

# NFR Statistics – Problems and Perspective in the Republic of Macedonia

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## 1. Introduction

It is now obvious that increasing inter-regional divergence in the transition economies is one of the main socio-economic problems. In the past decade, it was always the urban industrial sector (large-scale or SME) which was expected to be the real engine of economic growth in transition countries. There has been a move away from this stand point to new philosophy on more "broad-based" qualitative growth, where the development of the agricultural sector and the rural economy is gaining importance.

NFR economy is defined as being all those activities associated with wage work or self-employment in activities that are not directly derived from crop and livestock breeding, but are located in rural areas.

## 2. NFR Statistics in the Republic of Macedonia

The non-farm sector's importance for rural economic development in Macedonia is acknowledged in the sense that it could absorb labour from the agricultural sector, thus contribute to income growth and a more equitable distribution of income; and the need to promote enterprise activity in rural towns and villages as part of the pre-accession and reconstruction processes.

The rate of unemployment in the Republic is 34% and the rate of rural unemployment is little below that level. In the last decade, the share of agriculture in the GDP of the country is constant around 10% and the share of rural population is 40%. Most of the NFR economic activities in the Republic of Macedonia are distress-push, where distress-push factors play an important role in diversification strategy accepted by the rural population. Those livelihood-oriented activities provide an alternative or complementary source of income and employment to agriculture and help sustain the viability of the rural economy, and in so doing reduce rural-urban migration which results in excessive depopulation of distant and mountain areas.

Reliable statistical information about income data is scarce due to insufficiencies of the national statistical system. Unlike some other CEEC, the only available data on the structure of the income of agricultural holdings can be derived from regular censuses. However, that methodology is not appropriate for acquiring detailed information. In the forthcoming years, the Republic of Macedonia will have to present accurate data on farm income diversification in order to provide accurate data and to become eligible for financial support from EU funds.

The State Statistical Office should be the leader in performing statistical research in this area. There are several successive steps to be performed as follows:

- a) It is obvious that the Republic of Macedonia needs official territorial division according the NUTS. There is a draft version of the proposed division and it should be passed in the near future.
- b) In order to provide detailed data for farm income diversification from different sources (non-farm employment, self-employment, remittances, etc) special surveys have to be organized following FADN methodology, so they can be comparable to other countries.

However, there are some data available from the censuses and from surveys performed from independent institutions and researchers. These data are not very reliable due to the lack of

consistent methodological approach. Namely, the regions differ from one survey to other survey, the questionnaire is not standardized, definition of agricultural holding is not compatible with the EU definition and only descriptive statistics can be calculated.

In table1. data from all official statistical publications are used and some calculations were performed to get real picture of the structure of farm income. One can see that the variability of the structure is high, due to many external and internal shocks influencing agriculture as well as other sectors. These data coincide with the approximation that in the Balkans at least 30% of the rural households depend on non-farm income sources.

*Table 1. Structure of the farm income by type of agricultural holdings*

Income %	1996			1997			1998		
	Total	Pure agricultural holdings	Mixed agricultural holdings	Total	Pure agricultural holdings	Mixed agricultural holdings	Total	Pure agricultural holdings	Mixed agricultural holdings
Cash from agriculture	20	43	14	41	62	35	22	40	19
Natural consumption	18	27	15	21	22	22	18	27	18
Total from agricultural sector	38	70	31	62	84	57	40	67	37

The heterogeneity of the NFR sector enables little scope for general policy interventions. The support of NFR sectors has to rely on widening of the role of local government by institution building and transfer of some obligations of fund rising and distribution. SME development should be priority task for diversification of rural employment, especially in food processing industry.

## References

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## Résumé

La statistique non-fermette rurale (NFR) est très importante pour la Republique de la Macèdoine. Elee est necessaire de comprendre les possibilites de la diversification des revenus des menages agricoles. C’ est une clause pour le developpement rural autant la division territoriale du pays selon NUTS et les recherches statistiques, que sont compatibles au FADN. Les donnés seraient utilisé comme une base pour créer les mesures du developpement multi-fonctionnel rural et la diminution des disproportions dans le pays.