

Dear Madam/Sir,

I am enclosing to this letter CEA's comments to the draft strategy for the Republic of Macedonia, 2013.

Should you need more info we are ready to discuss further the document.

With best regards

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CEA comments to the EBRD draft Strategy for the Republic of Macedonia from 2013

1. Page 3 the text: "*The implementation of the Ohrid Framework Agreement, which ended the armed interethnic conflict in 2001, continues to support political stability in the country, highlighted by the multi-ethnic composition of the governing coalition*". We believe that the OFA is already implemented in the Constitution and in the legal system of the Republic Macedonia. The post OFA constitution brought to Macedonia: new momentum for the decentralization process, equitable representation of communities, establishment of a specific organ of consensus democracy (the council for inter-ethnic relations), use of additional official languages which were spoken by less than 20% of the population, and higher education for communities. The EBRD's Strategy should instead of this cliché sentence discuss more about the problems with the implementation of these post OFA novelties within the context of this strategy.
2. The same comment for the 4th paragraph on page 28. The so called "...spirit of OFA.." is a meaningless. The sentence that "*The authorities remain committed to the spirit of the Ohrid Framework Agreement (OFA)*" should be: "*The authorities should be committed to the implementation of the post OFA legislation and Constitution*". We believe that authorities worldwide are committed to the legal system of the countries and not spirits of tribal contracts.
3. Page 10 last sentence: "*The expired in January 2013.*"; not clear sentence. Probably typo.
4. Page 19 Advancing regional integration. We believe that "*The Bank*" should work with the NGO/CSO also to "*help improve transport networks, thereby facilitating greater cross-border trade and investment.*"
5. Page 21 on Policy dialog. We believe that policy related consultations with the NGO/CSO can also contribute to improve investment climate and competition issues. CEA have prepared a lot of studies and research especially in PPPs for municipal sector and is currently working to help agriculture business improve their access to finances.
6. Second paragraph page 29. The main opposition political party's MPs were kicked out of the Parliament by force. The EBRD's strategy in its political annex should be correct and neutral and should present all the main facts behind the "controversy" of the political crisis as EBRD says.
7. Similarly, the sentence "*However, at the end of 2012 the main opposition political party initiated a boycott of the Parliament, in protest over the formulation of the 2013 budget.*" Does not present all the facts. Opposition MPs were kicked out of the Parliament and maybe the boycott is because of that.
8. Page 29: Pluralism in the media, which operate freely and without censorship, has increased overall in recent years. **Our comment:** In 2012 pluralism in media decreased and at the same time censorship increased. In 2013 Press Freedom Index report, from Reporters Without Borders, Macedonia (116th) has also fallen 22 places following the arbitrary withdrawal of media licenses and deterioration

in the environment for journalists, with records of judicial harassment based on often inappropriate legislation, the lack of access to public data, physical and psychological violence against those who work in news and information, official and private advertising markets used as a tool, the grey economy's hold over vital parts of the media.

9. Page 32: In 2011, the SCPC received 267 complaints of corruption, which was 40 per cent less than in 2010. There were 125 convictions in 2011, and the sentences were in general stricter than in the past. However, only a handful of high-level corruption cases were prosecuted, and most all of them have remained in the court system for years, having been returned for retrial following the appeals. **Our Comment:** It is important to be taken in consideration that in 2011 and 2012 SCPC has not initiated any top or high-level corruption case. See more in: "*Is the Anticorruption Model Delivering Results in Macedonia? - Key Factors that Make a Model Successful*," Institute for Democracy Societas Civilis – Skopje IDSCS). February 2013.
10. Page 37. In relation to the Hernando de Soto's work, in Macedonia we do not believe that the Agribusiness can have a medium market structure if the Real estate sector have Large remaining challenges. This is a fact in Macedonia that you already recognize latter in the text. These two we believe should be aligned.
11. Page 39. Water and wastewater was always a municipal matter even in Yugoslavia. The sentence that these are transferred from central government is not correct.
12. Page 43 second paragraph. EBRD should mention that the Governor of the NBRM is sending signals for more consolidation of the banking sector in Macedonia. The Governor stated this couple of times in public.
13. The constitutional name of the country is Republic of Macedonia

Prepared by CEA Team.