



PRESS RELEASE

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On 15th December 2009 the OHRID Institute for Economic Strategies and International Affairs held the presentation of the first Report of the monitoring and evaluation of the program activities of the Government of Republic of Macedonia in the period September 2008- October 2009.

This report represents start of the second cycle of the Leadership Monitoring Project conducted by the OHRID Institute in 2007 and 2008. The Leadership Monitoring Project aims to provide broader picture to the wider public on the reforms planned and realized by the Government of the Republic of Macedonia, through constructive and comparative analysis of the Program of the Government. The Monitoring is consisted of comparison of the Government achievements against the pledges and promises included in the Program for work of the Government 2008-2012. The Leadership Monitoring Project has the purpose to provide the citizens of the Republic of Macedonia with objective and expert monitoring of the work of the Government. On the basis of the benchmarking and cross-referencing, the OHRID Institute will develop reports regarding the program implementation progress. The reports include risk assessment from insufficient or non-quality implementation for each of the areas covered with the reports. The 10 analyzed areas are: financial system (fiscal and monetary policy), foreign trade system, trade policy, industry and investment policy, social policy, education, agriculture, foreign policy, internal policy and judiciary, health, transportation and construction policy.

This year Report will focus on the planned and realized activities in the reporting period, finding answer on the question: what is left to be implemented; risk evaluation for the non implementation or non quality implementation and individual expert evaluation.

Parts of the recommendations given by the experts of the OHRID Institute are:

Regardless of the development of the events which obviously have strong international dimension, it is recommended that the Government should continue with the same pace of realization of the program activities, especially the reform activities.

The biggest challenge for the Government in the following period will be the process of undertaking measures and activities in the economy for gradually getting out from the recession phase and striving towards the prosperity line of the development.

In order to accomplish this goal, it is necessary rational engagement of the available budget resources. It means that first it is necessary to direct them into activities with development character and to decrease the operative activities which represent irrational expenditure.

Nevertheless, the best scores in the field of the economy will be achieved if the **fiscal and monetary policies** synchronize between them, while individually undertaking measures and activities. This kind of approach will help solving the numerous problems which have occurred in the **foreign-trade** sector.

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It is recommended that the appropriate activities of the authorities in the area of foreign trade system to be primarily directed towards gradual reconstruction of the economy, making it export - oriented (internationalized) and increasing of the competitiveness of the home products in the foreign market.

In meantime, the Government needs to apply all available measures for improvement of the economic situation, especially in the fields where the influence of the crisis was felt most: **trade, industry and investment**.

The strongest effect can be achieved by: increased usage of the resources from the European Investment Bank, certain relaxation of the monetary policy and government refraining from further intensive resource collection through sales of state record.

These activities and measures will increase the space for crediting of the entrepreneurship activities, improvement of their liquidity and significant improvement of the overall economy performance in the country.

Numbers of reforms are started and are in course of implementation in the area of the **internal policy and judiciary**. This is mainly a result of the necessity for adjustment of the home legislation and practices with the appropriate ones in the EU. Since Macedonia is striving towards EU, the started reforms must continue in this sphere and others must begin. This is important also for the safety enhancement and protection of the citizens of Republic of Macedonia.

The **foreign policy** of Republic of Macedonia it is still concerned with the internal policy processes. It should be significantly strengthened, and there is a need for creation of internal conditions and foremost national consensus for the priorities of the Macedonian foreign policy as well as the resources for successful realization of it– decrease of the influence of the internal party conflicts, building and promotion of unity in the representation of the Macedonian foreign policy priorities.

In the reporting period in the field of **education** many projects were started, but the preparation is long and demands clear strategy and strategic leadership based on quality studies. It is recommended all started projects to be finished through quality and on time implementation.

The Government should build necessary conditions for normal functioning of the dispersed studies. With the necessary standards the aim will be set "the professor goes to the student and not vice versa", measure which is supposed to increase the interest for studying, directly or indirectly.

The high educated young population should grow into comparative state advantage for attracting foreign investment capital, as well as for further influence on the decrease of the unemployment and the increase of the development rate.

Adoption of numerous strategic documents and procedures which regulate different domains in the area of **social policy** represent partial realization of the program activities of the Government in that area. It should be taken into consideration that there is a need for enhancement of the regular insufficient capacity of the public administration for solving the problems in the area.

The reforms in the **health** area are executed in continuation. Few of them are successful and some are not so successful. The Government should end the activities which are started in certain parts of the health area and especially the project Diagnostic related groups (DRG). It is recommended high precaution in this area, because with the realization of the system many differences will occur in the planning and realization of the budget of the public health institutions.

Besides that, the Government in Republic of Macedonia in the following period needs to be more cautious in the policies presentation planned to be conducted in that area, and their promotion needs to be in process when the projects will be finalized. With further realization of started and planned future projects, the Government of Republic of Macedonia may come across number of obstacles and risks, and in that regard great cautious it is recommended for the activity.

Great opportunities for crediting certain entrepreneurship activities, especially in the area of agriculture can be found in the pre-accession EU funds, IPARD. The Institutional preparations for their usage are already finalized. Furthermore, a lack of wide information can be noticed for the

interested companies and institutions in the area of agriculture for the possibilities as well as the preparation of the necessary project for use of those resources. That determines the main recommendation of this report for the government actions in the direction for enhancement of the appropriate preparation for use of those resources. In the same direction is the recommendation for the capacity enlargement of the institutions that are authorized to give advices. Other important recommendations for further acting in the area of **agriculture** are encouragement of the market development for purchase of agriculture products and increase of the development investment of the IT system in the area.

Generally, the recommendation in the area of **transportation and construction policy** is that it can represent a locomotive which will bring the economy on the prosperity line of the development. Due to this, in the following period it is recommended the capital investment to be increased, especially with the engagement of the budget resources of Republic of Macedonia. In the moment, it seems that the Government can do that most effectively by investing in new and modernization of the current traffic systems. This mainly refers to the roads in the country. Nevertheless, in the following period when the situation of the economy will start to improve it will be necessary to enhance the investment activity in the rail and aero traffic, as well as the areas whose development depends of the position of the country on the European traffic map, which is one of the most significant conditions for attracting foreign direct investment.

The OHRID Institute believes that the Reports of the Leadership Monitoring Project represent certain resume and review of what is implemented and what not, in comparison to the promises made by the Government in the period September 2008- October 2009. This Report will provide the Government with an instrument for self- evaluation, and will give the citizens an insight of the work of the Government.

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