

# Center for Economic Analyses

CEA Newsletter 2013



Dear Madam/Sir,

This year Center for Economic Analyses - CEA is celebrating 10 years of its foundation. During this 10 years period we were committed to using our capacities, intellectual and other, to support enabling environment for higher investment, accelerated development and growth of Macedonian economy and strengthening civil society, social capital and trust. We sustained the many challenges coming from the lower democratic capacity in our country but due to our dedication and persistence we believe that CEA members maintained the level of excellence and continued to keep CEA as professional institution that stimulate public policy discussions.

CEA's efforts with regard to design, development, and advocacy for better fiscal transparency will contribute to better public finance system and increased accountability at the executive power and eventually to increased participation of citizens in decision making and ultimately better business environment.

CEA has already been contracted not only by the central government but by the local Macedonian governments as well to provide support in key areas, including fiscal decentralization, economic analysis, and assistance in filling out the EU questionnaire. We contribute to the public private dialog by providing assistance in PPP feasibility studies, tender documentations and PPP contracts as well. In addition to working extensively in Macedonia, CEA has also worked on a regional and global level.

We sincerely hope that CEA will meet our client's expectations and lead to successful implementation of the projects that we will conduct in Macedonian society and outside of Macedonia as well. My associates and I strongly believe that our researchers will deliver timely, high-quality, policy-relevant analyses. We believe we are the right team to achieve this goal and the goal for more efficient public sector, because our experience and present occupation have been and it is heavily focused on this actual topic.

We would be pleased to provide at your convenience further information to clarify or deepen the scope of our work.

Sincerely,

Marjan Nikolov  
President of CEA

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## Fiscal Transparency

### Enhancing Transparency and Accountability through Performance Budgeting

In 2013, CEA in partnership with IDSCS (Institute for Democracy “Societas Civilis”-Skopje) developed project application that is approved form European Commission. Project title is Enhancing Transparency and Accountability through Performance Budgeting, financed by European Instrument for Democracy and Human Rights (EIDHR). Project is designed to result in increased public awareness on how budget users spend public money in delivering public services to citizens. The action is envisaged to be implemented in a period of 12 months as necessary and sufficient timeframe to implement the proposed set of activities. The implementation of the project will start at the beginning of the next year.

### Citizens' Budget of Republic of Macedonia

CEA developed the first Citizens' Budget of Republic of Macedonia for 2013. We analyzed key documents concerning the citizens' budget and afterwards we conducted interviews with CSO representatives and realized three focus groups in Prilep, Suto Orizari and Tetovo for determining the structure and content of the citizens' budget. Citizens' Budget of RM for 2013 is developed. Printed in 3000 copies and distributed through the weekly magazine “Kapital”. Electronic version published on CEA's web site [www.cea.org.mk](http://www.cea.org.mk) and the CEA web portal [www.mkbudget.org](http://www.mkbudget.org).

### Public discussion “Fiscal transparency, fiscal future and economic growth” together with IMF

CEA in partnership with the IMF organized public discussion “Fiscal transparency, fiscal future and economic growth” and presentation of the Citizens' Budget of Republic of Macedonia for 2013. As a part of the advocacy activities, CEA initiated cooperation with twining project in the Ministry of Finance for introducing Citizens budget as part of the budgetary process and official letter was submitted to the Minister of finance Mr Zoran Stavreski.

### Training for the journalists about fiscal transparency and budget process

CEA and Association of Journalist in Macedonia, work together to increase the capacity of journalists on the need for greater fiscal transparency and using [www.mkbudget.org](http://www.mkbudget.org) in their journalistic research..



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## Fiscal transparency



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### Coalition for budget monitoring

CEA in partnership with Forum CSRD (Center for strategic research and documentation) developed project application about “Coalition for budget monitoring” which would be financed by European Commission, IPA Civil Society Facility (CSF) Programme 2012-2013. Both organizations will start the project implementation at the beginning of the next year. The overall objective of the project is to enhance the transparency of municipal budgeting in the Republic of Macedonia with inclusion of civil society representatives in decision making process and to encourage citizens to control public expenditures. The action is designed to result in empowered watchdog activities over public expenditures in municipalities in order to disable the abuse of public money.

OBI Score Macedonia

Document	Macedonia	Publication Status
Pre-Budget Statement	E	Not Produced
Executive's Budget Proposal	C	Published
Enacted Budget	B	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Published
Year-End Report	D	Published
Audit Report	A	Published

### Good governance through better fiscal transparency

In 2013 CEA received a grant from SlovakAid for implementation of the project: Good governance through better fiscal transparency. The main motive for this project are the incidents that happened on the 24th of December 2012 during the promulgation of the Budget of Republic of Macedonia when the representatives from the opposition and the journalist were violently taken out of the Parliament of Republic of Macedonia and the State Budget was promulgated only with the representatives from the Government. So using the recommendations from the Commission that was formed to clear out what happened on the disputed date, world's best practices and expert's knowledge in this area we'll make recommendations how to overcome these issues and improve the fiscal transparency and accountability of the Government in Republic of Macedonia.



### Amending the Law on the Budget and Rulebook of the Parliament

In 2013 CEA was invited by **NDI** for advocating legislative initiative “Amending the Law on the Budget and Rulebook of the Parliament”. The main goal of the initiative is implementing an efficient and effective budget process and increasing accountability of the executive power.

Also, Marjan Nikolov was invited twice by NDI to **organize trainings for the Iraqi and Kurdish MPs on financial scrutiny and budget analysis of education budget plan for 2014**. The trainings were successful and Marjan was also invited to give a series of trainings in Libya on PFM and decentralization. The training in Libya was postponed due to security reasons.



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## Socio – economics

### Consensus in Macedonian economic policy making

CEA developed a study about Consensus in Macedonian economic policy making. The study is consisted of a review of Macedonia's economic performance during the transition period (transitional EBRD indicators in comparison with peer countries, inequality, life satisfaction, poverty, monetary and fiscal policies, public debt unemployment etc.), analysis of the structure of the political parties in Macedonia, analysis of the economic part of the programs from the political parties, calculation of ISEW. For promotion of the study was organized public presentation.

Publishing two books by CEAs Senior Economist Borce Trenovski PhD:

### “The key macroeconomic policies in terms of global economic crisis”

This book is focused on economic theory, economic practice and designing economic policy (especially fiscal and monetary policy), in the context of the challenges imposed by the contemporary economic crisis. The main goal of this book is firstly, to reveal the causes, the transmission and the consequences of the global economic crisis, and secondly, to offer lessons for designing optimal macroeconomic policies that will answer successfully similar challenges in the future (USA, EU, developing countries).

### “Crating optimal macroeconomic policy in Macedonia in terms of global economic crisis”

The second book (printing of this book is supported by OSI TTF) gives special attention to the transmission of the global economic crisis, the economic policies' response, their interactions and efficiency in the Republic of Macedonia, in order to provide concrete recommendations for creation of optimal macroeconomic policies in the future .



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## Agro-economics

### Agricultural credit discount fund, agribusiness support credit line in Macedonia

The main objective of this study is to emphasize the importance of creating special governmental refinancing institutions targeted towards strategic economic sectors. Such institution in Macedonia is the Agricultural Credit Discount Fund, a separate unit within the Macedonian Bank for Development Promotion that administers a credit line meant to support the agribusinesses. The ACDF modus operandi is a guideline to every similar potential fund, having in mind that it creates prerequisites of sustainable financial investments and substantial growth. In partnership with Federation of Farmers of RM was organized public discussion for promotion of the Study. After the public presentation of the Study, Deputy Prime Minister for Economic Affairs, Vladimir Peshevski initiated follow up study. After working meeting with the cabinet of the Deputy Prime Minister for Economic Affairs, Vladimir Peshevski-Mr Blagoja Mukanov, CEA prepared ToR for the potential study.

### Research for improvement of efficiency and effectiveness in the allocation of funds from the IPARD Program

CEA developed study about enhancing effectiveness and efficiency of the EU's Instrument for Pre-accession Assistance for Rural Development – IPARD and the Agency for Financial Support of the Agriculture and Rural Development. Based on the situation on the field and experience in the peer countries we developed concrete recommendations for more effective and efficient allocation of the funds from the IPARD. Results of the study were promoted on a public discussion on which were invited all relevant stakeholders. After public presentation, for direct promotion and discussion about findings and recommendations we organized working meeting with the Director of the Agency for Financial Support of the Agriculture and Rural Development.

### Review of the development of agriculture in Macedonia in the last ten years

CEA conducted research in agriculture, in order to see its development over the last ten years, to detect the major problems facing the sector, and to make recommendations to overcome them. During the research was developed a case study with a farmer from Macedonia, to approach the public the real situation of agriculture at the moment. The research was supported by the Think Tank Fund of Budapest.



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## Regional and local development

CEA developed **Strategy for local economic development of the Municipality of Gazi Baba**. Together with the strategy were prepared an action plan for implementation of it, strategy for rural development and fiscal estimation.

CEA developed **Strategy for local economic development of the Municipality of Berovo**. In addition to the strategy were prepared an action plan for implementation of it and fiscal estimation.

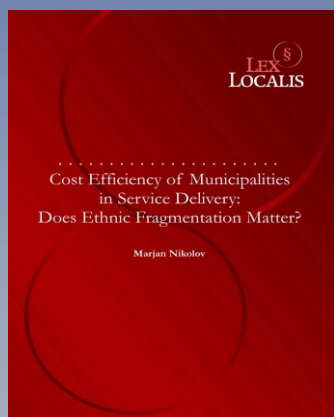
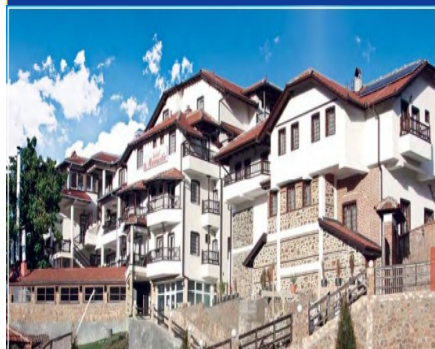
For Municipality of Bitola was developed study for **Public Private Partnership about development of air shooting indoor sport complex**

CEA developed **Feasibility study for industrial zone-Gazi Baba** in Skopje region. Study is giving overview about: environmental and legal aspects, tackling poverty and unemployment, strategic issues of the industrial zone, economic and financial analysis and regional competitiveness.

In 2013 CEA started working in the area of tourism development, developing: **Strategic Planning Approach to Developing, Marketing and Delivering Mariovo as a Sustainable Tourism Destination**. The objectives of the study were to: a) assess Mariovo as a potential tourism destination; b) suggest a mission, positioning, strategy and marketing mix to develop and establish Mariovo as a *sustainable* tourism destination; and, c) provide a *realistic* short-term action plan to get the process started. The study will be an important project management and reporting tool to the team in charge of implementing the plan as it keeps a stakeholder group informed on progress. It will also pinpoint to "corrections" if needed.

Marjan Nikolov published the book:  
**Cost Efficiency of Municipalities in Service Delivery:  
Does Ethnic Fragmentation Matter?**

Driven by the Ohrid Framework Agreement (OFA), decentralization in Macedonia is a policy choice for spurring national cohesion rather than an economic instrument for the more efficient delivery of services. The OFA resulted in a new Macedonian Constitution with policies related to the decentralization process and equitable representation of communities. This book aims first to estimate the spending efficiency of Macedonian municipalities in service delivery from their own resources and, second, to ascertain the determinants of that efficiency. The ethnic fragmentation of municipalities is taken into account as a possible determinant of efficiency, which represents a novelty in such types of studies. We employ the DEA-VRS, Kernel and SFA estimation techniques to control for the robustness of our estimates.



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## Current economic trends



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### CEA Journal of Economics

From 2012 CEA Journal of Economics become international journal, indexed in EBSCO and EconLit databases of journals. With this journal we created an economic forum where economists can practice technical quantitative and qualitative analyses of economic problems and to enrich the public debate on economic issues in Macedonia.

### CEA Quarterly Economic Reports

These quarterly report provides an analysis of recent macroeconomic trends and gives a short-term forecasts based on official statistics of industrial output, GDP, labor market, foreign trade, monetary policy and fiscal policy. Information in the report are tailored to the needs of the public sector, business community, national and international financial institutions, international organizations and academic community as an unbiased and reliable source.

### CEA Monthly Economic Reports

Developing monthly monitoring information for the Macedonian economy is more than necessary. CEA's monthly economic reports are valuable input for making decisions in institutions and companies.

### EBRD strategy for Macedonia

CEA was invited by EBRD office in Skopje, to take part in the consultation process for the new EBRD's strategy for Macedonia. After reviewing the Strategy CEA developed comments for improving the final document of the new EBRD strategy for Republic of Macedonia. Comments can be found on the following link:

[http://www.ebrd.com/downloads/country/strategy\\_macedonia\\_comments.pdf](http://www.ebrd.com/downloads/country/strategy_macedonia_comments.pdf)

## CEA's Internship Program

### Interning at CEA is an extremely rewarding, educational and valuable experience

Internship at CEA provides value in at least three dimensions: knowledge building, policy research and writing and communication and team work experience. It offers an incredible amount of theoretical knowledge of economics, computer science, political science etc, but it also provides an incredible amount of new skills and abilities, while at the same time honing the existing ones in.

In general, working at CEA represents a great pleasure and an opportunity to meet and work with incredible people who are truly passionate about what they do. CEA creates a close, hard-working and enthusiastic environment for work, where interns are encircled by passionate, motivated people who want to make a difference and share the same goals and visions for Macedonia and its economy.



### Interns in 2013:

-Milica Hadzievska,

-Maja Bashova,

-Vladimir Milanovic

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## Our partners:



December,  
2013