

Center for Economic Analyses

Newsletter 2015



Dear all,

As we look toward 2016 with enthusiasm and a hope for the political crisis to end in Macedonia, we wanted to share with you our achievements in 2015.

In 2015, Center for Economic Analyses (CEA) continued with its mission of providing quality policy analyses in order to foster an environment that brings about better governance, transparency and satisfactory rule of law. Why? Because the level of accountability and transparency in Macedonia keeps being on an unsatisfactory level, keeping too many potential benefits and advantages untapped.

CEA in the coming period will continue to work on empowering citizens through higher participation to work for increased transparency and accountability and to achieve delivery of sustainable fiscal policies, both at national and sub-national level.

CEA will also continue with enhancing our partnership network and make it lasting longer and beyond the project horizon.

We strongly believe that our work through the researches we conduct, will deliver timely, high-quality, policy-relevant analyses all in the function of improved efficiency for the public sector, competent civil society and competitive 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



Center for Economic Analyses

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



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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 2015, 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.

National conference about transparency and accountability through performance budgeting

The Center for Economic Analyses in partnership with the Institute for Democracy Societas Civilis-Skopje (IDSCS) during the 2014 implemented 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, as a final advocacy and promotion activity, in January 2015, a **National conference** about transparency and accountability through performance budgeting, was organized. The conference was attended by different stakeholder groups: government officials, budget officials, policy makers, experts, academia, researchers and CSOs.

The main objective of the conference was to enable dissemination and awareness raising for all of the findings and knowledge from all activities preceding the event through a public and inclusive discussion/debate. Also, enabled discussion for expert debate on performance budgeting and its potential implementation.

The results of the final feasibility study were presented. Within the study, among other findings, the research resulted in an **indicative finding that for every 1 denar invested in the reform of performance budgeting, the further expected gross added value is about 2600 denars, if the technological efficiency improvement is 13%, or if the technological efficiency improvement is 40%, the gross added value would be around 8000 denars.**

Publication link: http://cea.org.mk/documents/Feasibility%20study_MK.pdf

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, implemented the final third of the project Coalition for Budget Monitoring. The objective of enhanced transparency of the municipal budgeting process in Macedonia was to encourage the citizens to take more active role in the prioritization of the local public expenditures through inclusion of the civil society in the decision-making process. The action is supported by the EC, IPA Civil Society Facility Program.

During the implementing process, a specific monitoring methodology was developed, sub grantees - grass root 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 were presented publically, in all planning regions in the country.

All findings and results of the monitoring were analyzed and appropriate recommendations have been compiled as part of a **policy paper: Transparency of the municipal budgets processes in Macedonia..** For greater visualization and better advocacy, the monitoring results and recommendations were disseminated on a final National Conference, that enabled discussion for expert debate on the openness of the local self governments units in the country. The Conference was attended by municipal representatives, CSOs, ambassadors, government representatives and media.

The cooperation and the established network with the grass roots readily to monitoring the fiscal transparency, continued to operate in 2016, focused on the monitoring the municipal spending in the pre-election period. The Coalition was comprised with the following organizations: Klea Bitola, Foundation Focus-Veles, DROM Kumanovo, EHO-Shtip, FRLZ –Shtip, Mladinska Alijansa-Tetovo, ZCOR Debar, Ackija Zdruzenska, ZIP Institute Skopje.

As a key general findings of the research are the barriers that weaken the relationship and communication between local government and citizens: there is a citizens' lack of motivation and initiative to participate in the budget process because of the limited opportunities for participation; and there is a low capacity of the municipalities, to transform the citizens' feedback in actions;

Publication link: <http://cea.org.mk/documents/Transparentnost%20na%20bp%20kaj%20opshtinit%20FINAL%20MK.pdf>

Project's web page: www.kbm.mk



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Program: Fiscal Transparency & Accountability

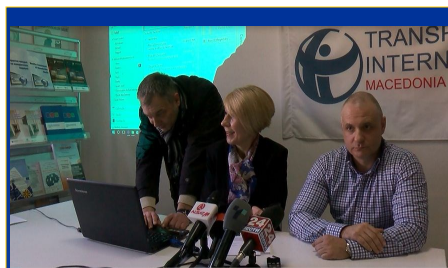
Monitoring of the Budget Expenditures in the Pre-election and Election Period

In order to achieve a long term effects of higher transparency in the central and local budget spending related to pre electoral period and period of political campaigns, CEA in partnership with Transparency International– Macedonia, and with a support of the Netherland Embassy in Skopje, started monitoring the budgets expenditures and reporting of the political parties in the period before the elections and during the official campaign.

The project is supposed to cause bigger public awareness and to prevent the misuses of public money for the purposes of political campaigns to initiate public debate regarding the actual costs of the elections.

The project duration is from November 2015 until the end of the early elections. During November– December 2015, a specific methodology for monitoring was developed, and 16 representatives from 8 local grass-root organizations were trained in order to conduct monitoring of the budget spending on a local level. Local organizations, partners in the action are the following: ZIP Institute, MKC-Bitola, Focus-Veles, EHO-Shtip, LDA-Struga, CSO-Tetovo, Women's organization-Strumica.

First monitoring report, link: <http://cea.org.mk/wp-content/uploads/2016/01/Final-TIM-CEA.pdf>



The Availability of Budget Documents Over Time

Document	2008	2010	2012	2015
Pre-Budget Statement	●	●	●	●
Executive's Budget Proposal	●	●	●	●
Enacted Budget	●	●	●	●
Citizens Budget	●	●	●	●
In-Year Reports	●	●	●	●
Mid-Year Review	●	●	●	●
Year-End Report	●	●	●	●
Audit Report	●	●	●	●

● Not produced/published late ● Produced for internal use ● Published



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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. In that line, CEA monitored the government openness for the period 2012-2015 and presented the results on a Regional Conference: “Open Government, Engaged Citizens” in Tirana. However, the IBP was unable to get comments on the draft Open Budget Questionnaire results from the Macedonian Government, and neither of the Government attended the Conference where results was shared. Also, it was conducted a monitoring through budget tracker on a monthly basis.

By the recommendation provided from the International Budget Partnership, Macedonia should prioritize the following actions to improve budget participation:

- Establish credible and effective mechanisms (i.e., public hearings, surveys, focus groups) for capturing a range of public perspectives on budget matters.
- Hold legislative hearings on the budgets of specific ministries, departments, and agencies as well as on audit reports at which testimony from the public is heard.
- Establish formal mechanisms for the public to assist the supreme audit institution to formulate its audit program and participate in audit investigations.

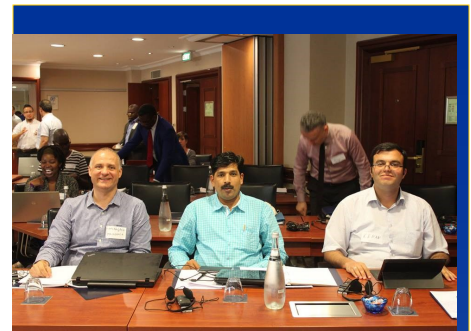
Report link: <http://www.internationalbudget.org/opening-budgets/open-budget-initiative/open-budget-survey/country-info/?country=mk>

Program: Socio-Economics Prospects and Challenges

Capacity Building & Trainings

CEA continued attending and conducting trainings and improving the capacities of different stakeholders :

- International Budget Partnership training on advocacy in Istanbul—one CEA member attended the training.
- The regional World Bank MFSA experts .Training for Iraqi MPs on PFM topics. Training delivered in Erbil and Sylamania by the CEA expert Marjan Nikolov. Contractor was NDI.
- MFSA training for NALAS. Training designed and conducted for representatives from Western Balkan. One MFSA training took held in Skopje and was aimed for representatives from Local Self Governments in Macedonia.
- CEA conducted training for 16 representatives from 8 local organization for improving the capacities about local governments work.
- Training: PPP in Macedonia and Decentralization presentation at the National Bank. CEA expert Marjan made presentations at the National Bank for the research department.



Program: Regional & Local Development

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

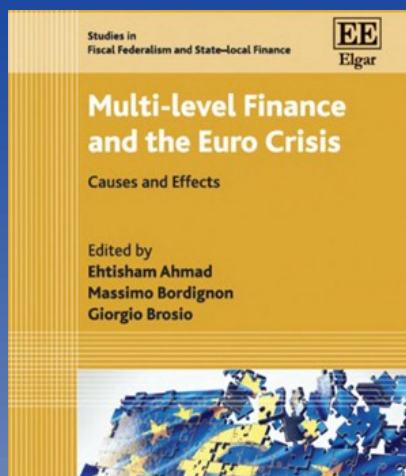
In the past year, CEA cooperated with the municipalities for development of project appraisal documents and feasibility studies.

CEA assisted several municipalities in the process of :

- Started developing LED strategy for the Municipality of Tetovo.
- Started developing a risk strategy for the Municipality of Karposh.
- Developed PPP feasibility study for street lightning in Makedonski Brod.



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Program: Socio-Economics Prospects and Challenges

The effects of the Foreign Direct Investments in the Technological Industrial Development Zones.

Study case: Macedonia in the period 2007-2014

In cooperation with the European Policy Institute, and financial support of the British Embassy in Skopje, CEA developed a cost benefit analysis about the effects of the Foreign Direct Investments in the TIDZ.

The purpose of the research was to quantify the direct economic costs and benefits, to articulate the net benefits of the new employments and to calculate the added value of these investments, in order to give general recommendations on the public policies for attracting foreign direct investment in technological and industrial zones.

The research was part of the big project Dialogues for vision, and the main goal of the project is to encourage and stimulate a public debate on key social and economic issues.

Publication link: soon on the CEA's web site: www.cea.org.mk

Book: Multy-level finance and the Euro crisis

CEA expert, Marjan Nikolov PhD, contributes in the book Multy-level finance and the Euro crisis, about the case of Macedonia. The book targets the topic how the multy level finance has contributed to the crisis and is affected by it.

The book is published by the reputable publisher Edward Elgar Publishing and edited by Ahmad E., Bordignon M. and Brosio G. Critical review provided by Martinez-Vazquez J.

Publication link: <http://www.e-elgar.com/shop/eep/preview/book/isbn/9781784715113/>

OSI Think Thank Fund Partnership

For more effective influence in policy making process, CEA is supported by the Think Thank Find, 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.

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. In 2015, CEA developed a new system about the journal for economics for better indexing.

<http://journal.cea.org.mk/>

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.

Forthcoming activities

CEA continues toward achievement of its goals for improved of the environment for better and more efficient economic development in 2016.

Following its mission in the coming period CEA is:

- Continuing with the projects' implementation: 'Monitoring of the Budget Expenditures in the Pre-election and Election Period', 'Pathways for fair and free elections'
- Starting with IPA project implementation: Creating a employability pathways for rural youth.— supported by the European Commission.
- Signing a new project: "Entrepreneurship policies in Macedonia for overcoming Roma othering "- supported by Think Thank Fund
- Continuing to monitor the openness of the budget process through the Open budget Survey and Budget tracker.
- Continuing the collaboration with the municipalities through strategies development and expert's assistance.
- Signing a contract for a new project: Decentralized civic initiatives for more effective fiscal decentralization

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



Center for Economic Analyses



CEA TEAM:



Interns in 2015:

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Our partners & associates



Kingdom of the Netherlands



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