

The Center for Economic Analyses (CEA) is a think tank of economists who share a common vision for the Republic of Macedonia as an emerging new European economy integrated in the regional and worldwide market.

The Mission of CEA is to continuously research economic development and economic policy in the Republic of Macedonia and to offer recommendations, suggestions and measures where it is deemed appropriate.

PRESS RELEASE

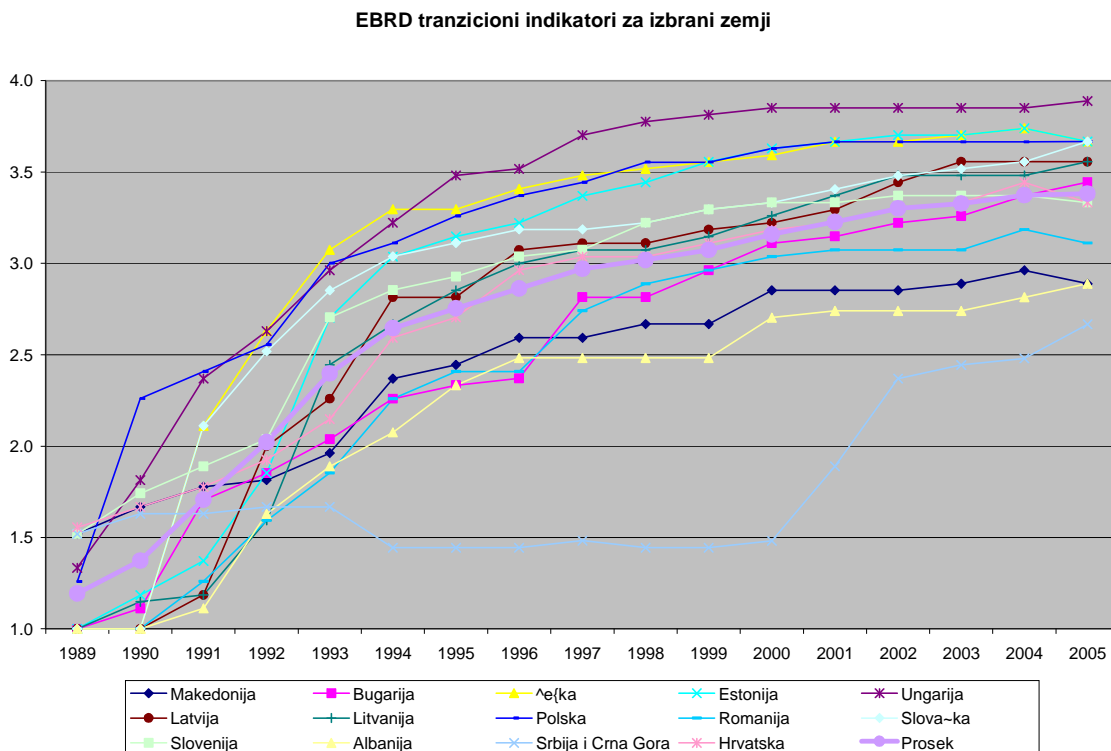
CEA comments on the EBRD 2006 Strategy for the Republic of Macedonia

The EBRD has prepared its 2006 strategy for Macedonia. Comments are invited by EBRD (<http://www.ebrd.org/about/strategy/country/mace/comment.pdf>). The 2006 Strategy for Macedonia, which has been available on the EBRD Web site: <http://www.ebrd.org/about/strategy/country/mace/strategy.pdf>, is a basis on which to comment.

CEA comments are:

1. The constitutional name of the country is Republic of Macedonia
2. Page 3 paragraph 1 and page 19 second paragraph from below. The widely donor accepted "wisdom" that the Ohrid Framework Agreement-OFA brought the process of decentralization in Macedonia is not correct. The process of decentralization in Macedonia (after gaining the independence) started after Macedonia signed the European Charter in 1996 and ratified it in 1997. The process of decentralization was backed up by two important documents before the conflict in 2001: The Government Program of 1999 and The Government Strategy for Reforming the Public Administration also of 1999. As a result of these two initiatives, the Working Team within the Ministry of LSG was established in March 1999. There was also Government report developed for LSG functioning within the period 1996-2000 as a back up document for decentralization reform.
1. Page 3 first paragraph the sentence: "Although the OFA is unpopular with some of the ethnic Macedonians..." is not politically correct. The OFA is unpopular with some of the ethnic Albanians as well as other minorities in Macedonia.
2. Page 9 the bullets. Are these the priorities or the goals? CEA sees them as priorities. Goals of the strategy 2004 are missing but maybe this is due to the weakness of the 2004 strategy (which CEA already commented).
3. Page 9, below the bullets. "Overall the Bank has achieved objectives set out in the strategy 2004". CEA already stated in the previous comments that it would be beneficial for the reader and Macedonia to see based on what the Bank formulates this conclusion.
4. Page 11; Agribusiness. We cannot see how the retail Ramstore falls into agribusiness as well as the large bakery?

5. Page 11, Agribusiness. The transition impact part is confusing and not explanatory.
6. Further page 11 about the industry and the transition impact. The EBRD have focused on foreign companies (i.e. named strategic investors in Macedonia) and are talking about long run transition impact. Long run is blurry category for a transition impact especially if expected from brand names as Mital for example. There is no excuse for corporate governance, transparency, corruption etc further existing in privatized companies in long run. We propose this to be measured and monitored by the EBRD.
7. The focus of the EBRD assistance should be balanced to purely domestic companies as well apart from the student type training programs (innovations, knowledge economy, advanced technologies etc is what is missing).
8. If there are no programs i.e. if there is a domestic demand problems for utilizing the EBRD products, it should be stated and discussed with the GoM.
9. Page 14 first paragraph (beginning of the page). The sentence: *"The government coalition lost Skopje but did well enough country wide to be able to get on with the implementation of OFA"*. This is totally politically incorrect. Parliamentary political parties in Macedonia were never against the OFA. It was about sequencing and some priorities debates. This interpretation creates unfavorable opinions and future expectations especially from potential investors and damages the government credibility and the credibility of Macedonia as well.
10. Page 17 labor issues: 8 % increase of employment over what period?
11. Typo mistake at page 23 second paragraph from beginning first sentence it is low not law.
12. Page 24 beginning. The pension percentages should be checked once again. The sentence is not clear and the percentages do not add.



**EBRD transitional scores measuring speed toward functional market economy
Macedonia is loosing speed given the initial endowment**