

...We are making a difference!

January 2019

Dear reader,

The 2018 was successful jubilee year for the Center for Economic Analyses, filled with challenges and efforts for restoration of democratic standards and values in Macedonia. CEA through its engagement contributed for increased awareness for public participation, improved efficiency of the public sector, more competent and credible civil society and more competitive business environment.

Through the research, monitoring and policy recommendations we provide, and in accordance with our mission, we commit to deliver timely, high-quality, and policy-relevant analyses that will be of social and economic benefit and will foster an environment that brings better governance, transparency and satisfactory rule of law.

In the coming 2019 CEA will continue to question policies and inform debates through rigorous research and analysis on important developmental issues, with a strong emphasis on the socio-economic problems and more efficient and effective public finance. CEA continues contributing for the Macedonian EU integration processes.

It will continue to engage in capacity building efforts and contribute to a substantively vibrant and informed discourse on good governance, as well as strive to upgrade its communications and dissemination efforts in order to reach a much wider audience.

Please look through the palette of our work in the past year in the following pages.

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

CEA Team

Achievements and challenges in 2018:

- ⇒ Initiating dialogue for key economic topics and policies;
- ⇒ Fighting against the lack of fiscal transparency on national and local level and active participation in its improvement.
- ⇒ Advocating for social and labor market inclusion of different target groups;
- ⇒ Strengthening the civil society and networking for greater civic causes;
- ⇒ Providing quality analyses and recommendations relevant for improved public policies;
- ⇒ Building capacities of different stakeholders and target groups.

Highlights from 2018:

- ⇒ Public reactions about wrong public policies, and emphasizing the urgent need for democratic reforms that aim to restore democratic standards and values in Macedonia and to restore and increase trust in key state institutions.
- ⇒ Need of greater public awareness about the work of the State Audit office, and the need for urgent action following the recommendations of this supreme institution.
- ⇒ Need of open expert discussion on key economic topics, such as topics that CEA initiated: Economic benefits and challenges from potential NATO accession of Macedonia: Euro-Atlantic Future for Macedonia? Possibilities of developing Fiscal Councils and eventual application in Macedonia.
- ⇒ The social inclusion and employment are facing a serious challenge with continuous high rates of long-term unemployed, youth unemployment, lack of properly designed social care and unsatisfactory education level.
- ⇒ Continuous need for increased budget and fiscal transparency, accountability and public participation.



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.

⇒ Fiscal Transparency & Accountability

Why improved fiscal transparency?

Fiscal transparency in developing countries could make civil society groups more efficient and bring positive development results. 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.

Strengthening Financial Accountability & Transparency in Macedonia

CEA in partnership with the Westminster Foundation for Democracy were working toward increasing the level and quality of financial and budgetary oversight in Republic of Macedonia by fostering cooperation between independent regulatory bodies—State audit office and the Parliament.

By implementing activities with SAO and Parliament, we work towards changing the practices of the MPs and motivating them to review the individual audit reports. This practice enabled MPs to be more informed about the possibilities of better financial and budgetary oversight. Additionally the public presentations of the findings by using innovative online and offline tools, happened during the past year and a half, aimed to inform the public, CSOs and other stakeholders about the work of SAO and contributed towards creating a critical mass that will pressure MPs to review and use this reports when doing oversight.

If interested for more, please follow the [link](#).

Increasing public accountability and transparency in Macedonia through improving implementation of SAO recommendations

The State Audit Office has made significant progress in straightening its capacity, efficiency and effectiveness. However, the 2018 Country Progress Report points out that: In the following period, the country should in particular improve follow- to the State Audit Office's recommendations by the Government and the Parliament.

As a continuity of the project above, CEA, WFD and PwC implemented activities that aimed to improve implementation of SAO's recommendations by assessing and enhancing institutional follow up mechanisms, through both increased visibility and better public understanding of the work of the SAO by institutional stakeholders and the public.

The objective of the CEA's assignment was to analyze the processes of preparation of the annual programme of audits by SAO, review the legal mechanisms, role and effects that the Ministry of finance has in the past audit process, and map out the needs that are necessary so that the Ministry can increase its efficiency in the process. The outputs were conducted for internal use.



⇒ *Fiscal Transparency & Accountability*



Center for Economic Analyses



Калкулатор за
лична инфлација

Development of three pilot products for the Macedonian Assembly

The objective of the CEA's assignment together with WFD was to engage in preparation of three pilot financial products for the Assembly of Republic of Macedonia, driven by the prolonged political crisis, when parliamentary speaker was elected on April 27th 2017 following with the establishment of government institutions in Macedonia on May 31st 2017. The project activities aimed at contributing to overcoming the period of considerable instability and political stalemate.

These products enabled the MPs in the Assembly to conduct more informed and effective oversight of the public spending and the work of the executive.

On completion of the assessment, three analyses have been produced (1) [Analyses of the Proposed Budget of RM](#) for 2018; (2) Analyses of the Quarterly execution of the Budget, and (3) Public funds in agriculture– Conditions and perspectives.

These analyses were distributed to the: members of the Committee on Finance and Budget, Speaker and Secretary General of the Assembly, whips of the parliamentary groups in the Assembly.

As a good practice, CEA continued to prepare the analyses for the Proposed budget 2019, compared with the [Proposed Budget 2018](#). The analysis was developed to serve mainly the MPs, during the discussions in the Assembly before enacting the Budget, and further for the media and other interested stakeholders.

Web portal:

www.mkbudget.org

CEA continuously and promptly updates the open budget platform since 2012. The platform presents From 2012, CEA designed a platform where all budget information and data making it are available and open for further data processing.



OPEN BUDGET SURVEY 2017

MACEDONIA



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. In that line, CEA monitored the government openness for the period 2015-2017.

The results from the last Open Budget Survey were presented on a national conference for Open Government Partnership in Skopje. [Link](#) of the last OBI Report for 2017 which was presented on January 30, 2018, where the Ministry of finance attended for the first time.

Research on Fiscal Councils and eventual application in Macedonia

CEPS, in cooperation with CEA and OSIFE within the framework of the rule of law, finalized the research on fiscal councils and the actual application in Macedonia, prepared by Dr. Marjan Nikolov. You can read more about the research on the following [link](#)

⇒ *Fiscal Transparency & Accountability on a local level and Improving Civil Society*

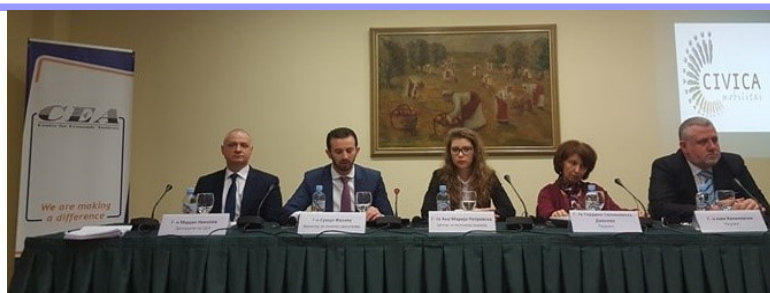


Handbook for the Mayors and council members in the municipalities in Macedonia

CEA in partnership with the Macedonian Center for International Cooperation (MCIC), under the civil society support facility- Civica Mobilitas, started the implementation of the project “Handbook for the mayors and council members in the municipalities in Republic of Macedonia” as ad hoc activity.

The project aimed to increase the capacities of the new leading structures in the municipalities for efficient and effective implementation of the competences and increasing the awareness of the citizens for monitoring the municipality work.

The project resulted to: 1) Increased capacity of the new lead structures in the municipalities for responsible implementation of the competencies; 2) Increased awareness of the citizens and municipalities about the competences and obligations that the municipalities. More information about the developed Handbook can be found [here](#).



Increasing the power of citizens in their influence on local policies in the municipality of Sopishte

Working with the Municipality of Sopishte, imposed by the CEA's researches where it was concluded that: "CSOs from the Skopje region are some of the CSOs that have lowest opportunity to influence the LSGU's policies unlike other regions with an average grade of 3.1 of the maximum rating 5.

The project aimed to: (1) Examine the level of informed citizens about local economic development through the programs and priorities of the municipality through direct meetings with citizens; (2) Identify current issues and key challenges in the community through moderating focus groups with citizens; (3) Initiate a public debate with decision-makers at the local level by organizing a forum (eg Mayor, Council representatives, Economic Development Department, etc.) by directly addressing the preferences and opinions of citizens and exposing their views; (4) Examine the level of citizens' information on local economic development after the public debate. More about the project can be found [here](#).



⇒ Improving Civil Society



Decentralized civic initiatives for more efficient fiscal decentralization

Focusing on the need for enhanced civil society with active and strong civil society organizations throughout the country with decentralized actions, CEA worked on decentralized civic initiatives for more efficient fiscal decentralization. Supported by the CIVICA Mobilitas Program the action aimed to identify the causes and the extent of regional development of the civil initiatives in order to contribute to a more effective fiscal decentralization and balanced regional development of the civil society.

Implemented project resulted in (1) identified the level of the CSOs' initiatives for participation in the local policies' decision making process, and identifying the forms of financing the CSOs by the local budgets. (2) enhanced capacities of local civil organizations in all regions in Macedonia for more effective participation in the decentralization process through involvement in local decision-making and policies. For more see [here](#) and [here](#).



The project is funded by the European Union



Regulatory Impact Assessment - In shadow

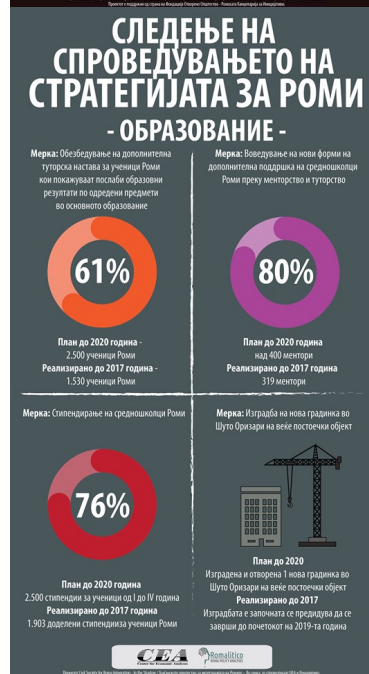
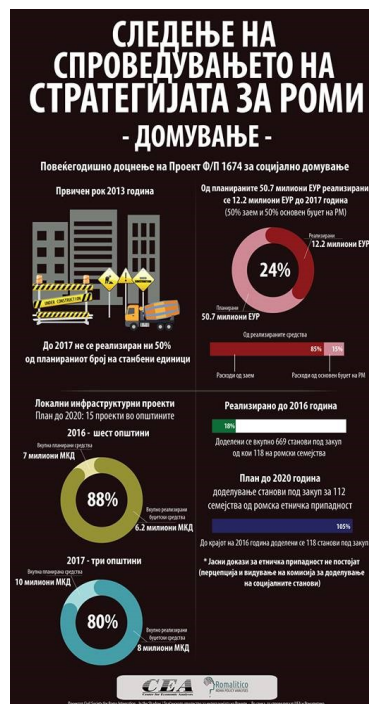
CEA in partnership with IDSCSI continued implementing a project, supported by the EU, which aims to analyze how the process of RIA is being implemented while drafting the laws and what are the possibility for civil society organizations to be engaged in creation of public policies in Macedonia.

During the 2018 we worked toward increasing the possibility for active involvement of CSOs in the RIA process and in public policy by several trainings for RIA network, and supporting 7 organizations that implemented research activities in the field.

Several researches and analyses were conducted during the previous year such as: [Assessment of non-tax and parafiscal costs and regulatory compliance](#); [Cost analyses of the RIA process in Macedonia](#); [Analyses of the quality of RIA forms in Macedonia](#);

The project implementation continues in 2019.

⇒ Socio-Economic Prospects and Challenges



Civil Society for Roma Integration - In the Shadow

CEA and its partner organization Romalítico, supported by the TTF and RIO, implemented the project “Civil Society for Roma Integration-In the Shadow” which aimed to develop a shadow report as a review of progress noted by the country on implementation of the National Roma Strategy (and the NAPs), and to lead continuous evidence based advocacy for a change in the transition period from a “passive” job seeker to an active seeker and potential budget alteration.

The outcomes of the project are the following: External assessment of fulfillment of the obligations to promote Roma inclusion in the NRS for 2016; Potential alteration in the transition period from a “passive” job seeker to an active seeker and potential and budget alterations; Increased awareness of the potential users of the state measures.

The overall goals were pursued through (1) Shadow reporting: Two detailed monitoring shadow reports prepared, publicly discussed and shared with policy makers; (2) Advocacy for change with detailed focus on evidence based advocacy for policy reforms that will introduce effective measures on employment of Roma; (3) Information sharing and inclusive selection procedure for participation of Macedonian civil society representatives to regional events organized by the Regional Cooperation Council within the Roma Integration 2020 initiative.

More about the project and its outputs can be found [here](#) and [here](#).



⇒ *Initiating Dialogue-Current Economic Trends*



Euro-Atlantic Future for Macedonia?

In order to give an independent assessment of the progress made in the implementation of the measures by the Government of the Republic of Macedonia but identified by the civil society sector of the Republic of Macedonia and published in the document "CSO's proposal for Urgent Democratic Reform" for the period of 3,6 ,9 and 18 months, CEA conducted a research.

This research reflected the Plan 3-6-9-18 of the Government of the Republic of Macedonia and what it contained in the area of Public Finance and Economics, and additionally gave an overview of the implementation of the measures from the document " CSO's proposal for Urgent Democratic reforms ".

The last monitoring report can be found [here](#).



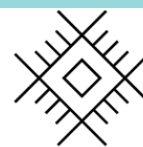
CIVITAX Group for fiscal issues in the civil and academic sector and individuals

CEA together with 13 other organizations developed the CIVITAX Group. The aim of the Group is to raise initiatives, analyze and research and advocate fiscal issues, in the widest sense of the word, which concern civil society organizations, academic institutions and individuals, as well as to represent the right to legal certainty in this area human right.

The vision of the Group is that the fiscal system in the Republic of Macedonia is fair, clear and understandable, effective and efficient, predictable and transparent and fully based on the principles of the rule of law. The tax system in Macedonia must be based on empirical analyzes, on strategic planning and on the principle of opportuneness expense must also take into account the administrative capacities of the Public Administration income. More about the CIVITX principles can be found [here](#).

As a group CIVITAX have already declared its public opinion about the new tax reform. And also, together with the Ministry of Finance, developed a "[Guide for Better Informing of Natural Persons for Value Added Tax](#)"

CEA is one of the founding member of the Western Balkan Network on territorial governance ([TG-WeB](#)) established to catalyze changes that develop and support innovations on better territorial governance for WB in line with its EU ambitions.



⇒ *Initiating Dialogue-EU integration*



Economic benefits and challenges from potential NATO accession of Macedonia

Ivana Velkovska, an economic researcher in CEA has conducted a research paper related to the economic benefits and challenges from potential NATO accession of Macedonia.

The paper answers three key questions in respect to the economic effects resulting from potential NATO accession: 1) What are the potential budget implications for Macedonia if it becomes a NATO member state? 2) Can we expect an increase in the GDP, the FDI and the global index of competitiveness, while reducing the unemployment rates in the Macedonian economy as a direct consequence of the potential NATO membership? 3) Do the NATO member states have higher levels of good governance and is good governance linked to higher economic growth. According to the results from the comparative analysis of the NATO member states in the region (Albania, Croatia, Bulgaria, Romania and Montenegro), the economic indicators and good governance indicators show an increase after NATO accession.

The paper can be found [here](#).



Establishing Policy Bridges with EU-CEA (Macedonia)

CEA is implementing a project which aims to enable better and enhanced networking and collaboration between Macedonian think tank CEA and western European think tanks in the process of Europeanization of the sector and the overall country towards EU.

This project is timely both for Macedonia as it opened the window for change as the government changed which government opened the deadlocked communications with the EU. The new government also opened for the CSO sector and thus, this OSIFE helped the CSO sector in Macedonia not only to connect better with the EU based peers and provide synergy for opening the wider Macedonian society to the EU but also for the EU based CSO to better understand the development in the EU periphery.

The CEA team was part of the enhancement of macro-modeling capabilities by updating the Macroabc start MK in December 2018 at MMC, The Hague, the Netherlands. The model developed in 2003 was updated in 2018. The model helps assess the effects of policies on macroeconomic indicators in the Republic of Macedonia.



⇒ *Initiating Dialogue –EU integration*

Euro-Atlantic Future for Macedonia?

The Institute for European Policy (EPI) - Skopje, the Institute for Democracy "Societas Civilis" - Skopje and CEA, in cooperation with the Aspen Institute in Berlin, organized a round table under the title "Euro-Atlantic Future for Macedonia?".

In the focus of the discussion was the upcoming referendum to that held on September 30, 2018, but also the role that Germany and other partners can play for the European future of Macedonia. It was also discussed the impact of Macedonia's actions on the region's land, as well as the examples of neighboring countries that have joined the EU and NATO in the recent past.

ЕВРОАТЛАНТСКА ИДНИНА ЗА МАКЕДОНИЈА?

Тркалезна маса



Macedonia a year after the political crisis: progress and remaining challenges on its path to the EU integration

On June 15 in Berlin, the President of CES Marjan Nikolov took part in a round table "Macedonia one year after the political crisis: progress and remaining challenges on its path to the European integration".

The CEAs president was together with Simonida Kacarska (Director of the European Policy Institute - EPI), Marko Troshanovski, president of the Institute for Democracy Societas Civilis, Skopje, and Sabine Sauer, Head of the Western Balkans Division of the German Ministry of Foreign Affairs. The discussion was moderated by Welsh Ash, director of The Aspen Institute for Southeast Europe program.



International meeting for development of strategy for Council for cooperation and development of the CSOs

CEA hosted an international meeting where it was discussed about the preparation of a strategy for communication and a communication plan for cooperation and development of the civil society sector.

The meeting was attended by representatives of the EU Twinning Project for further institutionalization of structured mechanisms for cooperation between the government and the civil sector from Croatia, representatives from the General Secretariat of the Government of the Republic of Macedonia and representatives of the civil sector.





⇒ *Initiating Dialogue - Process of Decentralization*

International event -Rule of law, Where are we heading?

CEA together with the FORUM CSRD and the Institute for Community Development - Tetovo and in cooperation with the program CIVICA mobilis organized a Regional forum: The process of decentralization.

The Forum was organized in 3 panels where it was talking about the policies for balanced regional development and the success of the municipalities in delivering their legal competencies and services they perform; the (de)centralized development of the civil society in Macedonia and the cooperation of the municipalities with the civil sector; place and role of municipal commissions for inter-community relations and the potential for revitalization of local self-government.

See more about the forum [here](#).



Partnership for Urban Planning for the municipalities from Albania and Macedonia

An event for the Urban Planning Partnership was held in the organization of the World Bank and the Municipality of Vlora for the municipalities from Albania and Macedonia.

Municipalities from both countries for a longer period of time implement the tools of the World Bank to improve their public finances and urban planning

Marjan Nikolov is a local expert of the World Bank and organizes the event together with the Mayor of Vlora.





⇒ *Other CEA's activities*

CEA Journal of Economics

First CEA Journal was issued in 2006. 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. In 2015, CEA developed a new system for the journal for economics for better indexing. [Online CEA Journal](#) .



Wilton Park Conference: Building an efficient and independent Parliament of the Republic of Macedonia"

CEA together with the President of the Assembly of Macedonia, and about 30 representatives from all political parties represented in the Parliament, parliamentary services, parliamentary institute and civil society representatives February 2018 attended at conference which held in Wilton Park, Great Britain.

The conference topic was "Building an efficient and independent Parliament of the Republic of Macedonia", organized by the British Embassy and the Westminster Foundation for Democracy.



Interregional mobility and cooperation at the Western Balkan 2030 Conference

Marjan Nikolov was invited by the Eastern Europe Business Association of Germany to moderate the session of Interregional mobility and cooperation at the Western Balkan 2030 Conference in Belgrade. At the conference it will be discussed many aspects such as economic development, external influences, connectivity, digitalization, the future of democracy, or brain drain versus brain gain.



⇒ *Awarding*



CEA is listed on the Top Domestic Economic Policy Think Tanks

CEA has been ranked on 110 out of 140 on the Top domestic economic policy think tanks in CEE according to the 2017 Global Go To Think Tank Index Report .

Top Domestic Economic Policy Think Tanks: This category is dedicated to the leading domestic economic policy think tanks of the global community. The top think tanks in this category provide superior, innovative research and strategic analyses of domestic economic policy, which covers a wide range of topics such as: the money supply and interest rates, macro and microeconomics, trade and investments, and various other economic areas the government influences.

Five stars for Fiscal Transparency according to Trnasparify

CEA received a 5-star rating for financial transparency, according to the transparency methodology. Institutions rated at a maximum of five stars are highly transparent about providing information finance funds . More about the methodology see [here](#).



⇒ *Capacity Building Activities*

Conducted trainings in 2018:

CEA through its activities contained with the activities for increasing capacities for different stakeholders. In 2018 CEA conducted trainings in:

- ⇒ Mechanisms for monitoring the work of the ULSC within the project "Fiscal Decentralization for Balanced Regional Development of Civil Society" for the local civil society organizations.
- ⇒ Citizen Participation and Advocacy within the above mentioned project, targeting the local authorities and civic organizations.
- ⇒ Methodologies for socio-economic research and application of cost benefit analysis in the RIA process targeting the public administration and CSO representatives.
- ⇒ Economic part of RIA Analysis of costs and benefits within the project RIA in shadow, targeting the media representatives.



EDICIONI INFORMATIV

EKSPERTË TË BANKËS BOTËRORE ZBRESIN NË VLORE

KONFERENCË DY DITORE PËR PARTNERITETIN URBAN

e-mail: realrtv@yahoo.it youtube: REAL RTV Vlore facebook/ instagram: REAL RTV



⇒ *CEAs work in numbers and photos*

- ✓ **9** Projects implemented in parallel
- ✓ **20** (and over) Analysis and researches conducted
- ✓ **5** Promotional Fairs attended
- ✓ **15** (and over) Public presentations and events organized
- ✓ **10** (and over) Working groups attended
- ✓ **5** Trainings organized and conducted
- ✓ **10** (and over) International activities conducted
- ✓ **15** (and over) TV presence
- ✓ **50** (and over) Presence in media
- ✓ **...** other



⇒ *Forthcoming activities*

In the forthcoming 2019 CEA continues toward achievement of its goals for improved of the environment for better and more efficient economic development in 2019. Following its mission in the coming period CEA is:

- ⇒ Continuing with the Regulatory Impact Assessment in the Shadow: Fostering evidence-based policy making in Macedonia;
- ⇒ Continuing with the CEA's team capacity building under the project 'Establishing Policy Bridges with EU-CEA (Macedonia).
- ⇒ Starting implementing the project Social interaction and economic empowerment of young people, in cooperation with Municipality of Resen, supported by UNDP.
- ⇒ Starting implementing the project: Fiscal Responsibility: Promoting sustainability and transparency in public debt, supported by Analytika within the project Balkan monitoring public finances .
- ⇒ Continuous researches and analyses on current economic topics.
- ⇒ Hosting second TG-WeB workshop on challenged of regional development in Western Balkans

CEA TEAM



CEA's Internship Program—a rewarding & valuable experience

Three dimensions available:

- ⇒ 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.

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

Center for Economic Analyses

Tel/fax: +389 2 24 44 766

Cell: +389 71 310 974

Address: Jane Sandanski
63/3,
1000 Skopje, Macedonia

Web sites:

www.cea.org.mk

journal.cea.org.mk

www.mkbudget.org

www.mkbudget.org/calculator/main

www.kbm.mk

FB: Center for Economic Analyses-CEA