

MULTIDIMENSIONAL ANALYSIS OF RURAL POVERTY IN NORTH MACEDONIA

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ABSTRACT

The purpose of this paper is to provide an overview of the various aspects that address and shape poverty in rural areas in the Republic of North Macedonia. Applying the "Multidimensional Tool for Poverty Analysis" approach supports understanding multiple deprivations and how different power relations, structures, conditions, and issues coincide to keep people in poverty. The model identifies four interrelated dimensions of poverty representing the internal factors such as resources, opportunities and choice, power and voice, and human security. In addition, external factors were analyzed representing the development context such as political and institutional, economic and social, environmental, and conflict and peaceful contexts. Primary and secondary data sources are used for the analysis. Field research (survey) is a new approach that complements and upgrades data from secondary sources that have so far been the basis of analyzes of this kind. The survey covered 103 households that predominantly live in rural areas, or around 76% of the total sample, while the remaining part of the sample is a control group, and those are households living in urban areas. The data triangulation aims to give a clearer picture of the problems and challenges posed by poverty in rural and urban areas and identifies the discrepancies in the living conditions between the rural and urban areas, as well as the most vulnerable groups living on the edge of poverty, etc., which should be supported by the future policies with targeted measures.

Key words: deprivations, vulnerable, MTPA, policies.

INTRODUCTION

Poverty is a worldwide global trend. According to the World Bank, about 9.2% of the world (689 million people), live in extreme poverty with less than 1.90 USD/day. About 1.3 billion people in 107 developing countries (22% of the world's population) live in multidimensional poverty. The EU is not spared from this phenomenon either, with 96.5 million people in the EU at risk of poverty or social exclusion, representing 21.9% of the EU population. An additional 119–124 million people were pushed back into extreme poverty in 2020 due to the COVID-19 pandemic, even though the projected global poverty rate by 2030 is 7%.

Children and youth make up two-thirds of the world's poor, and women represent the majority of this population in most regions. Around 644 million children face multidimensional poverty, and about 70% of people over the age of 15 living in extreme poverty have no access to education or have only primary education.

According to the World Population Review (2020), the countries of the Western Balkans are on the list of the ten poorest countries in Europe. With 5,888 USD per capita, North Macedonia is ranked 6th, with about 450,000 of the population of North Macedonia (21.5%) suffering from some kind of poverty. More than 9.1% of the population lives on less than 2

USD a day, and this situation is one of the main reasons why 600,000 citizens emigrated from the country.

The analysis in this paper is based on the multidimensional poverty analysis tool developed by the Swedish International Cooperation Agency (SIDA). The tool has been used as a basis for the development of a large number of strategies of international organizations in the area of their intervention to fight against poverty and in describing the multilayers of poverty in North Macedonia.

Primary and secondary sources of data were used for the purpose of analysis in identifying the development context of multidimensional poverty in the country (the political and institutional context, the economic and social context, the context of life environment, as well as conflict situations and peace). In order to go deeper into the essence of the problem of poverty, in the second phase of the research, field data collection was approached in order to identify the four dimensions of multidimensional poverty, i.e. access to resources, opportunities and choices, the power and voice of the population, as well as the human security.

MATERIALS AND METHODS

The analytical Tool for Multidimensional Poverty includes four dimensions of poverty (in accordance to We Effect Program Instructions):

RESOURCES – not having access to, or control over, the resources that are necessary to maintain a dignified standard of living and improve life. Resources can be tangible and intangible – for example, decent income, capital, access to education/training, having professional skills, being healthy, time and leisure, social and family networks, marital status, etc.

OPPORTUNITIES and CHOICE – the ability to develop and/or use resources to escape poverty. Access to, for example, social services (including the availability of services), infrastructure, capital, land, social status, or access to natural resources, affects opportunities and choices.

POWER AND VOICE – the opportunity for people to express their concerns, needs, and rights in an informed manner, and to participate in decision-making on matters that are of their interest. Power is a relational concept that allows us to better understand sociocultural hierarchies and relationships, with gender being one such concept, including, for example, age, class, religion, ethnicity, race/colour, ability/disability, and sexual identity. The strengthening of those forms of discrimination that are based on such economic and socio-cultural relations can, in this sense, increase the poverty of the individual.

HUMAN SECURITY – violence and insecurity limit the ability of individuals and groups to enjoy their human rights and find a way out of poverty.

Development context (outer circle):

- The **POLITICAL AND INSTITUTIONAL CONTEXT** includes formal institutions, rule of law, and human rights, but also social norms and informal institutions and power structures.

- **ECONOMIC AND SOCIAL CONTEXT** includes market development, value chain, market access, Land Law, micro-finance (including housing finance), insurance, and rural demographic development.

- The **ENVIRONMENTAL CONTEXT** includes the impact of climate change (current and future), management of natural resources, water, and waste management.

- The context of **CONFLICTS AND PEACE** includes social tensions, fragility, crime and violence, and the internal and external security situation, which are related to conflicts, but also to economic development and justice.

Data sources and data collection - Primary and secondary sources of data are used for the purpose of analysis. Data collection took place in two stages. In the first phase, the secondary

sources of data (statistical data, reports, studies, websites, etc.) were reviewed, and this resulted in identifying the development context of multidimensional poverty in the country (the political and institutional context, the economic and social context, the context of life environment, as well as conflict situations and peace). In order to go deeper into the essence of the problem of poverty, in the second phase of the research, field data collection was approached in order to identify the four dimensions of multidimensional poverty, i.e. access to resources, opportunities and choices, the power and voice of the population, as well as the human security.

The field research was conducted by a survey of the population from the rural and urban municipalities in the country in order to provide comparative analyses. The target group included in the survey is mostly the population engaged in agricultural production, although part of the sample includes exceptions in order to have a diversified comparison. The sample included 103 households, which are spread out in 25 cities and 78 villages across the country, in all eight planning regions in the country, and in 37 municipalities (of which 24.3% are urban municipalities, while the rest are rural municipalities), 15 cities and 56 villages (of which 62.8% belong to urban municipalities and the rest to rural municipalities). The largest part of the sample (75.7%) or 78 households belongs to the rural population, while the rest consists of households living in urban areas. When choosing the sample, attention was paid to a balanced gender representation of the respondents in order to determine the similarities and differences in gender perspectives on poverty rates. The selection of the sample and the survey was conducted by the National Federation of Farmers (NFF) in the period from February 1 to 15, 2022. The questionnaire was available in electronic form (Microsoft Forms Office 365) to avoid possible errors during data entry by the respondents, as well as to simplify the creation of the database.

The questionnaire was prepared by the experts in consultation with the NFF. The questionnaire is structured by a closed type of questions in order to obtain specific answers from the respondents. The questions are composed by offering a choice of options of several possible answers. In some cases, where it is necessary to evaluate a certain dimension of poverty, questions with a Likert scale ranging from 1 to 5 are also included. Some of the questions have a binomial character (ie "YES=1" and "NO= 0") to simplify the questionnaire. The questionnaire mostly contains descriptive data, due to the qualitative nature of the analysis. Accordingly, the first part of the questionnaire consists of a general part, which describes the respondent and the household, and the remaining parts refer to the different dimensions of multidimensional poverty. For example, the second part of the questionnaire seeks to describe the sample's access to resources, the third part – the level of education and access to education, the fourth part – to access to health services, the fifth part – household income and access to capital, and the sixth part – access to information and social capital.

The results obtained from the field research (survey) are entered into a pre-prepared electronic database, and then appropriately processed, mostly with descriptive statistical methods, and where necessary, with more advanced statistical methods. Different descriptive methods have been used depending on the nature of the variables, ie whether they are numerical, qualitative, or ordinal. These results provide an overview of the inner circle of the multidimensional poverty analysis tool in the Republic of North Macedonia, namely access to resources, opportunities, and choices, the power and voice of the population, as well as human security. During the analysis of the data, special emphasis was placed on strata in relation to gender in order for the analysis to be inclusive and comprehensive.

DEVELOPMENT CONTEXT - DEMOGRAPHIC DEVELOPMENT IN RURAL AREAS

Rural areas in North Macedonia cover about 88.7% of the territory, with 47.5% of the total population. The agricultural sector is characterized by small agricultural households with

diverse production, half of which are smaller than 1 ha. Larger farms (agricultural companies) represent about 1% of the total agricultural population and process about 10% of total arable land. About 80% of agricultural land is private, while the remaining 20% is state-owned. Agricultural statistics are partially harmonized with EU law. The state survey on the farm structure was delayed due to Kovid-19. The agricultural land market is not sufficiently functional and there are no dynamics in the supply (Martinovska Stojceska et al. 2021).

Access to resources and opportunities for economic and social strengthening between men and women in rural areas is limited, so the number of women holders of economies within the total number of farmers is only 10.4%, and only 12.01% of women are landowners, with low participation in the decision-making process relevant to the production activities. Due to the unfavorable position of women as a stake in the workforce and in terms of family income, young women in rural areas often do not see their future in agriculture and are ready to stay in rural areas only if they are able to get another type of employment (MAFWE, 2021).

A trend in rural areas is a strong emigration that has been particularly evident in recent years. About 50 % of the rural population is active in the rural labor markets, with higher employment rates (70 %) observed for the rural male population. The unemployment rate has declined in the male population in recent years, while it remains almost unchanged in the female population. Improving access to markets for women farmers should remain a major focus on agricultural policies. Initial progress has been made in gender-responsible budgeting, although much work to achieve more important results on this issue. In the first phase, 250 women farmers received financial support to expand their businesses under the new measure 115 (support for an active female member of the agricultural house) in the Rural Development Program (UN Women, 2021). The number of agricultural cooperatives is still very small and is 63 registered, of which 45 active agricultural cooperatives with 615 members throughout the country. The role of women in agricultural cooperatives is still weak and further support for the inclusion of young farmers and women in agricultural cooperatives.

According to the State Statistical Office, an average of 45% of the total number of employees in the country (342,474) are employed in rural areas for the period 2017 - 2019. Of these, 19% are self-employed and 12% are unpaid family labor. Rural women are the least active in the labor market, especially women in the age category of 40-59 years. This high percentage stems from most of their home, child care, care for the elderly, and other home responsibilities that are unpaid labor. Even when a woman's work labor is paid, they earn only 33% of what men earn in the same sector. In 2020 there were 175,088 registered agricultural businessmen in the only register of agricultural holdings. Of these, 38,328 were registered women as carriers of agricultural holdings. Only 5% of women from rural areas are property owners, leading to a situation where the entrepreneur woman is limited to possessing means of running and developing their own business. According to the publication "The position of the rural women in Macedonian society" developed as part of the project "Response to the Socio-Economic Effects of Kovid-19 through the support of vulnerable groups of low-paid workers, workers who are part of the informal economy and temporary employees, workers. Since 2021, the rural population has been deprived of many benefits to the population in urban areas in many respects. Thus, 36% of those living in rural areas face a problem with access to banking services, 24% access to staff services, and 20% access to cultural facilities. Basic transport services are not available or hard to access for 22% of the population in rural areas. Public transport is more accessible in the lowland rural areas and used by women, but due to road transport restrictions they are at a very disadvantage because they are experiencing limited mobility – doctor visits alone, children to the nearest kindergartens, visit the Centers for Social Protection to exercise social rights, or the Employment Agency to seek work and be regularly informed, etc. The need to improve the road network in rural areas is highlighted as a high priority, both in the lowland villages (51%) and in mountain villages (54%) (NPFE, 2021).

RESULTS

Levels of poverty in the country - Sample perspective

Most of the sample (or 83% of respondents) believes that the level of poverty in the country has increased in the last five years. In the last five years, about 48% of the sample experienced an event that led to a reduction in household living standards, and about 39% of them believe that the next five years await an event that will reduce their standard of living. However, most of the sample (or 68% of respondents) believe their household is not at risk of falling into poverty. Most of the sample (or 30% of respondents) believe that poverty in the country is the result of a large number of injustices in our society, and 13% of them believe that poverty in our country is due to laziness. In most of the sample, respondents felt isolated and cut off from society because of the work commitments and inaccessibility of state services, while other reasons listed as part of the survey are listed as secondary (for example, child care responsibilities, other obligations for Care, lack of their own transportation, unavailable or expensive public transport, problems with physical access, lack of friends or family, sexism, racism, homophobia, disability-related discrimination). In general, there are no major differences between urban and rural areas in the perception of respondents regarding their assessment of household poverty levels. However, there are great differences in answers. About 50% of the sample thinks their household is slightly higher above the poverty line, and many consider them to be on the verge of existence, 41% of respondents living in the urban environment, and 36% of respondents living in a rural environment.

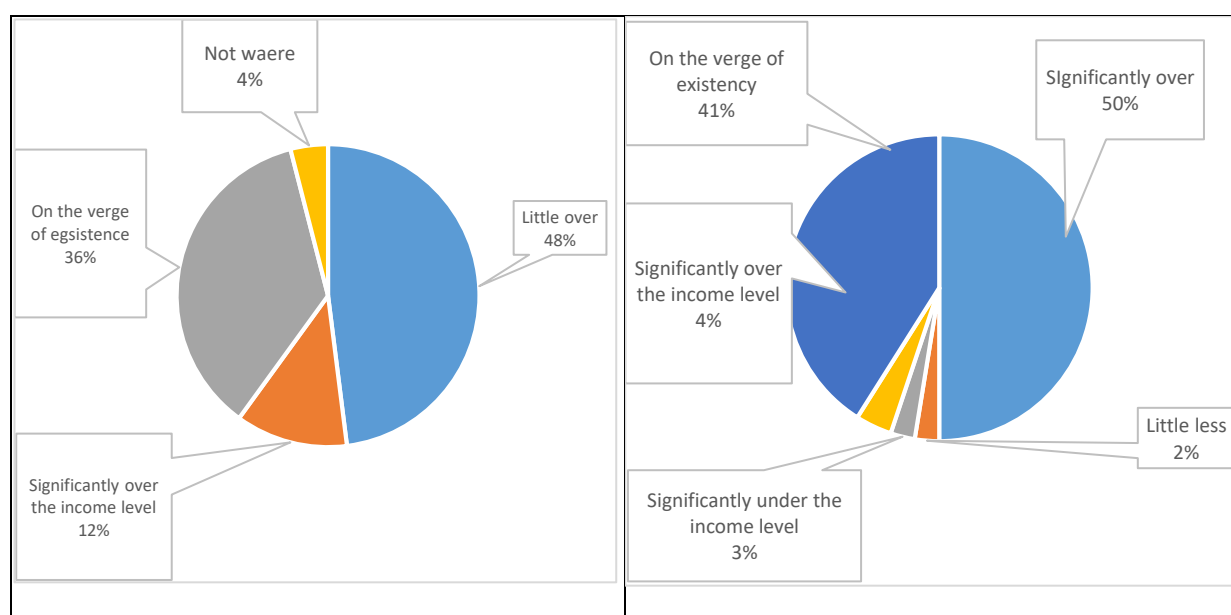


Figure 1. Perceptions of respondents on household poverty levels (urban areas - left; rural environment - right)

Access to resources

Access to Education - Primary and Secondary Education in the country is free and compulsory, but poor people and people of Roma nationality fall into the category of the population that often leaves further secondary and higher education. In addition, most of the illiterate population still lives in rural areas, which are also the most affected and have the highest degree of poverty. In 2015 (last data), the percentage of literacy among the country's population was 97.84% high (WorldLiteracy, 2022). Most of the sample has completed

secondary education whether he lives in a city or in a village. In rural areas, the percentage of respondents and their spouses who have completed only primary education is high

Access to kindergarten and primary education in rural areas is limited. According to the survey, more than 70% of households do not have access to kindergarten. Only 56% of settlements in rural areas have in their village of primary education until ninth grade, while others have only up to fifth grade or primary education in surrounding villages or cities. Of course, in most cases, the elementary school is 1 kilometer from the place of residence.

Access to Health Services – The health system of North Macedonia is comprehensive and allows every citizen to receive health care and intervention. The unemployed have covered health insurance by the Ministry of Health. However, the system has a lot of defense that is particularly reflected in people who face poverty are and socially excluded, before and during the Kovid-19 pandemic. Although health care is a universal right for all citizens, people who face poverty have problems with physical access or use of health institutions, especially those with secondary and tertiary health care. Since most health services cover primary health costs, it is necessary to set aside additional funds that often lack. Rural communities are one of the marginalized and most affected groups of the consequences of problems with the lack of regular physicians and health services in their immediate environment.

Respondents generally assessed their health as relatively well, although the percentage of women, especially those living in the village, who find their health to be not good (Table 1). Also, the percentage of inhabitants in the city than those living in the village, who find their health is very good.

Table 1. Health conditions of the respondents

Health evaluation	Total		Women		Man	
	City	Village	City	Village	City	Village
Very good	32%	5%	17%	3%	46%	8%
Relatively good	60%	78%	67%	74%	54%	83%
Not good	8%	17%	16%	24%	0%	9%

Asked how many times you have consulted a doctor screening or other preventive health services in the last 12 months, there has been a greater frequency of respondents from rural areas, in general at the expense of the male sample. Women's respondents, whether they live in a city or village, have generally consulted their health with a doctor, compared to their male respondents. Most of the respondents, nor the members of their families, face long-term, illness or disability (Table 2).

Table 2. Does the respondent or any of his household face some kind of long-term illness or disability?

Answer	Total		Women		Man	
	City	Village	City	City	Village	City
Yes, the respondent	8%	19%	8%	18%	8%	20%
Yes, a family member	12%	27%	0%	32%	22%	22%

No	76%	54%	92%	50%	62%	58%
No answer	4%	0%	0%	0%	8%	0%

Most of the respondents have not faced a problem in accessing basic medical services, although the percentage of respondents who face this problem is not small, (36% of those living in the city and 26% living in the countryside). Access to basic medical services is more limited to women, especially those living in the city (Table 3), although all respondents share the opinion that access to health services is equal for men and women.

Table 3. Did the respondents experience a problem accessing basic medical services?

Answer	Total		Women		Man	
	City	Village	City	City	Village	City
YES	36%	26%	50%	34%	23%	18%
NO	64%	73%	50%	66%	77%	80%
No answer	0%	1%	0%	0%	0%	2%

The nearest health facility is usually within a one-kilometer distance, but for a significant part (23%) of the rural sample, the nearest health facility is 10 or more kilometers from the settlement. Only 3% of respondents think that the nearest health facility does not offer all the basic medical services. Very small (22%) of the sample are able to set aside additional funds for medical services in private health institutions.

Revenue and Access to Capital - The basic occupation of the participants in the survey is agriculture, but some of the households do not deal with this activity which can provide additional household income. Households mainly provide revenue from different activities, including agricultural production. A similar situation on this issue arises in urban and rural areas. But in rural areas, the households that provide income exclusively from the agricultural activity are more than those households living in urban areas. In terms of poverty analysis, it should be borne in mind that the sample mainly provides low-paid occupations (besides agriculture, employment in factories, and state administration dominates). Only 18% of households obtain income exclusively from agriculture, while 28% of households do not provide income from agriculture at all. Those households which are actively involved in agriculture (76% of the sample), complement the income with subsidies (income support), i.e. 69% of the sample agricultural households.

Some of the households (i.e. 28% of the sample) have retirees, and in addition to the salaries of agricultural activity and salary, the household income is also supplemented by retirement. Only 12% of households receive care for disabled person allowance. About 9% of the sample are beneficiaries of social assistance and 4% of disability pension.

Only 5% of the sample uses credit. Poor loan indebtedness is not the result of household restrictions to use credit. About 94% of them said their household did not face restrictions on access to bank credit. However, over the past year, there were times when some households (about 10% of the sample) were forced to borrow money from other types of loan providers (excluding banks) to pay their daily costs. In those cases, they used fast loans, and a small part of them took loans from relatives and friends, while one case borrowed money from both an unlicensed person and one from a savings house.

Agriculture and access to markets - about 76% of households in the sample are involved in agricultural production. Most of them, i.e. 37%, are registered agricultural producers, 16% are unregistered producers, 11% are registered agricultural producers through the pension office, 7% are registered as individual agricultural producers, and 4% as agricultural enterprises (DOOEL, DOO etc.) (Table 4).

Table 4. Legal form of agricultural holdings

The legal form of the agricultural economy	Participation
Registered agricultural producer	37%
Agricultural Enterprise (DOOEL, DOO, etc.)	4%
Individual agricultural household	7%
Unregistered agricultural producer	16%
Registered agricultural producer through pension office	11%
No response or households not dealing with agriculture	26%

Male farmers are in most instances heads of agricultural households, which is observed in 56% of the sample, while in only 23% of cases, it is their female partners. The percentage of children (young farm heirs) that holds the economy is extremely small.

Most of the agricultural holdings, or 19% of them, generate only 30% of the income from agriculture. About 16% of them generate less than 30% of agricultural income, 11% generate 40-50% of agricultural income, and 17% of them generate 100% of their income from agriculture. More than 60% of the sample generates more than 1,300,000 MKD annual income.

The state of the road infrastructure to the nearest purchase of agricultural products is largely evaluated as neither good nor bad. About 16% of the sample think the road network is good and 11% think it is bad. The buy-out centers are generally very close to the settlements, but it should be borne in mind that in 12% of the sample, the nearest buyer is 10 or more kilometers from the household. The sample is divided regarding the problem of purchasing agricultural products, but they are generally not satisfied with the realized profit margins, so more than 50% of respondents believe that agriculture does not provide any household survival and that they need additional income to survive.

Access to Information and Social Capital - Regional units of the Ministry of Agriculture, Forestry and Water Economy as well as the National Agency for Agriculture (NEA) which is operating throughout the country and is located in 30 cities, with headquarters in Bitola and 44 dispersed offices throughout the rural areas.

About 34% of the sample indicated that the nearest MAFWE office and the NEA advisory agency are 10 and more kilometers from the settlement. At about 23% of the sample, the nearest MAFWE office and NEA advisory agency office are 3 or fewer kilometers from the settlement.

About 35% of households are members of agricultural associations, and only 6% are members of the cooperative. A total of 42 out of 103 households (or 41% of the sample) are members of an NGO Association. Social capital is low. More than half of the sample does not visit members of their wider family and friends, often because of illness and fatigue or due to lack of time as a result of paid work. Only 13% of the sample visits relatives and friends very often.

CONCLUSIONS

EU integration is still the main goal and comprehensive priority that supports the development goals of the Republic of North Macedonia. On this path, it will be necessary to continue regional cooperation and resolve long-standing disputes with neighbouring countries. The country is working hard to coordinate various political activities and establish relevant institutions and policies aligned with the EU. Gender structure in politics has improved significantly, but it is necessary to work on policies to improve career advancement and increase the share of women in middle and senior management. Developing comprehensive

strategies requires regular monitoring of the implementation of measures and policies, as well as the collection, analysis, and publication of gender-based data. It is also necessary to strengthen social cohesion through reforming social protection, a more effective system of services, and greater support to the institutions of the labor market, which underwent significant changes during the COVID-19 pandemic; It is necessary to develop certain mechanisms to improve the availability of labor, especially for qualified labor. It is important to continuously work on equal access and conditions for women (especially in rural areas). Overcoming gender stereotypes and discrimination in the labor market requires a well-developed legal framework for non-discrimination, as well as its effective implementation. Overcoming gender stereotypes in society and the economy requires a sustainable and comprehensive strategy that commits to the necessary investments to reduce gender inequalities and support economic growth in the long term. Gender-based violence remains one of the most significant manifestations of unequal gender relations and discrimination against women in the country, especially expressed in conditions such as those of the COVID-19 pandemic. Addressing the challenges created by current land management and registration of property rights to counter the detrimental consequences for rural development, income generation, and the environment. Focus on local authorities, their financing, incentives, and capacities, strengthening commitment to effective public delivery and good governance, ensuring access to sustainable and reliable energy supply, and dealing with excessive air pollution.

The opinion of the participants of the surveyed persons generally coincides with and confirms the data obtained from secondary sources. The feeling of the participants in the research is that the level of poverty in the country has increased in the last five years and that the situation will not improve in the near future. Although there is a relatively high level of insecurity, the majority of respondents do not consider that their household is not at risk of falling into poverty, but is slightly above the poverty line. A significant part considers that they are on the edge of existence. Poverty in the country is identified as arising from a large number of injustices in our society.

Although a high percentage of the surveyed persons are creditworthy, only 5% of the respondents stated that they were credit users. Agriculture does not represent a single and sufficient income for households, and men are still mostly the bearers of agricultural holdings. Access to secondary education is not a problem because it is mandatory, although in rural areas a significant percentage of respondents and their spouses who have completed only primary education can be observed. Most of the respondents did not face a problem in accessing basic medical services, and access to basic medical services is more limited for women, especially those who live in the city. All respondents share the opinion that access to health services is equal for men and women. Access to markets is rated as neither good nor bad, and access to information is relatively satisfactory. People feel isolated and cut off from society due to work responsibilities and the unavailability of state services, but also due to certain aspects related to human security. Social capital is still at a very low level, with very little trust in institutions and different types of associations. The COVID-19 pandemic, as well as the overburdening of work responsibilities, significantly affects the alienation of people even within the family.

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