

Center for Economic Analyses

Newsletter 2014



Dear all,

As we look toward 2015 with enthusiasm, we wanted to look back at what we achieved in 2014 and share what's coming.

During the past 2014, Center for Economic Analyses (CEA) mission remained the same and continued on working to accomplishing it and its goals of providing quality policy analyses and the support for viable economic policy in Macedonia in order to foster an environment that brings about higher economic development and strengthen civil society. Why? Because the level of accountability and transparency keeps being on an unsatisfactory level, keeping too many potential benefits and advantages untapped. CEA simply cannot accept that non-responsiveness and passiveness when there is so many activities to be undertaken to enhance the creation of an environment for higher economic development.

CEA's efforts with regards to design, development, and implementation of better fiscal transparency will contribute to increased accountability and increased participation of citizens in decision-making and in that direction had successful and visible results in the past year through significant number of effort and activities.

We would like to believe that part of the increased transparency and accountability activities undertaken by the public policy makers and public expenditure users are a result of our activities and efforts and others will be yet considered based on the analyses and recommendations provided.

CEA in the coming period will continue to work on the issue of empowering citizens through participation for increased transparency and accountability for better fiscal policies, both on a national and subnational level.

We strongly believe that the researches will deliver timely, high-quality, policy-relevant analyses all in the function of improved public sector, civil society and business environment.

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

Sincerely,

CEA Team

We are making a difference

What is fiscal transparency?

Openness to the public about the structure and the function of the local / central government, the intentions on the fiscal policies, the accounts of the public sector and the fiscal projections



We are making a difference

Program: Fiscal Transparency & Accountability

Why improved fiscal transparency?

Budgets are the most powerful tool to meet the needs and priorities of the state and its citizens. The transparency of the budget is prerequisite for the participation of the citizens in making decisions on spending public funds and accountability of the authorities.

During 2014, CEA was focused on enhancing the transparency and accountability of the Budget and Budget users of Republic of Macedonia, and the Budgets of the local self governments. With a strong commitment of the team, the hard work in the area of fiscal transparency, the current situation began to change and slightly improve.

Enhancing Transparency & Accountability through Performance Budgeting

The Center for Economic Analyses in partnership with the Institute for Democracy Societas Civilis-Skopje (IDSCS) is implementing a project supported by the European Instrument for Democracy and Human Rights (EIDHR), **with a main objective of enhancement of the transparency & the accountability of the Budget of Republic of Macedonia through introduction and promotion of the concept of performance based budgeting.**

Within the scope of the project several activities have been implemented including a development of a policy paper on the *Need & Benefits for performance based budgeting*, and a policy paper for *Transparency & Accountability in Macedonia*. As a final policy document of this action is the preparation and publication of a feasibility study: *Performance based budgeting for enhanced budget process and increased transparency and accountability*, identifying and proposing specific actions for implementation of the concept given the Macedonian context backed with a quantitative cost-benefit analysis of the implementation of the concept.

Provided that there was a need for capacity development for introduction of the concept for the budget users, CEA & IDSCS organized and implemented a Study trip to Finland for the budget users' representatives for gathering experiences in the area of performance budgeting. During the activity a cooperation with the EU-funded Twinning Project: "Strengthening the capacity of the Ministry of Finance for macroeconomic analysis and policy formulation" was also established. The knowledge and information from the experiences in Finland were shared with other budget user representatives through a national workshop attended by number of central budget users in Macedonia.



Program: Fiscal Transparency & Accountability

Coalition for budget monitoring

Monitoring of the budget process of the LSGUs in Macedonia

The Center for Economic Analyses in partnership with FORUM CSRD, identified the need for improved budget process transparency among the LSGUs as a issue that requires improvement. The objective of enhanced transparency of the municipal budgeting process in Macedonia is to encourage the citizens to take more active role in the prioritization of the local public expenditures though inclusion of the civil society in the decision-making process. The action is supported by the EC, IPA Civil Society Facility Program.

The **action is expected to result in empowered watchdog activities over public expenditures in the municipalities** staying true to the organization's goals for improved fiscal transparency and accountability.

In order to improve the capacities of the local CSOs, a specific monitoring methodology was developed, subgrantees-grassroot organizations were selected and trained to improve their knowledge of the budget process and legislative framework for local government. All grassroots organizations together with CEA and FORUM became part of the informal group Coalition for Budget Monitoring with an increasing interest for further extension.

The monitoring results are presented publically, the first quarterly reports were presented on 8 public presentations in Skopje, Pelagonija, North East, South East and Vardar Planning Regions.

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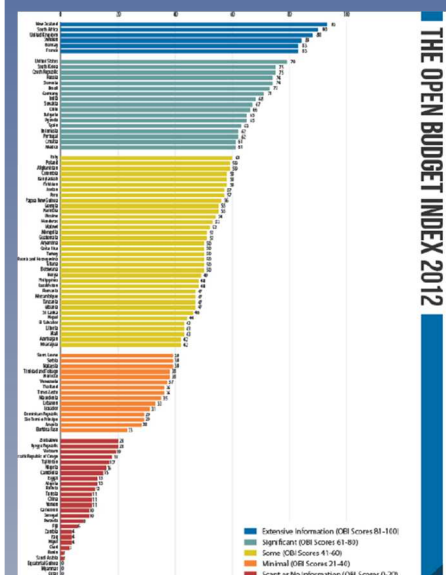


Partnership for Open Budget Survey & Budget Tracker

CEA continues to be a partner with the world renowned International Budget Partnership-IBP in the process of implementing the Open Budget Survey for Macedonia, and for the first time this year Macedonia through CEA is part of the pilot activities for implementation of a Budget Tracker (www.obstracker.org, OBS Tracker). However, the IBP was unable to get comments on the draft Open Budget Questionnaire results from the Macedonian Government.



INTERNATIONAL BUDGET PARTNERSHIP
Open Budgets. Transform Lives.



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Program: Fiscal Transparency & Accountability

Good Governance through Improved Fiscal Transparency

CEA through the assistance of SlovakAid conducted a research on the *Good governance through better fiscal transparency, Recommendations for implementation of the recommendations of the ad-hoc commission*. Motivated by the incidents 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.

As baseline, CEA used 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 and recommendations how to overcome these issues and improve the fiscal transparency and accountability of the Government in Republic of Macedonia. CEA, within the study suggested amendments of the Budget Law and amendments to the Parliament's Rules.

The study: *Good Governance through better fiscal transparency*, was presented in front of ex-ministries of finance and economics, university professors and representatives from international research institutions.

http://www.cea.org.mk/documents/CEA_Fiscal20transparency_budget_proces_FINAL.pdf

Study on the improvement of the budget process in the Republic of Macedonia

CEA was actively engaged in making recommendations to overcome the problems and challenges facing the political scene for issues related to planning and implementation of the budget, the budget process and the budget cycle in general. Therefore, CEA with the support of NDI, developed advocacy initiative of amending the Budget Law and the Rules of Procedure of the Parliament of RM.

The aim of the advocacy initiative was: implementation of efficient and effective budget process and increased accountability of the executive power. The *Study for improvement of the budget process in the Republic of Macedonia, Current situation international good practices and recommendations*, was presented and disseminated to the public institutions and other stakeholders.

International cooperation:

Motivated by the results of the activity, the cooperation with NDI continued, and CEA through its experts conducted training for **Syrian local politicians from Aleppo and Idlib on budgeting and project preparation** in Gaziantep, Turkey in October, 2014.



Program: Fiscal Transparency & Accountability

Capacity Building & Trainings

International Cooperation:

In October 2014, CEA conducted a 3 day training on clarifying components and presentation of Citizen Budget - CB and Mid Year Review—MYR , for the Jordanian central government employees of the General Budget Department and the Ministry of Finance of Jordan, on the request of the **Financial Services Volunteers Corps— FCVC** .

Through the training the participants acquired knowledge and awareness on the:

- Open budget initiatives— OBI requirements related to CB and MYR content and dissemination;
- Criteria for comprehensive CB to reach large share of population of Jordan and to keep the Jordanian characteristics;
- Criteria for comprehensive MYR to reach large share of population of Jordan and to keep the Jordanian characteristics;
- Role of actors/stakeholders in the fiscal transparency and accountability within the public financial management: government, parliament and parliamentary commissions, public, media, NGO sector & business associations.

Program: Regional & Local Development

CEA continued to cooperate with the municipalities in Macedonia through development and assistance for several projects and studies.

In the past year, CEA cooperated with the municipalities for development of project appraisal documents and feasibility studies.

CEA assisted several municipalities in the process of development of PAD for transparency, financial sustainability and municipal services financed by the MSIP, IBRD Loan through preparation of:

- **PAD feasibility study for water supply system in Negotino** for improved infrastructure in Municipality of Negotino;
- **PAD feasibility study for local street infrastructure in Kochani** for improved infrastructure in the Municipality of Kochani;

CEA continued to assist the municipalities in the PPP utilization by preparing several feasibility studies, procurement documents and draft PPP contracts. CEA developed :

- **PPP feasibility study for stadium in Bitola**, for the Municipality of Bitola
- **PPP feasibility study for a new kindergarten in the village of Kravari**, for the Municipality of Bitola
- **PPP feasibility study for parking zones in Kavadarci**, for improvement of the parking services of the Municipality of Kavadarci.



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Program: Fiscal Transparency & Accountability

Parliaments and Budgetary and Financial Oversight in the Countries of the Western Balkans

With the support of the Westminster Foundation for Democracy, CEA developed a toolkit for members of Parliament & the Parliamentary staff of the West Balkan region.

The countries in the region have established nearly identical institutions to take part in the budget process, governing the vital area with similar legislation. The authors of the publication, have offered recommendations and suggestions for improvement of the budget cycle, either in part or entirely.

Regional Conference on Parliamentary Oversight

In March 2014, CEA published short brief on Parliamentary oversight over policies on competition, state aid and attracting foreign direct investments in the countries of the Western Balkans.

The overarching objective of the policy is to preserve and develop a state of effective competition in the common market by impacting on the structure of the markets and the conduct of market players.

OSI Think Thank Fund Partnership

For more effective influence in policy making process, CEA is supported by the Think Thank Fund, as our strategic partner in the organizational and institutional development.

The partnership between CEA and OSI TTF resulted in further development of CEA to introduce institutional structure, to improve program structure and promote advocacy for change and improvements in public policy making in Macedonia.

OSI TTF supports CEA in the process of implementation of the Transparency and Accountability program actions supported by the EU funds.

CEA's Internship Program—a rewarding & valuable experience

The internship program at CEA continues to provide value in at least three dimensions: knowledge building, policy research and writing and communication and team work experience. It offers an incredible amount of knowledge of economics, computer science, political science etc., but it also provides a significant amount of new skills and abilities.

Current Economic Trends

CEA Journal of Economics

Starting from 2012 CEA Journal of Economics become international journal, indexed in EBSCO and EconLit databases of journals.

The journal enables a platform for economic forum where economists practice technical quantitative and qualitative analyses of economic problems and to enrich the public debate on economic issues in Macedonia and the region.

CEA Monthly Economic Monitor Reports

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

Forthcoming activities

CEA continues toward achievement of its goals for improved of the environment for better and more efficient economic development in 2015.

Following its mission in the coming period CEA is:

- Organizing a National conference for presenting the results of the action Enhancing Transparency and Accountability through Performance Budgeting
- Continuing with the awareness raising of the need for improved transparency and accountability of the budgeting process through the following planned 10 Public presentations and debates
- Preparing recommendation for improved transparency and accountability through the policy and advocacy activities accompanied with a National conference.
- Continues to monitor the openness of the budget process through the Open budget Survey and Budget tracker.

If you share the same goals with CEA we invite you to be our partner in the coming period.



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Our partners & associates



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