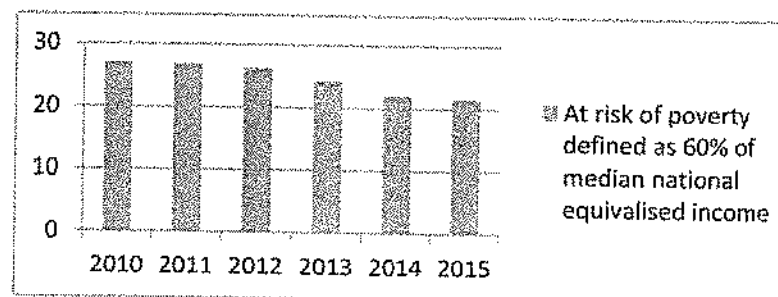
Source: State Statistical Office, MAKStat database, accessed April 2017

\*Source for calculation of relative poverty is Household Budget Survey. Poverty line is defined as 70 percent of median equivalent expenditures. Change between 2001 and 2002 is mostly due to changes in the survey instrument and sampling methods (i.e. the introduction of daily recording sheets).

The latest phase of poverty measurement in Macedonia started in 2010, when the State Statistical Office initiated the Survey of Income and Living Conditions (SILC), and changed the methodology for poverty measurement from expenditure to income-based (60 percent of median national equivalized income). This change was inspired by the country's aspirations towards the European Union, and the need to harmonize

national statistical methodologies with the EU ones. However, the introduction of this measurement was very convenient for political reasons as well, as the income data showed lower poverty levels. While the new method showed a different poverty rate (21.5 percent in 2015), poverty profiles remained the same. Currently, the most vulnerable categories include: households of two adults with three or more dependent children (52.2 percent); unemployed people (39.7 percent); and those with children aged 0–17 (28.6 percent).

Figure 3 At risk of poverty rate, 2010–2015, percent of the population



Source: State Statistical Office, MAKStat database, accessed April 2017

\*Source for calculation of at-risk-of-poverty rate is Survey on Income and Living Conditions.

Despite different methodological approaches used for measuring poverty, all of them seem to capture the same poverty profiles. However, increased statistical capacity to identify and measure poverty according to different methodologies is not fully utilized in the policy process. Despite well-defined and identified statistical categories (at risk of poverty and social exclusion), they do not seem to be translated into targeted or tailor-made policy measures.

#### NATIONAL POLICIES ON POVERTY AND SOCIAL EXCLUSION

Social policy creation in the first decade of Macedonian independence (1991–2000) was not evidence-based, and was predominantly focused on generic goals and declarative descriptions. During this period, social policy and social protection measures were not based on strategic documents nor on identified targets for improving the social profile of the country. It may be even speculated that the heavy borrowing portfolio

with the international financial organizations was among the leading reasons why certain prioritization and goals in the social sector were identified. Hence, some of the social objectives in the first transitional period included:

placing key social sector programs on a long run fiscally sustainable path, increasing labor market efficiency by reducing labor market distortions inherent in social sector programs and the labor code, as well as reducing poverty by improving the quality of social sector programs and their targeting (Government of the Republic of Macedonia, 1998)<sup>2</sup>.

However, all this was not accompanied with quantifiable targets and impact assessments. One of the major obstacles towards this end was the lack of poverty data from the national statistical office based on harmonized international methodologies. In general, the main national instruments for tackling poverty were the social protection transfers, including social financial assistance, permanent financial assistance, as well as pensions. However, as these 'passive' transfers were not part of a more comprehensive or integrated policy approach for poverty alleviation, they have either negligibly improved poverty among vulnerable populations, or even created a 'poverty trap' for many of its beneficiaries.

A first step towards more quantifiable and measurable social goals was the introduction of the poverty line in 1996. This again was done as part of the wider international support, and more particularly through the World Bank, which stated that 'to equitably and efficiently target the poor, the borrower needs to establish a poverty line' (World Bank, 1995; 9).

First poverty calculations showed worrying results, with poverty reaching up to one-third of the population in the years 2002 and 2003. However, these calculations provided a good base for the creation of the first Anti-Poverty Strategy in the country in 2001. Of course, preparation of this Strategy did not result only from the sudden political will to tackle growing poverty trends, but was also an obligatory requirement for all countries using the Poverty Reduction and Growth Facility (PRGF) arrangement from the International Monetary Fund (IMF). It was a comprehensive document, involving a multi-disciplinary approach, as well as perceptions of people living in poverty. However, the document

<sup>2</sup> Letter signed by the Minister of Finance and Minister of Labour and Social Policy accompanying 1998 Social Sector Adjustment Credit Project for the World Bank.

was adopted at the end of the term of the Government in power, and was not sufficiently addressed in the following years.

The second decade of Macedonian independence is associated with an increase in strategic documents, operational and action plans, namely the soft legislation for tackling poverty. The Government adopted one more Poverty Strategy (the National Strategy for Reducing Poverty and Social Exclusion 2010, and its revised version in 2013). The newer strategic approach increased the focus from poor to socially excluded people. As in the past, the main shortcoming of these strategic documents was lack of precise budget allocations for their implementation. In Macedonia, the strategic documents in relation to poverty only serve to identify and update poverty profiles and trends. Direct measures for tackling poverty rely solely on the traditional social protection system, comprised of social financial assistance (the amounts not being sufficient to lift people out of poverty), and limited and underfinanced social service provision.

On the whole, the Macedonian approach towards tackling poverty may be identified as strongly economically determined, as during the last two decades it was predominantly based on expectations that economic growth would deliver more jobs and hence reduce poverty. Even an examination of the latest budget items stipulated as anti-poverty measures shows that they are placed in the category—active labor market support. Lack of innovation and integrated policy approaches between the educational, health, employment and social protection systems left national anti-poverty policy without clear prioritization or goals. In addition, dependence on the international governmental organizations' (IGOs) financing as well as their political support, led to implementation of external policy proposals that were not rooted in the tradition, capacity and expectations of the social protection system. As a result, anti-poverty policy in Macedonia may be characterized as sporadic, inadequate and not evidence-based, producing continuing high rates of people experiencing poverty and ongoing social exclusion.

#### IGOs' INSTRUMENTS AND AGENDAS AND THEIR INFLUENCE ON POVERTY IN MACEDONIA

National approaches to poverty and social exclusion showed a lack of capacity to look beyond the economic paradigm of poverty alleviation. Also, there was no readiness for innovation or social experimentation. This vacuum of comprehensive approaches related to poverty policy

brought the IGOs into play. While there is a large number of international agencies that have contributed with different support mechanisms to alleviating poverty, social inclusion and inequality in Macedonia, this chapter focuses only on three international actors whose instruments have continuously and substantially dominated the national social policy agenda. Their impact on poverty policy in Macedonia may be seen through: the introduction of direct financial transfers targeted towards low income families; support for the introduction of internationally harmonized methodology for poverty measurement; and setting of anti-poverty goals on the national agenda.

#### Conditional cash transfer (CCT) and its impact on poverty among vulnerable households in Macedonia

The implementation of the CCT program was initiated in 2010, as part of the World Bank Loan (IBRD, Loan no. 7735-MK). Among a number of CCT programs suggested by the World Bank (World Bank, 2007), the Government decided to go only with the CCT program for secondary education. Among others, this was convenient for them as a support tool, for the initiative of making secondary education obligatory, which was introduced in 2008 / 09. The CCT program is aimed at students in secondary education who come from households that are receiving social financial assistance (minimum income). The payment of 1,000 denars per month (or 12,000 denars per year) is given on the condition of regular attendance of at least 85 percent of the time during the school year. Monthly CCT in general is very low, considering real costs of schooling (i.e. transport, books, equipment, etc.). However, taking into consideration that the amount of social financial assistance is very low as well, this represents an important top-up for the beneficiary households with children in secondary education. As a comparison, the amount of the monthly CCT represents 20 percent of the social financial assistance for a three-member household, and 10 percent of the monthly minimum net wage. Hence, it is not much, but for some families it may represent important financial support. Personal stories of CCT beneficiaries indicate that this money was mostly spent for their school supplies, clothing, food and school excursions, which increased their confidence and most importantly decreased the family burden for these costs (World Bank, 2015).

During the first years of its implementation (2010), there were around 9,100 children benefiting from this program, while in December 2016 this number dropped to 4,348 beneficiaries. The decline corresponds

with the general decrease of the households' beneficiaries of the social financial assistance. According to the Bank's internal documents in 2016, this program had been evaluated as satisfactory, as it reached almost all of its targets. However, from Table 1, it may be seen that the attendance rates are little above the required level of 85 percent, enrolment is around 75 percent (although secondary education is obligatory), and that not all eligible households (only 84 percent) have participated in the program.

Table 1 Beneficiaries and Performance indicators of Conditional Cash Transfer Program

	December 2016
Number of beneficiaries	4,348
Attendance rates (%) of children aged 15 - 18 in CCT beneficiary households	89.74
Enrolment rates of children aged 15 - 18 in CCT beneficiary households	75.90
Female beneficiaries (%)	48
% of SFA beneficiary children aged 15 - 18 that have been registered with CCT	84

Source: World Bank, 2016

After seven years of its implementation, some important outcomes challenge the CCT program, particularly in relation to its visible impact among vulnerable students in secondary education. According to the comprehensive evaluation of the CCT program in Macedonia undertaken by Armand and Carneiro: 'the CCT was successful in its central goal of improving secondary school enrolment among poor adolescents' (2016; 20). However, the evaluation also showed that the CCT program had: 'limited impact on school attendance, very mild impact on poverty as measured by household expenditure, and no significant effect in terms of relative school performance, defined as the end-of-the-year average grade of the students' (2016; 40). These important results show that while on the micro level the CCT program may have improved the educational attainment among some beneficiaries, in general it has not contributed toward decreased poverty rate nor improved educational performance among children from low income households.

These results are also in line with similar international evidence (Table 2). CCTs as a policy program have been widely used and implemented in Latin America. In relation to educational outcomes, the evidence shows that the program has been effective in increasing school enrolment and school

attendance, as these were the explicit conditions and objectives of the program design. However, as indicated by Lomeli (2008), CCT is less successful in relation to effects on actual learning. Other studies have also shown that CCTs are unable to document positive results on learning, and that without effects on learning and quality of education, CCTs cannot be considered efficient (Villatoro, 2005; Morley and Coady, 2003).

Table 2 Effect of CCT programs on educational outcomes in Latin America and Macedonia

Country	Overall assessment	Cases with significant effects	Cases with minor or non-existent effects
Nicaragua	General increase in school attendance and school enrolment, no positive effect on learning.	RPS* (up to 30 percentage points increase in school enrolment; increased school enrolment of 22% among cohort aged 7 - 13)	No effects on school learning
Colombia	General increase in school attendance and school enrolment, no positive effect on learning	FA* (up 5% rural, 13% urban increase in school attendance)	No effects on school learning
Mexico	General increase in school attendance and school enrolment, some positive results on school leaving, no positive effect on learning.	PROP (increase in school enrolment of 12% in transition to secondary, more for girls and for high school)	PROP—Less significant effect on school enrolment in primary education because subsidies are centered on the groups already in school; No effects on school learning
Macedonia	Strong impacts on school enrolment of children in secondary school age, but not impacts on school attendance.	Strong impacts of paying the mother vs. the head of household on food expenditure at the end of the second year of the program.	No significant effect in terms of relative school performance, defined as the end-of-the-year average grade of the student divided by the average grade of all students in the same school program.

Source: Lomeli (2008), Armand and Carneiro, 2016.

\*Red de Protección Social (RPS), Familias en Acción (FA), Progres/Oportunidades (PROP) (Social Protection Network (RPS), Families in Action (FA), Progress / Opportunities (PROP)).

The context and the baseline indicators in Macedonia differ from those where the CCT program was previously implemented. A report commissioned by the European Commission on the impact of CCTs on children indicates that:

even if there might be a need for conditional transfer, when engaging in policy transfer, policy makers need to be careful in addressing differences in the institutional context, cultural context and policy context of these programmes in the country of origin and the country of destination (European Commission, 2014: 89).

Taking into consideration the local profile of poverty among children, as well as social protection system specifics (i.e. take up, coverage, etc.), it may be argued that lack of a more visible impact of the CCT program in Macedonia is due to several factors: a) its explicit focus on social financial assistance households (instead of involving also community-based targeting); b) conditioning only the school attendance (instead of adding school performance as well); and c) low benefit, which does not lift households out of poverty.

Other international organizations such as the EU and UNICEF were not visibly critical to the implementation of the CCT program in Macedonia, and have not provided alternative recommendations or proposals.

Further redefinition of the CCT program or its replacements with a similar program is worth considering. Having in mind that the social assistance does not cover all people living in poverty or all low-income households, educational grants could be provided by schools who would apply for them, on behalf of enrolled children from low income families. In addition, municipalities can also play a role in this, providing assistance to those socially vulnerable households whose school-aged children are not in education. Also, a condition on school performance should also be attached, as to incentivize students to achieve more than just attending school. The top-up CCT benefit could also increase each school year, thus improving the household's chances to escape the cycle of poverty.

In general, the CCT program is one of the most direct instruments related to poverty reduction the World Bank has applied in Macedonia. The majority of the Bank's projects in the social sector in Macedonia were focused on legislative and administrative reforms, thus having more macro impact on the general welfare agenda (i.e. pension reform with the introduction of the compulsory second fully funded pension pillar, unemployment assistance and redefinition of the criteria and duration of



its receipt, and the health sector). The main value of the CCT program in Macedonia may be seen in its integrated character (combination of social assistance plus education grant). Further restructuring of social assistance schemes in Macedonia should consider such an integrated approach, where low income households would benefit not only from a singular financial transfer, but from a 'package' based on their needs (basic benefit plus housing, health, education or similar grants or services).

#### European Union 2020 agenda and its impact on measurement and renewed strategic approach towards poverty in Macedonia

Macedonia gained the status of a European Union (EU) applicant country in May 2004, and candidate country in December 2005. During this period, a greater alignment of national legislation and policy approaches towards the EU style of tackling poverty was initiated. The contribution of the EU may be seen in extending the policy approach on poverty with a focus on improving social exclusion. This was particularly important for Macedonia, as official documents usually perceived poverty mainly through monetary and economic constraints (i.e. National Strategy for Economic Development of Macedonia, 1997). The first steps towards a different policy approach were undertaken as a result of the participation in the EU exercise of preparing a Joint Inclusion Memorandum (JIM). This is when Macedonia started to widen the strategic approaches towards vulnerable categories, to include not only those on low incomes, but other groups as well. Hence, in 2004, Macedonia adopted the National program targeted at socially excluded groups, which, albeit somewhat arbitrary, defined four categories as socially excluded: drug users and their families; street children and their families; victims of family violence; and the homeless. These categories were identified on the basis of lacking more systematic and targeted support from the social protection system (Ministry of Labour and Social Policy, 2004). During the period 2005 – 2009, and in consultation with the European Union, the Ministry of Labour and Social Policy prepared the National Strategy for Reducing Poverty and Social Exclusion (2010). This Strategy was revised and adopted three years later (2013), mainly to comply with the Europe 2020 Strategy for smart, sustainable and inclusive growth.

At the same time, the government also aligned its official poverty measurement methodology to correspond with the one used at the EU level.

Hence, as of 2010, the State Statistical Office undertook the Survey of Income and Living Conditions (SILC), on the basis of which it produced data related to poverty and social exclusion. Notwithstanding the fact that the previously used expenditure approach of measuring poverty may be more relevant for Macedonia, as a country with a significant share of informally employed (around 19.9 percent in 2015, according to the 2016 publication of LFS), the newly introduced poverty measurement methodology, as well as the obligation to regularly provide data to Eurostat, improved the quantitative and disaggregated data on poverty and social exclusion. The data was also used as a basis for the revised National Strategy for Reducing Poverty and Social Exclusion (2010 – 2020), where the national poverty target was set to be at or below 21.5 percent, to be achieved by 2020. However, the Strategy does not clearly indicate whether the target refers to those actually living in poverty and social exclusion, or to people living at risk of poverty.

The contribution of the European Union may also be seen in its persistence in prioritizing poverty more visibly on the national agenda, both in the country economic pre-accession documents (i.e. Economic Reform Programme) and in the social policy pre-accession documents (i.e. Employment and Social Reform Programme). Also, in a context where access to data from official and administrative sources is complicated due to complex bureaucratic procedures, but also due to lack of timely and disaggregated data provision, the obligation to submit statistical data to Eurostat provides national researchers and policy advocates with a significant tool for comprehensive and evidence-based analysis. Hence, on child poverty, the State Statistical Office provides public data related only to children's gender and age, and also poverty among some household types (State Statistical Office, 2016). More disaggregated data related to child poverty may be easily accessed through Eurostat, which provides data on poverty among different household types, as well as according to different variables (income poverty, material deprivation, poverty and social exclusion, as well as children in (quasi-)jobless households.

Table 3 People at risk of poverty or social exclusion by household type, 2015, %

	EU	MK
Single person with dependent children	48.0	71.2
Two adults with one dependent child	17.6	40.9
Two adults with two dependent children	18.1	38.1
Two adults with three or more dependent children	31.5	65.9
Two or more adults with dependent children	22.6	41.8
Three or more adults with dependent children	30.1	40.6
Households with dependent children	25.1	42.3

Source: Eurostat, [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_peps03&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps03&lang=en) Accessed April 2017

On the basis of Eurostat data for people living at risk of poverty and social exclusion by household type in 2015 (Table 3), it may be seen that in Macedonia, most at risk are children living in single parent households, whose poverty rate is 71.2 percent, closely followed by households with two adults and three and more children (65.9 percent). In addition, almost half of children aged 0 – 17 are at risk of poverty or social exclusion (Table 4), while one third of children are affected with severe material deprivation.

Table 4 Children (0 – 17) and whole population who are at risk of poverty or social exclusion (AROPE), at risk of poverty (AROP), severely materially deprived (SMD), or (quasi-)jobless (QJ), 2015, %

	Children 0 – 17				Whole population			
	AROPE	AROP	QJ	SMD	AROPE	AROP	QJ	SMD
EU	26.9	21.1	9.3	9.5	23.7	17.3	10.6	8
MK	46.1	28.6	18	31.6	41.6	21.5	17.4	30.4

Source: Eurostat, [http://ec.europa.eu/eurostat/web/income-and-living-conditions/databases?node\\_code=ilc\\_mdm](http://ec.europa.eu/eurostat/web/income-and-living-conditions/databases?node_code=ilc_mdm) Accessed April 2017

Comparison between different risks that children are facing (Table 5) shows that children in Macedonia are mostly affected by the risk of severe material deprivation (12.8 percent), followed by the risk of income poverty (7.3 percent). The risks faced by the children in the whole of the 28 EU countries differ, as most at risk in the other EU states are those living at risk of income poverty (11.6 percent), followed by the risk of living in jobless households (3.7 percent). Also, while 9.4 percent of all

children in Macedonia suffer from all three problems (income poverty, material deprivation and living in jobless households), only 2.7 percent are faced with all three risks in the EU 28.

Table 5 Intersections of Europe 2020 Poverty Target Indicators

	EU27	MK
Children (0 – 17) at risk of poverty but not severely materially deprived and not living in a (quasi-) jobless household	11.6	7.3
Children (0 – 17) at risk of poverty, not severely materially deprived but living in a (quasi-) jobless household	3.7	3.8
Children (0 – 17) at risk of poverty, severely materially deprived but not living in a (quasi-) jobless household	3.0	8.0
Children (0 – 17) at risk of poverty, severely materially deprived and living in a (quasi-) jobless household	2.7	9.4
Children (0 – 17) not at risk of poverty, not severely materially deprived but living in a (quasi-) jobless household	2.1	3.4
Children (0 – 17) not at risk of poverty but severely materially deprived and not living in a (quasi-) jobless household	3.1	12.8
Children (0 – 17) not at risk of poverty but severely materially deprived and living in a (quasi-) jobless household	0.7	1.3
Children (0 – 17) neither at risk of poverty, nor severely materially deprived nor living in a (quasi-) jobless household	73.1	53.9
Children (0 – 17) suffering from 'only' one problem	16.8	23.5
Children (0 – 17) suffering from exactly two problems	7.4	13.1
Children (0 – 17) suffering from all three problems	2.7	9.4

Source: Eurostat, [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_pees04&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_pees04&lang=en), and <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

Finally, the EU can also be credited for insisting on extending the focus on poverty policies in Macedonia from cash to include also community-based services.

Notwithstanding the fact that 'EU pressure is not sufficient to transform informal institutions and behavioral practices' (Borzel, 2011; 13), it may still be argued that the EU accession process has provided additional sources of guidance and support towards a more comprehensive social policy orientation. More particularly, through the pre-accession instruments and processes, such as the former JIM exercise, as well as the Employment and Social Reform Program (ESRP), the EU is supporting more anticipatory, transparent and integrated social policy governance in the country. While such support is still not yielding the desired results, nonetheless it has encouraged more visible and straightforward political commitment towards comprehensive and integrated tackling of poverty and social exclusion.

### United Nations Sustainable Development Goals and poverty setting in Macedonia

The UN Sustainable Development Goals (SDGs—agreed in 2015) as well as the previous Millennium Development Goals (MDGs—agreed in 2000) offered national leaders an additional platform and further opportunities to commit to ending poverty. However, it is worth noting that the MDG of eradicating extreme poverty and hunger, and the official measure for its assessment on the global level (i.e. less than US \$1 a day) was not the most appropriate measure for the countries from the European continent. Also, the MDGs have been criticized as a retrenchment due to the 'focus on targeting the poorest of the poor' (Deacon, 2007; 77).

Adoption of the first National Report on the Millennium Development Goals (2005) came at the time when Macedonia was using the expenditure method for poverty calculation. Hence the poverty target for Macedonia to be achieved by 2015 was set at 9.5 percent, which was simply constructed as halving the poverty rate from 1997 (19 percent). Regardless of the fact that the poverty target might not have been carefully planned and developed, it is important to note that this was the first document in which there was a quantified goal to reduce poverty. Previous documents, such as the National Strategy for Economic Development of Macedonia (1997), as well as the National Strategy for Poverty Reduction in the Republic of Macedonia (2002) did not identify a national poverty target, according to which progress could have been planned and measured. The second National Report on Progress towards the Millennium Development Goals (2009) acknowledged the shortcomings in the setting of the poverty target in 2005, and recommended a redefinition 'at an ambitious, but achievable level' (UNDP, 2009; 24). Due to the change in poverty measurement methodology, progress towards achievement of the national MDG target is not possible. Although poverty has not been halved, it did decline by 5.5 percentage points in the period 2010 – 2015.

The United Nations Development Programme (UNDP) is the UN Agency with the mandate on a global level to monitor the progress towards the achievement of the Millennium Development Goals. Yet, the UNDP country office in Macedonia has not succeeded in pushing this agenda more vigorously on the national level. While the UNDP country office was more successful in relation to self-employment and activation

support of Governmental policies, they have not been as visibly successful with their poverty and social inclusion portfolio.

The SDGs, agreed in 2015 and due to be achieved by 2030, enhance the previous MDG framework by adding more goals and targets. Deacon and St. Clair (2015) noted that, in relation to poverty, the most important addition relevant for the policy context may be SDG target 1.3: 'Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable' (UN, 2015). This explicitly provides a number of opportunities for restructuring the social protection system, including the introduction of the national adjusted basic income, accompanied with social protection support.

The first phase of national consultations related to the SDGs has resulted in a Report on 'Gap Analysis in Addressing the Sustainable Development Goals into the National Strategic Documents of the Republic of Macedonia.' This preliminary document (November 2016) indicates that the 'SDG targets 1.2; 1.3; 1.4 and 1.5 are a priority, while the SDG target 1.1 needs localization of the global indicators' (Government of Republic of Macedonia, 2016; 6).

However, this preliminary document does not provide data related to allocated resources for achieving the identified challenges and targets, nor do any other publicly available documents. Analysis undertaken by Chongcharoentanawat et al. (2016) for five low and lower-middle income countries from Asia, Africa and Latin America, show that budget implications for achieving the SDGs in the areas of income poverty, health and education will have a different magnitude in different countries. In addition, they find that, 'high expenditure does not equal high outcomes, as efficiency also plays an important role' (2016; 19).

Overall, the UN strategic framework for poverty reduction through the MDGs has been beneficial for Macedonia in relation to advocating and pushing forward a measurable target of the poverty policy. The renewed SDG agenda, particularly SDG 1.3, provides additional external impetus for instigating much needed restructuring of the traditional social protection system in Macedonia, along the principles of ensuring adequate incomes and integrated social service provision.

## CONCLUSIONS

The case of Macedonia shows that IGOs have a significant contribution to make towards promoting, incentivizing and supporting instruments, measurements and goal-setting for countries to tackle poverty and social exclusion. In countries where the welfare state does not have a strong tradition, and where economic conditions are limited, initiatives coming from IGOs related to social measurement and target-setting encourage more measurable and accountable social policy making. On the basis of this, we can identify an additional form or dimension of global social policy making, a 'global social measurement,' that is complementary with the other three global social policy mechanisms identified by Deacon—regulation, redistribution and rights (Deacon with Hulse and Stubbs, 1997; Deacon, 2000).

On the whole, national approaches to tackling poverty and social exclusion in Macedonia have failed to prioritize identified poverty profiles, and have been unsuccessful in making the welfare system more effective in tackling poverty. Lack of clear poverty priorities and goals led towards the adoption of instruments offered by the IGOs that were not of highest priority for tackling poverty, nor did these instruments have much identified impact on poverty. The main factors that have contributed towards the lack of success of different IGO instruments in improving poverty trends in the country could be described as their limited coverage and design, low benefit level, the lack of integration with the general social protection scheme, a lack of enforcement on the national level, as well as the fact that most of them are partial solutions. Therefore, countries with higher poverty rates require a policy of prioritization of the most impoverished categories, rather than sustaining generic or non-integrated poverty instruments.

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