



CENTER FOR ECONOMIC ANALYSES (CEA)

Skopje, Macedonia

ANNUAL REPORT 2006

Center for Economic Analyses (CEA)

Skopje
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Annual Report 2006
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General information about CEA

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Foreword

CEA continues to grow in 2006 as the number of projects was growing comparing to 2005 as well as the revenues from projects. In 2006 CEA started to operate regionally as well. A joint project with our partners from the Serbian FREN was conducted. FREN is chaired by Ms. Kori Udovichki that visited CEA back in 2005. The meeting was facilitated by the USAID. The second regional project was initiated by Marjan Nikolov under the unsolicited proposal approved by the LGI/OSI Budapest. That project was conducted in Romania, Bulgaria and Macedonia and was about LGU borrowing. Once again CEA acted as a leader and initiator of debate and a research in Macedonia on a topic that will soon become priority for the both level governments, financial institutions, researchers and the civil society.

In 2006 CEA developed the following products: Firstly, the CEA Journal of Economics which was an idea developed completely by Filip Blazeski. The second issue was helped financially by a sponsor find by Marjan Nikolov and there were changes in the editorial board as the non-active members were replaced by recognized experts from abroad. Secondly, the quarterly and monthly monitoring reports were developed by the Economist Malgorzata Markiewicz and thirdly, she is also developing the CEA inflation forecasting. Marjan Nikolov is starting the project for developing the MAKLEI. CEA also developed four reports for the USAID.

CEA board was meeting frequently discussing and informing on topics of interest for CEA. The structure of CEA was growing but there is a risk recognized that the sustainable structure is available only at a large scale of number of project. Still, CEA recognizes the enthusiasm of the Team Leaders to accept the responsibility. CEA continues to grow as an opinion maker and becomes well known in Macedonia among public and experts. Marjan Nikolov also initiated the debate about strategic priorities of Macedonia with representatives from EBRD-London. The PR and IT component is continuing to operate. The official web site was rearranged and soon the new host will be introduced. The dedicated work of Jovce Plastinovski was irreplaceable with this regard.

The instable environment for conducting activity of a highly specialized research think tank producing public goods as CEA is remained a risk for its sustainability. The Government should take the lead in demanding the products that CEA can provide. There is certain progress in that regards but still it is unstable and covered by the donors mostly. In this regard Marjan Nikolov also initiated establishment of a Network of think tanks in order to protect the activity of similar organizations based on common interest and principles.

I wish all CEA members a success in the upcoming 2007.

Cordially,

Marjan Nikolov

President of CEA

CEA Organizational Setup

Executive Board:

Marjan Nikolov, President
Bryan Roberts, Vice President
Dimitar Bogov
Aleksandar Stojkov
Riste Naumov
Senaj Daut
Miso Nikolov

Assembly:

Borce Smilevski, President of the Assembly

Management council:

King Banaian, Prof. St. Cloud State University
Alex Mourmouras, IMF Institute

Team Leaders:

Jadranka Kungulovska for Local Governance Department
Marjan Nikolov for Fiscal Decentralization Department
Filip Blazeski for Microeconomy and Business Department
Miso Nikolov for Real and External sector
Trajce Mitev for Environmental Management

Economist:

Malgorzata Markiewicz

IT:

Mile Naskovski
Jovce Platinovski

PR:

Ilina Ristoska
Vesna Garvanlieva

Achievements/Projects in 2006

Toward sustainable think tank

Short description of the project

CEA has proposed an unsolicited project to the USAID for a development of a sustainability of its mission and goals. The negotiation was ended by signing a contract with the USAID office and Marjan Nikolov as President of CEA for a three year grant. Responsible officer at USAID Macedonia is Tatjana Markovska: tmarkovska@usaid.gov.

Project team
President Marjan Nikolov
CEA team.

Cardiology clinic business plan

Short description of the project

CEA is asked to develop a business plan for Cardiology clinic.

Research
Marjan Nikolov
CEA Team

Project period
November – January 2006

Preparing criteria for distribution of capital fund from the Ministry of transportation and communication-MTC

Short description of the project

The MTC each year allocates funds to the LGU for communal activities. CEA will develop the system for transparent allocation of the funds to the LGU.

Research
Marjan Nikolov

Project period
November – January 2006

Preparing competitiveness report for Macedonia; client: NCEC

Short description of the project

National Council of Entrepreneurship and Competitiveness-NCEC Macedonia approached CEA to help in developing competitiveness report for 2006 for Macedonia.

Research
Marjan Nikolov

Senaj Daut
Bogov Dimitar

Project period
November – December 2006

Preparing economic analyses for electronic media in Macedonia

Short description of the project

Center for media development-Macedonia approached CEA to help in developing strategy for the electronic media in Macedonia.

Research
Marjan Nikolov
Miso Nikolov
Bardarov Dimitar

Project period
August 2006 – September 2006

Preparation of comments to the new 2006 EBRD strategy for Macedonia

Short description of the project

The EBRD has prepared a strategy for the Republic of Macedonia for 2006. CEA comments are available at: www.cea.org.mk.

Research, survey and field visits
Marjan Nikolov, Malgorzata Markiewicz

Project period
September 2006

Monitoring of transparency in the privatization process of the electric power company of Macedonia

Short description of the project

Transparency International Macedonia asked Marjan Nikolov to be Editor in Chief of the publication and to participate in the organization of the debates upon monitoring the transparency of the privatization process of the ESM.

Research, survey and field visits
Marjan Nikolov

Project period
May 2005 – May 2006

Preparation of comments to the new EBRD strategy based on the 2004 strategy

Short description of the project

The EBRD has started work on the revision of its strategy for the Republic of Macedonia. Comments are invited by EBRD to help them in revising the strategy. The current Strategy for Macedonia, which has been available on the EBRD web site since August 2004, is a basis on which CEA gave its comments.

Research, survey and field visits
Marjan Nikolov, Malgorzata Markiewicz

Project period
May 2006

Identification and measuring transaction costs in the Macedonian economy

Short description of the project

OSI asked Marjan Nikolov to participate in a project for identification and measurement of transaction costs in the Macedonian economy. Marjan Nikolov have prepared practical measurement on the basis of the WB's Doing Business in 2005.

Research, survey and field visits
Marjan Nikolov

Project period
December 2004 – May 2006

Credit expansion in the region

Short description of the project

FREN, a Serbian research think tank, and CEA are cooperating in a regional project on doing research on credit expansion in the region (Serbia, Macedonia, Montenegro, Bosnia and Herzegovina, Croatia, Bulgaria and Romania).

Research, survey and field visits
Malgorzata Markiewicz

Project period
April – June 2006

Publishing a Journal of Economics

Short description of the project

With this product (electronic and printed version) CEA expects to enrich the economic problems faced by Macedonia by providing a forum where economists can practice technical quantitative analyses of economic problems.

Research, survey and field visits
CEA team

Project period
Ongoing

Publishing a Bulletin: Decentralization our goal

Short description of the project

CEA continues to prepare and publish the bulletin.

Research,
Marjan Nikolov

Project period
Ongoing

Local Government Borrowing, supported by the LGI/OSI Budapest

Short description of the project

CEA submitted unsolicited proposal to LGI/OSI Budapest for a project on local government borrowing. The main objective of the project is to study the cases of Bulgaria and Romania and draw the lessons learned for Macedonia.

Research, survey and field visits
Marjan Nikolov
Malgorzata Markiewicz
Bogov Dimitar
Senaj Daut

Project period
May-December 2006

CEA and its members were also involved in:

- (A). Doing One-Off Projects on Specific Topics
 - (B). Participation in Government Working Groups and Councils
 - (C). Developing Government Capacities through Contract Work and Independent Ongoing Analysis
- I. Local Self Government as a client
 - II. Macedonian Private Sector as CEA client
 - III. The International Community as CEA Client
 - IV. Media activities, conferences, roundtables and forums

Annex 1. Stages of CEA development

<i>CEA life cycle (anticipated as from September 2005)</i>					
<i>Achievements</i>		<i>Done</i>	<i>In progress</i>	<i>Plan</i>	
	Full-time Employees	Specialization	Funding	Financial	Administrative
Stage I (Within one year)	At least one	NA	Stable	Regular	Regular
Stage II (Within two to three years)	At least three: 1. President 2. Economist 3. IT	Team structure: 1. Local governance (Team Leader Identified and developed program) 2. Fiscal decentralization (Team Leader Identified) 3. Fiscal 4. Real and External Sector 5. Monetary 6. Financial, Accounting and Banking 7. IT 8. Microeconomy and Business (Team Leader Identified) 9. Environmental	Progress toward sustainability: 1. Regular projects 2. Regular revenues inflow	Regular with independent audit: 1. Independent Accounting company conducts the financial and accounting matters of CEA 2. Regular submission of financial statements to the state bodies	Regular with formal classification system for positions 1. IT activities conducted by the IT person 2. PR activities conducted by PR persons 3. Team Leaders developing administrative procedures and structure

		management			
Stage III (Within five to seven years)	At least five	Independent team units	Sustainable	Management information system/Accounting information system	Document flow management

Risk assessment: CEA Board recognizes the problem of actually developing the CEA departments. With low level of activities it is difficult to have a specialization. But CEA Board is satisfied with the interest of CEA members for developing the structure of CEA further.



Annex 2. USAID Grant

	2005 (Sep-Dec)		2006		2007		2008 (Jan-Aug)	
CEA COSTS covered by USAID Grant	Monthly Cost	Sep-Dec Cost	Monthly Cost	Annual Cost	Monthly Cost	Annual Cost	Monthly Cost	Annual Cost
Personnel Costs								
Gross salary for the Executive Director	\$1,280	\$5,120	\$1,318	\$15,816	\$1,358	\$16,296	\$1,399	\$11,192
Gross salary for the Office Manager	\$0	\$0	\$480	\$5,760	\$495	\$5,940	\$509	\$4,072
TOTAL STAFF COST	\$1,280	\$5,120	\$1,798	\$21,576	\$1,853	\$22,236	\$1,908	\$15,264
Accounting services	\$100	\$400	\$103	\$1,236	\$106	\$1,272	\$109	\$874
Office Costs								



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Office Rent	\$400	\$1,600	\$410	\$4,926	\$420	\$5,040	\$420	\$3,360
Communications	\$374	\$1,496	\$375	\$4,500	\$375	\$4,500	\$375	\$3,000
Utilities (heat, water, electricity)	\$100	\$400	\$100	\$1,200	\$100	\$1,200	\$100	\$800
TOTAL OFFICE COST	\$875	\$3,496	\$885	\$10,626	\$895	\$10,740	\$895	\$7,160
TOTAL USAID GRANT	\$2,255	\$9,016	\$2,786	\$33,438	\$2,854	\$34,248	\$2,912	\$23,298
<i>GRAND TOTAL</i>	\$100,000							

Budget narrative:

1. The Communications initially were envisaged for Internet mainly. In mean time CEA won a grant for wireless Internet for the next two years thus, the money will be reallocated to:
 - i. Honoraria to the IT person (\$ 75 monthly)
 - ii. Intranet networking
 - iii. Virus back up of PCs
 - iv. Monthly back up of directories
 - v. Update and Maintenance of CEA's web sites
 - vi. Subscriptions to International magazines and buying books for the library
 - vii. PR activities and journal back up

Annex 3. CEA Cost sharing

For the Grant to Center for Economic Analysis “Toward a Sustainable Think-Thank” after one year of granting period

Revenues from	September 2005 – August 2006
USAID grant	\$39,656.00
CEA projects/membership fee/other grants	\$54,182.00
<i>GRAND TOTAL</i>	\$93,838.00
<i>CEA share</i>	57.74%
<i>USAID share</i>	42.26%



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Annex 4. Profit and loss statement

Annex 5. Balance sheet

Will be available on the www.cea.org.mk at latest March 2007.

NOTE: