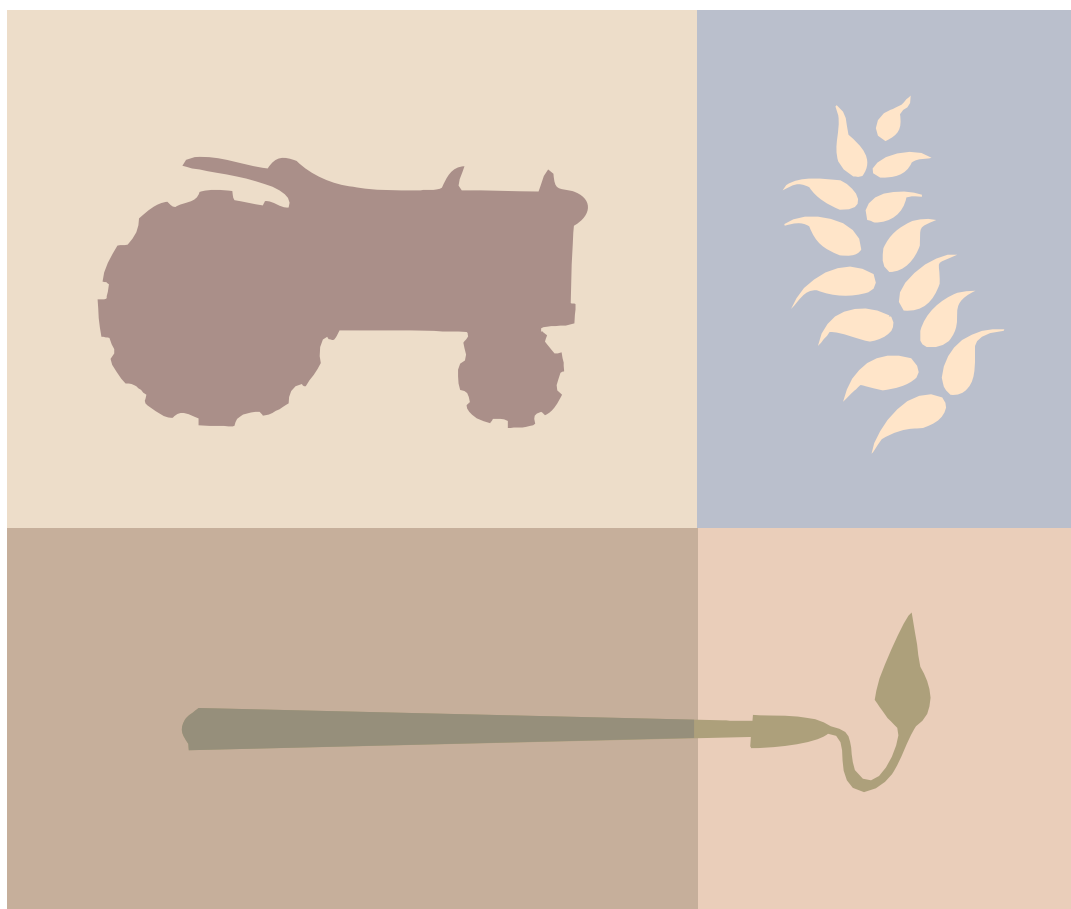


## Building capacity for Macedonian policy formulation and economic analysis related to the agricultural sector

with a focus on trade, marketing, production, and processing



Annual Report 2007

A project funded by



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## **Abbreviations and Acronyms**

CAP	Common Agricultural Policy
DAEO	Department of Agricultural Economics and Organization, UKIM
DE	Department of Economics, SLU
FAF	Faculty of Agriculture and Food - Skopje
FACEPA	Farm Accountancy Cost Estimation and Policy Analysis of European Agriculture (EU-funded project)
GTZ	German Agency for Technical Co-operation
MAASP	Macedonian Agricultural Advisory Support Program
MAFWE	Ministry of Agriculture, Forestry and Water Economy
NEA	National Extension Agency
PSE	Producer Support Estimate
QAT	Quality Assurance Team
SFARM	Support to Farmers' Associations of the Republic of Macedonia
Sida	Swedish International Development Cooperation Agency
SLU	Swedish University of Agricultural Sciences
TEMPUS	Trans-European Mobility Scheme for University Studies
UKIM	St Cyril and Methodius University
USAID	United States Agency for International Development



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## **Project Context**

This annual report focuses on the period between January 1 and December 31, 2007. The project started on July 1, 2004 and is hence concluding its fourth and final year of its first phase. Information on activities that occurred during 2004 to 2006 can be found in earlier reports; namely the Inception report and the annual reports for 2005 and 2006. This final report contains a description and analysis of each activity of the project, as well as the financial report for 2007. The project will continue with a second phase covering the period 2008-2010; the plans can be found in the new project document dated and submitted to Sida November 17, 2007. The activity plan for 2008 is attached as Appendix 1. All abbreviations used in the text are mentioned on page 3 in this report.

## **Political Overview**

The Republic of Macedonia is a small Western Balkan country which is still considered as a country in transition. The Gross Domestic Product (GDP) is about 4 billion US\$ or 2 000 US\$ per capita, taken as an average in the period from 2000 until 2005. The intention of the Macedonian economy is integration into the international market. In view of that, the Republic of Macedonia was officially accepted as a member of the World Trade Organization (WTO) in April 2003. In addition, the country has signed a number of free trade agreements with different countries from the region as a step towards strengthening the regional integration and cooperation.

In 2001 the Republic of Macedonia signed a Stabilization and Association Agreement with the EU, which provided an opportunity for more intensive access to the EU market. Finally, in December 2005, Macedonia became a candidate country for EU membership.

The agriculture has been very significant for the national economy of the Republic of Macedonia. The agriculture has a share of about 12% of the GDP, and if the food industry is added to this, it has a total share of about 16%. The share of the labour force in agriculture, in relation to the total labour force is noteworthy, representing about 20%. This significant

share of the labour force in agriculture indicates the agricultural character of the Republic of Macedonia.

More intensive structural and rural development measures were established in 2004 through farm investment support. Rural development policy, as a second pillar of the agricultural policy within MAFWE, was established in 2006 with measures which were directed towards increasing the competitiveness through investments at the farm.

The Agro-food sector's adaptation to the European market conditions is facing many challenges which request a strategic approach. Therefore, in June 2007, the Macedonian government accepted the National Agriculture and Rural Development Strategy (NARDS) for the period 2007-2013. According to this strategy, agriculture and rural development became the key pre-accession elements to focus on for the Republic of Macedonia's approach towards EU.

Five major issues in the period 2007-2013 have to be reached:

- Increase in the sector's competitiveness;
- Reaching quality and safety of food;
- Reaching a sustainable resources management;
- Improvement of the living conditions in the rural areas and
- Reforms of the regulatory and institutional framework.

The measures for the direct payment shall represent the basic instrument of the national policy for the agricultural support. They shall consist of direct payments per hectare in the plant production and per head in the livestock sector.

Rural development policy, as a second pillar of the agricultural policy within MAFWE, was established in 2006 with measures which were directed towards increasing the competitiveness (investments at the farm).

In the above mentioned strategy rural development policies shall be financed by national funds and by the EU (via IPARD), and shall follow the concept of the rural development of the EU.

In relation to the legislative harmonization with the EU *acquis communautaire*<sup>1</sup>, a national program for the adoption of the *acquis communautaire* has been accepted. A certain number of important parts of the primary legislation and sub-legal acts have already been coordinated to the EU and have been passed (the Law on Plant Protection, the Law on Seed and Planting Material, the Law on Wine etc). Finally The Law on Agriculture passed in the Parliament, which defines the entire agricultural policy of the Republic of Macedonia.

The institutional reforms are directed towards building an institutional capacity (i.e., formation of new necessary institutions and reorganization of the existing ones) and towards strengthening the institutional human resources through training and to implement the policies and the new legislation coordinated with the EU. These shall be introduced and adopted in the following years.

On the way to reaching the goals of transformation towards EU policies and standards, the projects which bring experiences and knowledge for building capacities of the country have an important role to play here.

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<sup>1</sup> The laws and regulations of the European Union

## **The Project in Short**

In accordance with the project plan, the aim of the project is:

*To contribute to an improved Macedonian policy for, and economic analysis of, the agricultural sector with respect to trade, marketing, production and processing.*

This is planned to be carried out by building up the DAEO teaching and research capabilities, improving the education programs and by expanding the research activities within the specified areas. Thus the project activities are as follows:

1. Research cooperation:
  - a) Modelling and analysing of the agriculture and food production sector in Macedonia;
  - b) Models of managing Macedonian farms.
2. Sending Macedonian students to PhD - studies in Uppsala;
3. Sending Macedonian students to MSc - studies in Uppsala;
4. Staff mobility for curriculum development:
  - a) Swedish teachers participate in concentrated teaching in Macedonia from seven to ten days at a time;
  - b) Macedonian teachers visit Uppsala for seven to ten days at a time to work on curriculum development;
  - c) Agricultural economics curriculum improved and prepared for Bologna-model.
5. Technical support:
  - a) Equipping the department in Skopje with technical teaching aids and modern means of conducting research and also equipping the said with a modern computer lab;
  - b) Purchasing books and additional literature;
  - c) Organising English language courses in order to allow the department's students and staff to attend studies abroad and participate in other international projects.

6. Annual study visits for Macedonian undergraduate students in Uppsala.
7. Advisory system in Macedonia;
8. Educational research centre.

More thorough information on the relevance of the project in agricultural economics, the Macedonian agricultural sector, the Department of Agricultural Economics and Organization (DAEO) in Skopje, the project background and the objectives and outputs of the project is presented in the project document. However, the objectives and outputs of the project are summarized, in Appendix 2.

### ***Target Groups***

This project has three target groups. First, in the short run, the target group is the DAEO, Faculty of Agricultural Sciences and Food - Skopje. In the medium run the target group comprises the MAFWE, farmers as well as consumers in Macedonia. Lastly, in the long run the final target group is the whole agricultural sector in Macedonia which will, hopefully, gain from the achievements of the outcome of the project.

The immediate target group, the DAEO, employs nine teachers with PhD degrees, one teaching assistant (MSc), and one technician engaged in the education and research activities. There are also two postgraduate students involved in teaching. These thirteen people include four women and one person from an ethnic minority.

Moreover, the undergraduate students are an important target group since the higher education in agricultural economics is a significant source of skilled employees for both the private and public sector, e.g. as part of the administration in agricultural enterprises or as farm advisors in the NEA. Moreover, it is important to secure a re-growth in advanced or expert knowledge in the fields of agro-management, agro-marketing as well as agricultural economics to supply the government with experts, the university and different institutes with researchers, and the private sector with skilful managers.

However, strengthening the knowledge base in a discipline or sector is a task with a long time perspective.

Therefore, it will take some years before advisors and managers, experts, researchers, and teachers with “new” knowledge enters the Macedonian labor market and actually visibly start contributing to the development of the agricultural sector. Even research results may take some years before it benefits farmers and food consumers, e.g. through reformed agricultural support. The long run outcome may probably be achieved only at the end of the ten-year period of the project.

## **Project Activities – Progress in Implementation**

### **General Achievements**

This section describes some general achievements experienced by the separate partners within the project: the DAEO and the DE.

According to the department in Macedonia, the project has had a positive repercussion in the academic society within the Faculty of Agricultural Sciences and Food, Skopje, and it is considered as one of the largest projects the faculty is involved in. All employees, as well as the students, are motivated to participate in this project where a direct benefit of the project is the modern computer lab and the new reference literature.

During the first project phase, the activities concerning curriculum development contributed to improved undergraduate courses as a result of the nine Macedonian teachers' visits to the DE. The students' motivation was also increased mainly by the guest lectures from DE. There were fifteen Swedish teachers who provided lectures at DAEO. Moreover, the project supported two master students who have graduated with MSc degrees at DE and have continued with PhD studies at DE. Currently four Macedonian students are participating in the MSc program of whom two have nearly completed their degree. The activities concerning language courses noticeably improved the students' and staff's English skills and provided applicants for MSc studies at DE with a solid base to succeed with their studies. There were 4 teachers who have reached the A1 level<sup>2</sup>, 3 with B1, and 2 teachers with B2 level. From the students the output was 5 with A2, 19 with B1, 5 with B2, 10 with C1, and finally 4 students with IELTS score with at least 5.5 score. And, worth to mention is that the study visit has broadened the experience of participating students, and assured applicants to the MSc program.

Regarding the research activities, noteworthy is that within the sector analysis study and the farm model research, the research skills especially in the area of policy analysis and analysis of farm's operation were improved. However, the

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<sup>2</sup> For an explanation of these different levels, see Appendix 3.

contribution to the objectives of the project from these activities will be further noticeable in the forthcoming periods as new experiences and accumulated knowledge will be generated, thus strengthening the capacity of the faculty as an educational and scientific institution. It should also be mentioned that the project has a positive influence on the undergraduate students who are well motivated to increase their own participation within the teaching and research activities at the DAEO. This project contributes to the capacity strengthening at the DAEO and the new generations of students who are expected to contribute to the process of transformation of the Macedonian Agricultural Policy towards the EU Common Agricultural Policy, as well as the society towards the market economy.

For the department in Sweden, the project also contributes to positive outcomes. The interest for the project at the department is, as before, growing since its start in 2004. An increased number of teachers, researchers and PhD-students still show special interest in the teacher exchange, but also the research component. The MSc-students and visiting undergraduate students have also increased the awareness and appreciation of the project.

Generally, the project opens a close cooperation with other departments within the Faculty of Natural Resources and Agricultural Sciences at the Swedish University of Agricultural Sciences (SLU). Moreover, it also strengthens the position of foreign students at the department. In addition, the project increases knowledge and experience of the department on a number of issues related to development assistance.

Regarding the administration of the project, the semi-annual meetings with the Macedonian and Swedish project staff were organized in March and September in order to achieve more efficient management of short-term planning and follow-up of output achievements. Beside regular communication by e-mail and telephone, the project leader and the project coordinator installed Skype<sup>3</sup> for cost-effective contact between the departments. Moreover, to further strengthen the information flow, the project leader and project coordinator exchanged weekly progress reports.

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<sup>3</sup> Free computer software for internet based telephone and instant message service.

During 2006 the Macedonian management faced administrative changes of formal and technical character with the purpose to increase the project influence as part of DAEO and in relation to its reputation and position within FAF (all abbreviations are mentioned on page 3). Thus, the Macedonian administrator changed the title from Project Assistant to Project Coordinator and the project office was technically upgraded with laptop, printer, copier and fax machine. As a result, in 2007 the project was better accepted by DAEO, i.e. the teachers have increased their interest to participate in project-related activities, as well as the students more quickly and in an easier way received all necessary information in regard to the language courses, teaching programs at SLU, the study visit activities, etc. The teachers' activities were increased not only regarding the curriculum development and teacher exchange, but also in their involvement in activities in cooperation with other Sida funded projects. There are also results regarding the research engagements, i.e. the teachers established more frequent contacts with the Project Coordinator which results in clearer information and better coordination among the research teams.

Finally, during January to May the Swedish part of the project was led by the temporary project leader, after which the regular resumed her work after being on maternity leave.

### **Constraints and Lessons learned**

The project management has over the years had difficulties adhering to its own tactical planning, especially internal and external deadlines. This problem was temporarily overcome during the spring 2007 with significant improvement in internal reporting and carrying through of plans; unfortunately, the situation reverted in the autumn. After careful consideration of the cause of this relapse, two conclusions were made: the immediate reason was the time constraints of the Team leader in Skopje and the Project leader in Uppsala; the secondary explanation can be found in the geographical distance, in that it lengthens the process of finding a way to cooperate that is efficient, productive and acceptable to both parties. As a consequence of this new awareness of the underlying source of the difficulties to

adhere to plans, the Team leader and Project leader will exchange information on their various time constraints.

## ***Research Cooperation***

### **Introduction**

The research topics agreed upon at the workshop in the summer of 2003 involve some of the most urgent issues on the agenda for the agricultural sector in Macedonia, and aims at strengthening the Macedonian expertise on sector analysis and modeling, while at the same time increasing the Swedish researchers' experience of international cooperation and knowledge of e.g. the specific problems facing an economy in transition. See the Project Document dated November 17, 2007, for a more complete discussion of the topics.

### **Sector Analysis Study**

#### *Background and Objective*

At the project's annual meeting in June 2004 it was decided that the research activity will be in line with some of the plans laid out in the "Strategy for Approximation of the Macedonian Agro-food Sector to the Common Agricultural Policy," which was prepared jointly by the MAFWE, the Faculty of Agricultural Sciences and Food - Skopje, and GTZ. The focus of the research was on analyzing the competitiveness of some of the main agricultural products, e.g. wheat, maize, barley, rice, tobacco, potatoes, tomatoes, peppers, melon and watermelon, cucumbers, alfalfa, apples, grapes, beef meat, sheep meat, pig meat, eggs, and milk. The analysis will create the necessary elements for a sector model, which is a crucial tool in the subsequent analysis of implications of different policy suggestions, mainly the rapprochement to the EU and its Common Agricultural Policy. Thus, the Department in Skopje contributes to the Faculty of Agricultural Sciences and Food's commitment to the MAFWE's work on the EU accession process.

The pre-accession sector-analysis study was divided in four blocks each covered by researchers from the department in Skopje, the department in Uppsala and by a Slovenian researcher from the Biotechnical Faculty at the University of Ljubljana. The first block referred to the

European integration of Macedonian agriculture with an emphasis on the CAP and the EU integration process. The sector analyses comprising the Macedonian agricultural policy as well as the agricultural markets' overview and prospects were presented in the second block. The third block contains estimations on producer support in agriculture (PSE) and EU-accession scenario analysis using a partial equilibrium model of some Macedonian agricultural commodities. Noteworthy is that this is the first time that a quantitative analysis of the Macedonian agriculture has been carried out with PSE-estimations and model analysis. Finally, the fourth block of the sector analysis study presented conclusions and recommendations for the Macedonian agricultural policy in the pre-accession period towards EU. See the appendix 4 for complete content of the study.

### *Activities and Achievements*

During 2007, Block A of the sector analysis study was finished. This block refers to the Common Agricultural Policy and the accession tasks for the Macedonian agriculture. It was jointly prepared by the Biotechnical Faculty at the University of Ljubljana and DAEO.

In early 2007 some of the missing data were also gathered and resulted in final reports being prepared by the Macedonian research team. Since the reports were written by different researchers each of them with a different approach, one of the Macedonian PhD-students at SLU was engaged to harmonize and consolidate the text. The study was then translated into English and proof read because of the specific agricultural terminology.

During the same period, and after a third trip to Skopje to gather supplementary information, the Swedish team entered the collected data into the PSE-database and a first set of estimates were obtained. The calculations have then been revised several times to assure the reliability and accuracy of the estimates. Additional data has also been collected to further improve the consistency of the results.

In June 2007, the Swedish researchers, including the Swedish MSc-student who has constructed a partial equilibrium model of the grain-livestock complex participated in a workshop organized by DAEO and

presented the preliminary PSE estimations and the model results of an EU-accession scenario to the Macedonian research team. The workshop was also used for presentation of the methodology for preparing the sector reports. During the summer and autumn 2007 both research teams finalized and shared the text between themselves for additional comments.

### Constraints and Lessons learned

The initial plan was for the sector analysis study to be finished in November 2005; but, the limited number of researchers at the DAEO, as well as their already large workload, has continuously affected the pace of the research. As a result, the completion of the report to the MAFWE has been postponed several times. In 2007, the major obstacle for the second block that DAEO is responsible for, was the time consuming task of harmonizing and consolidating the writing styles of the texts prepared by different researchers. In addition the translation into English and proof-reading took longer than expected.

The delay in finalizing the study was also due to some obstacles that occurred in regard to the PSE calculations, which referred to data collection problems and were partly resolved with the organization of the workshop in June 2007.

### *Plans for 2008*

After the completion of the study its promotion will be organized as a one-day workshop in the beginning of 2008 for the MAFWE and other stakeholders. Subsequently, the report may be expanded and/or followed by additional research if this is considered necessary by the workshop participants.

On the basis of these research experiences, the people involved in the project considers that future research cooperation will be more efficient if it is organized as smaller projects involving one or two researchers from both departments.

## **Farm Business**

The topic of a Macedonian farm-business model was initiated in mid-December 2004 during a meeting between the two researchers from both departments. However, all of the activities were postponed until 2007 because of the above sector study, when in September the details regarding the research were identified. The aim is to adapt the Swedish farm business plan to Macedonian conditions by adjusting a computer program for a business plan called Agriwise and preparing enterprise budgets for the most important crops and livestock products in Macedonia. For that purpose the DAEO was given software, which will be translated into Macedonian. However, to start with the software manual was translated into English during the later part of the autumn in order to establish a common terminology before the software is converted. In addition, the master thesis of one of the Macedonian MSc-students in Uppsala will be part of the farm business research. The result of this research effort will also be a paper prepared by researchers at both departments.

Together with MAASP it was agreed that the research on farm business management will be linked to this project's activity on advisory system, since at present little of this kind of information is available in the public advisory service. These plans are further developed in the Project Document, dated 17 November 2007.

## ***PhD-program***

### *Background and Objective*

The PhD-program aims at recruiting Macedonian students to participate in PhD-studies in agricultural economics and business administration. The data collection will be concentrated to the department in Skopje, while many of the courses will be attended in Uppsala, where the degree will be awarded. The PhD-students will have supervisors from both departments and choose topics for the dissertations from the research areas. The PhD-students will be financed by scholarships during their studies in Sweden, while during their time in Skopje they will have an employment that allows them to devote time to their research work; this is briefly the essence of the so called Sandwich-model used by Sida for financing postgraduate studies. The project also employs a

Swedish PhD-student, whose research is focused on issues relevant to the Macedonian agricultural sector.

The first two candidates to the PhD-program received their MSc-degree in July 2006. Since both graduates showed an interest to continue their studies on the postgraduate level and was considered qualified, a discussion started in 2006 to decide on relevant research topics for the candidates to choose from as well as to identify main supervisors in these fields. A professor at the DE was approached to investigate the possibility to cover one of the topics from the list of urgent research areas. At the same time, a contact was made with a previous project member since he had written an interesting research proposal for the project earlier, and it was agreed that he should supervise one of the students.

#### *Activities and Achievements*

The PhD program was considered as part of the project at its very beginning, but the real activities started in 2007. There were two potential PhD-students, and for one of them in early 2007 a new main supervisor had to be found after one of the supervisors decided to leave the project. The solution became to invite a guest professor from Denmark as the main supervisor and have a professor from DE as co-supervisor. Each student was also appointed a Macedonian co-supervisor.

Once the issue with supervision was sorted out the two candidates were accepted as PhD-students in the early spring of 2007. The two topics are:

- “Analysis of farm efficiency and management practice – A study of viticulture family farms in the Tikves Region of the Republic of Macedonia”
- “Institutional Changes in the Macedonian Agri-Food Marketing System”

Subsequently, the studies commenced in Skopje with reading courses due to delays in the procedure to obtain residence permits. In July the first PhD-student arrived in Uppsala to start her first regular course, while the other student went on a six-month parental leave. The first PhD-student in Uppsala wrote a research proposal and finished several courses such as: mathematics, micro theory,

qualitative methods and entrepreneurship, and an individual course in efficiency analysis. During the parental leave the second PhD-student started with reading relevant literature and had meetings with her supervisor in order to identify the details regarding the study program. This student will officially commence the studies in February 2008.

The Swedish PhD-student's research is in economics with the topics of the papers dealing with different aspects of agricultural policy, food consumption, subsistence farming and poverty. During the academic year 2006/07, the PhD-student was on parental leave and resumed the work on the PSE-estimation in the autumn 2007.

### *Constraints and Lessons Learned*

The initial plan was to admit the first PhD-students in the autumn of 2006, as mentioned above. Unfortunately, the project management had not foreseen the amount of time necessary to initiate the studies. It is clear that the procedures to decide on a research topic, engage a supervisor, write the study plan for the application to the PhD-program, and finally applies for residence permit require at least six months to one year of preparation. Consequently, any future possible PhD-candidate should be identified already during the second year of his/her MSc-studies. Accordingly, one of the current MSc-students who have shown both interest and potential in continuing at the postgraduate level has begun to think about a possible research topic.

Sida uses the so-called Sandwich-model when financing PhD-students. The model is an agreement to pay scholarships, accommodation, insurance and any reasonable costs for the studies, e.g. supervision, course fees, computer, phone, copying and printing, during the student's period in Sweden, while the local partner university (DAEO/FAF in this project) undertakes to employ the student during the PhD-studies, though allowing him/her to use work hours for the studies, and pay for the necessary costs related to supervision, offices, etc. However, when this project was initiated in 2004, the Sandwich-model was unintentionally left out of the project document and became an issue only after the first PhD-student had arrived in Sweden in July 2007. Because of the rigid employment regulations for government institutions in Macedonia, the DAEO/FAF is not able to offer a

temporary employment using state funding. In an effort to fulfil the obligations of the Sandwich-model, contacts were made with possible employers in the private sector, including NGOs, with a negative result for the future employment of the students. However, since Sida has agreed to apply the Sandwich-model regardless of employment solution, as long as the project expenditures are unaffected, the DAEO will continue its search for appropriate employers.

According to the project document, the Macedonian PhD-students should be involved in both agricultural economics and business administration; however, because of their previous educational background and their interest so far, both of the PhD-students are involved in the business administration discipline. Hence, the next PhD-position should be aimed at agricultural economics or, since there is no current MSc-students in this subject, focus the research cooperation in this field instead.

The main constraint for the Swedish PhD-student during 2007 has been the responsibilities as Project leader. The work on preparing the project document and budget for the next phase has taken considerable time, as well as to resume the administration after nearly 9 months absence. To ensure that the Swedish PhD-student will have enough time to finish the dissertation, certain routine tasks have been taken over by the administrative staff at the DE.

## ***MSc-Program***

### *Background and Objective*

The MSc program recruits Macedonian students with a BSc degree that fulfills the SLU's prerequisites to participate in MSc studies in agricultural economics and business administration. It comprises two year studies and research on a topic chosen from the two research areas presented on page 9. The data collection is concentrated at the DAEO, while the courses are attended in Uppsala, where the degree will be awarded. The students have joint supervision that will ensure a stable exchange of experiences and ideas between both departments, as well as benefit the students in the form of different views on their subject.

The students are financed by 15 months scholarships provided by Sida, as well as accommodation and insurance. Thus, the students will get an internationally acknowledged MSc-degree in agricultural economics or business administration from the DE at SLU, and will enhance the graduates' competitiveness on the labor market by increasing the number of competent persons eligible to work at the DAEO or other qualified positions in the Macedonian economy, especially in the agricultural sector. Worth to mention is that the program aims at further preparing the students for PhD studies.

The MSc-program in economics or business administration offered at SLU when the project started in 2004 comprised 60 credits of courses and a thesis worth 30 credits, though due to the difficulty of obtaining data in Macedonia the thesis preparation was prolonged to two semesters (but was still worth just 30 cr.). From the academic year 2007/08, the program has been restructured to comply with the Bologna principles, hence there is two programs given in English, i.e. "Agricultural Economics and Management" and "Environmental Economics and Management". The scope of the new programs are 120 credits<sup>4</sup> each, with 90 credits of courses and 30 credits for the thesis.

The prerequisites for foreign students to be accepted to the MSc-program, both old and new, are the following:

- a BSc degree,
- a IELTS language test with a score of 5.5 credits

To be eligible for the scholarship, the student takes a theoretical test in economics, business administration, mathematics and statistics; besides providing additional certificates or recommendations.

The DE and SLU provide access to the economic courses in English and other teaching resources required for the introduction course, supervisory resources for the thesis work, library and computer facilities, as well as administrative personnel and help with the accommodation.

### *Activities and Achievements*

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<sup>4</sup> One semester is worth 30 credits; consequently, the MSc-program is four semesters or two years long.

In the autumn of 2007 one new student enrolled at the DE, choosing the new MSc-program in *Agricultural Economics and Management* with a major in business administration. The student passed the two courses in the autumn in “Environmental and Social Responsibility Marketing” and “Production Economics”. Since the program is 120 credits he is expected to graduate in 2009. The student was provided with accommodation on campus and a laptop computer to use for study purposes.

The three students that started in 2006 finished with their courses in March (two students) and October, respectively. They took the following courses: business management, environmental strategies, cooperatives, industrial organization, production economics and financial accounting. Afterwards they commenced working on their MSc-thesis in Skopje. The DAEO made several suggestions in order to determine the topics for those students, after which supervisors were selected at both departments. The master thesis topics are:

- Decision making process on capital investments for the Macedonian farmers;
- Small vs. large Macedonian dairy farm in their choice of buyers;
- Farm business planning model in the Republic of Macedonia.

During 2007 the students wrote the thesis proposal, started the literature review, and prepared and carried out the data collection. One student used personal interviews for collecting data, while the second used a questionnaire; the third student is utilizing data from a recent dissertation. The activities will continue in 2008 and two of the students are expected to provide a defense seminar in March 2008.

In the evaluation performed in January 2008, the students expressed satisfaction with the courses and were in general satisfied with the communication with department and project staff. The students also provided some useful suggestions on how to improve the service.

### *Constraints and Lessons learned*

The MSc-student that started in the autumn 2007 had to wait a few weeks for his computer because of delivery delays from the supplier; this problem was additionally increased by the summer holiday. In the future, new computers will be ordered as soon as it has been confirmed that the student will commence the studies.

## ***The Agricultural Economics Curriculum Improved and Prepared for the Bologna-model***

### *Background and Objective*

The DAEO have already reformed its BSc-program in agricultural economics; however, they have asked for assistance in improving the curriculum further, hence the DE assists in preparing it for an adaptation according to the Bologna Declaration. The project aims at making the BSc in agricultural economics more competitive on the labor market and among students; in addition to further prepare students for postgraduate studies. The Swedish teachers may assist in developing some first and second year courses in economics and business administration and also visit the department in Skopje for seven to ten days to give guest-lectures on selected topics. Moreover, the Macedonian teachers visits the DE at SLU in order to gain experience by attending courses provided in English, as well as discuss further curriculum development and research projects .

The development of the Macedonian agro-economical curriculum has two components: the undergraduate and the graduate level. The English language courses for the Macedonian teachers are related to the two curricula.

### *Activities and Achievements*

During 2007 several teacher exchanges were organized. Four Swedish teachers provided lectures in financial management, international trade and agricultural policy, cooperatives and mathematical-statistical methods. The lectures were provided through an interpreter since not all of the students and teachers understand English. The Swedish teachers were also

evaluated by the students; see the evaluation report as appendix 5.

Two Macedonian teachers are expected to visit the DE for a period of one week in December 2007 and attend the courses in agricultural policy and international trade, business management as well as production economics, all provided in English. The Macedonian teachers will use the visit at the DE for discussions regarding their research activities. All of the teachers participating in the teacher exchange activities are to evaluate the visit, as well as to be evaluated by the students in order to improve the teaching methods or the topics covered with the lectures.

Beside the abovementioned activities and following the QAT recommendations, as an input into the curriculum review process and also as a basis for comparisons with the future situation of the graduates from a revised program, a survey on the graduated students' perspectives on the existing curricula was conducted. The survey was organized on the basis of a questionnaire provided by the DE and adapted to the Macedonian conditions with the aim to survey the satisfaction of the BSc-graduates with the education under the past curriculum and their present employment situation. All of the students considered that they achieved the appropriate educational objectives, as well as that the education enabled them to be able to do individual work in the field, to follow scientific development, and to have a good base for a field research. They expressed a need for more effective courses to be included in and some courses to be excluded from the compulsory block. The students are also satisfied with the possibility to write a diploma thesis where they are given an opportunity to demonstrate their capabilities and to apply their knowledge gained during the studies. The evaluation report is presented as appendix 6.

Beside the students' views, a labour market study has also been initiated. It will not only consider randomly selected students, but also possible employers as institutions, enterprises in primary production, the processing industry, and NGOs. The survey of the enterprises and the institutions gave results in regard to the work capacities, the employment rate, qualification structure, the need for new employments as well as the need for additional training and education for the employees. The student survey resulted in employment data,

i.e. how many of the students that obtained an employment, and if the employment is in the field of agriculture or not. Those who are employed and those who are still looking for an employment were asked regarding their need for additional training and education. The study is prepared in Macedonian and is expected to be finished not later than January 2008.

Noteworthy is that some activities regarding the introduction of the Bologna principles started but were stopped and postponed until the new Law for higher education becomes effective.

### *Constraints and Lessons Learned*

As previous years, the main constraint for the number of participating Macedonian teachers is the English proficiency. Only four teachers and one teaching assistant speak English on a level that allows for a fruitful exchange of ideas regarding courses. Considering that fact, as well as teachers' obligations in the teaching and research activities, the expected result of having five Macedonian visits at the DE during 2007 was not accomplished. The study visits could also be planned more in advance so that they coincide better with seminars and suitable courses at the department.

Regarding the Swedish guest lectures there was also a problem with planning, in that the time frame for course planning at DAEO in Skopje is shorter than the necessity for advance planning for the Swedish teachers. This problem has partly been resolved through increased communication and better attention to preparations.

## ***The Department in Skopje Equipped with a Computer Lab***

### *Background and Objective*

The academic work today is dependent on easy access to new research results through the Internet. Therefore, it is essential for the DAEO to have access to academic channels, e.g. economic science journals and useful web sites. This is very important especially for the transitional economies, because new data are changed and published every day. For students

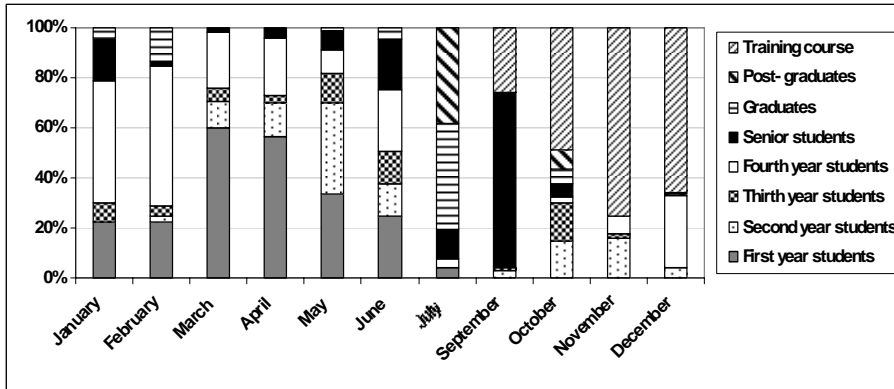
it is very important to learn how to use computers for their academic development, in addition to become acquainted with the available information channels in their field as a modern means of education.

In order to improve the department's access to research results and the international research community, the project decided to equip the DAEO with a modern computer lab. The computer lab is also used to facilitate the students' contacts with up to date course material, literature and modern means of education.

The computer lab was equipped with 21 computers (20 for the students and 1 computer for the teacher), scanner, projector, high-quality printer, and server, air conditioners, white board and screen. The lab is connected to the faculty network since it was improved during 2005. An ADSL-line is used for Internet-access. The lab was opened in December 2005.

#### *Activities and Achievements*

During 2007, the lab was used for teaching purposes (available from 8 am until 12 pm), as well as for the needs of the individual students (available from 12 pm to 4 pm). Within the teaching activities, the computer lab was used for lectures provided by the Swedish quest lectures. The courses covered by the Swedish guest lectures were financial management and mathematical-statistical methods. Beside the regular teaching activities the computer lab is utilized for training organized in cooperation with MAASP and intended for the NEA and the bank advisors. The trainings were mainly regarding the investment programs preparation and estimation. How the computer lab was utilized during 2007 is presented in the graph below.



The students from the DAEO have their own accounts in order to have access to the computers. In regard to the maintenance of the lab there are two responsible persons: the system administrator for the system maintenance (network, computers, students' accounts, etc.) and one person looks after the lab when it is opened for the students.

The project will also provide statistical software for research and educational use. In order to decide what software to purchase, a discussion among representatives from both departments started. Finally, the departments decided to purchase two licenses for the statistical packages STATA and GAMS. STATA has already been installed and used for research purposes at the department in Skopje, while the procedure for the procurement of GAMS is expected to be finished until the end of the year 2007. For proper utilization of the statistical programs, courses for the teaching staff at the DAEO will be organized starting from 2008.

The network engineer has recommended that new antivirus software should be installed in the compute lab, as the existing freeware does not provide sufficient protection against malware. Consequently, the DAEO organized a tender procedure to procure the new antivirus licenses. Offers from different providers were collected and the project management decided upon purchasing of McAfee Virus Defense P1 Gold.

### *Constraints and Lessons Learned*

The procurement of a GAMS license was delayed as a result of lack of communication with the provider. The DE started the activities for purchasing the license, but the DAEO was to

sign the contract since the license will be applicable in the research activities at DAEO. The signed contract was sent by fax, but no response was received from the GAMS provider. During 2007 GAMS was not delivered and the activities will continue in 2008.

Regarding the utilization of the computer lab, noteworthy is that during 2007 three of the computers had hardware problems and within the guarantee period were repaired and put in action. The maintenance of the computers should be considered for the second project phase.

### ***New Reference Material for the Library at the Department in Skopje***

#### *Background and Objective*

As mentioned earlier, the academic work today depends on continuous access to new research results that are published daily in scientific journals, as well as in modern widespread textbooks. In order to improve the DAEO access to internationally recognized research results, the project agreed upon equipping the DAEO library with modern textbooks in English as well as to provide access to the scientific journals online.

The library at the department in Skopje should be supplied with online science journals and modern textbooks covering the topics economics, marketing, management, and writing skills. The Swedish teachers, in dialogue with their Macedonian counterparts, suggested essential literature for the undergraduate level in each subject, as well as recommended basic literature on essay writing. The Swedish teachers also recommended influential science journals to be provided on-line at the library or in the computer lab. The reason to choose subscription to journals on-line rather than on paper is the possibility to access the journals own article archives rather than keeping it on location. All books and journals provided are in English.

#### *Activities and Achievements*

With the opening of the computer lab, the Swedish teachers recommended influential science journals to be provided on-

line at the library or in the computer lab. The suggested online journals were:

- European Review of Agricultural Economics;
- Agribusiness – An International Journal;
- Journal for International Food and Agribusiness Marketing;
- Journal of Management Studies

Firstly, the DE recommended contacting JSTOR for providing the DAEO with the online journals. The DAEO contacted JSTOR several times but there was no response from their side. After several trials DAEO was given a very high price for the necessary subscriptions and decided to find another solution.

From the abovementioned titles, the DAEO established contacts for purchasing of the European Review of Agricultural Economics provided by the Oxford Journals and it is expected that the subscription as well as the hard copies of the journal will be received at the beginning of 2008.

In the process of approximation of the Macedonian agricultural policy towards the CAP of the EU, the DAEO found out that there is a need for purchasing of the CAP Monitor which will be fully utilized for the research purposes. The CAP Monitor was purchased instead of one journal subscription in 2007.

#### *Constraints and Lessons Learned*

The subscriptions to the online journals were delayed as a result of the providers' lack of communication. The Oxford University Press and JSTOR were contacted on several occasions but did not respond to the e-mail sent by the Project Coordinator. Finally, after several phone calls, the provider and the project decided to subscribe to the European Review of Agricultural Economics.

## ***English Language Courses***

### *Background and Objective*

The importance of language skills can not be questioned in the global world of today. Considering the fact that the project language is English, a important part of the project focuses on increasing the level of English proficiency for the Macedonian teachers and staff. The expected output of the language courses is achievement of a level of English proficiency equal to C1<sup>5</sup> as defined by the Council of Europe. Additionally the students who are potential applicants for master studies at SLU attend a course to prepare for the IELTS (Test of English as a foreign language), from which they are to gain 6.0 credits to become eligible for applying at SLU. Consequently, the teachers and the students will obtain necessary skills to be able to take part in international projects, conferences, seminars, and course/education.

### *Activities and Achievements*

DAEO provided its staff and students with two different English courses. Firstly, regular courses are provided for the staff and the students over a period of four months. The staff and students were tested for their skills prior to the course and grouped according to their prerequisites. During 2007, the total number of attendees was approximately 30 on the regular courses. The regular courses for the staff were organized as individual courses since the teachers have different levels of English knowledge.

The second one was an intensive course to prepare the students for IELTS. During 2007, one student passed the IELTS language test with more than the minimum level requested by SLU for foreign students; the student obtained 6.5 credits. The IELTS-test was organized and held within the British Council.

At the end of the course, the school for foreign languages tested the students and the staff. The grades given by the school are according to the Macedonian system of grading, but can fairly easily be translated into the Council of Europe's system. The results were 3 teachers who have reached the B1 level<sup>6</sup> and 2 teachers with B2 level. From the students the

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<sup>5</sup> See Appendix 3 for the definition.

<sup>6</sup> For an explanation of these different levels, see Appendix 3.

output was 4 with B2, 11 with B1, 5 with B2, 9 with C1, and finally 8 students with C2 level.

### *Constraints and Lessons Learned*

Not all of the students that participate in the courses start with a level of language skills that will allow them to reach the level C1 during the two years they attend the courses. However, most, if not all, students improve their skills with at least one level for each course (year), hence they are better prepared for continued studies and/or work where English is used frequently. The language courses will also assure qualified students for the new master-programme at the planned educational centre.

## ***Annual Study Visit to Uppsala for Undergraduate Students***

### *Background and Objective*

Educational institutions everywhere competes to make students chose their study program; this is certainly true also for the departments in Skopje and Uppsala.

Since the Macedonian department has had some problems with students quitting before graduating with BSc-degrees, the project aims at inviting seven undergraduate students per year during the first implementation period 2004-2007 for a seven day study visit to Sweden and the DE in Uppsala to show the possibilities awaiting them once they have graduated.

The department at SLU (in Uppsala) provides the planning of the entire visit, give access to lectures, teachers, students, and library and Internet facilities; as well as act as guides.

### *Activities and Achievements*

The study visit to the department in Uppsala took place in May 2007. The group consisted of seven students and one group leader. The selection for participating was based on academic merits and computer and language skills. The visit lasted for eight days and included information meetings on the courses provided at the department in Uppsala,

discussions with the teachers and students at the department, as well as a visit to the on-campus student housing. Moreover, the program contained an extensive variety of visits to other organizations like a farm and the Federation of Swedish Farmers (LRF). Accommodation was provided at a local youth hostel in the city centre. Upon the return to Skopje each student was obliged to write a travel report in the form of a short essay in English, which was commented on by a Swedish teacher.

The written reports presented by all the participants suggested a very positive result. In general, the students expressed satisfaction with the trip as a whole.

They were impressed by the well-equipped Swedish education facilities, by the friendly professors and study environment, as well as the SLU campus. In addition to this, the students reflected on cultural differences such as living conditions, mentality among people and educational differences. The Project Coordinator wrote a study visit report comprising the activities and the students' reflections; see appendix 7.

Noteworthy is that the students are very motivated to participate in the activities of the DAEO, including the project, knowing that it will enable them to take part in the study visit and learn more about Sweden and its possibility for their further education.

## ***Advisory System in Macedonia***

### *Background and Objective*

The subproject on advisory systems in Macedonia was not intended to start during the first phase of the project. The aim is to form a partnership between the two departments, the NEA in Macedonia, Agriwise and MAASP, but perhaps also other development projects aimed at advisory systems. It may be envisaged to include Macedonian agricultural enterprises or farm associations including the ongoing cooperation between LRF and the Federation of Macedonian Farmers. There is also a possibility to make use of the data collected for the Farm Monitoring System by the NEA.

Potential activities could be the development of a homepage; information material; creation of courses for

continuous education of advisors; and collaboration groups with farmers, advisors, and researchers.

#### *Activities and Achievements*

During 2007 several contacts with MAASP, the Sida-funded project, were realized. Finally, a link in the advisory activities between both projects was found. Firstly both projects considered that DAEO should start with organizing training for the advisors. The training was to be held in Skopje with teachers from DAEO. Later this was changed in discussion with MAASP and both projects agreed that DAEO will undertake part of the MAASP activities regarding preparations of protocols/manuals. The DAEO contribution to those protocols will be covering the part for farm business planning which is in relation with the farm model research.

### ***Educational Centre for Agricultural Economics and Business Administration***

#### *Background and Objective*

A new and additional project activity, i.e., the establishment of educational centre was proposed to be included as part of the next project phase. The idea was originally born in 2005 but more elaborated on during 2006 and 2007. The need of such a centre is growing considerably, due to the fast changes of transition towards a market economy in Macedonia and the transformation process for its accession to the EU. The impact of these events is expected to be enormous in the agricultural sector. As a result, both departments suggested that an educational centre for postgraduate studies should be established in the area of agricultural economics and business administration. The project management prepared several documents, like a proposal, a SWOT analysis and a budget to explain the idea and the need for such a centre.

#### *Activities and Achievements*

In early 2007 both departments finalized the centre proposal on the basis of the SWOT-analysis prepared the year before.

The purpose of this centre proposal was to explain the idea, the necessity of having international master studies in agricultural policy and business administration in Macedonia, as well as the organizational structure of the centre.

At the project's annual review in March, Sida decided that independent experts should be asked to evaluate and to test the idea and find out if there are reasonable conditions for opening a centre for international master studies in Skopje. The two independent experts were selected by Sida, one from each country. The Swedish expert, in cooperation with the Macedonian expert, was given the documents prepared by the project management in order to better understand the objective of the centre.

In October 2007, the independent experts participated in several meetings organized by DAEO. Meetings were held with the rector, the dean, the teachers and students at DAEO, with a representative of a similar center at the Faculty of Machinery, the Sida office in Skopje and other related institutions or projects. On the basis of the feasibility study prepared by the two experts, the project made a separate document elaborating the centre in more detail. That document is enclosed to the project document dated November 17, 2007.

## **Monitoring and Evaluation**

The progress of achieving the objectives defined in the project document is continuously monitored throughout the year for most activities to secure the desired outcome and improve plans and follow through of each activity. The means of verification differs somewhat between sub-projects, as will be presented below.

The curriculum development is continuously monitored using evaluation forms for each Swedish guest lecturer or visit by a Macedonian teacher to Uppsala, including student evaluations of the guest lectures.

The objective for the MSc-program at SLU is evaluated based on the number of passed courses and the yearly evaluation form answered by the students. The MSc-studies will also be evaluated based on the finished theses.

The Study Visit is evaluated based on the essays written by participating students, as well as the report by the group leader.

The PhD-students' progress are assessed once or twice a year, where the supervisors go through the individual study plan that all PhD-students must have, to see that the studies are progressing as planned. The study plan is then given to the director of studies at the department for a second control. In addition, papers presented on department seminars, together with transcripts of the student records, are used to monitor the activity level and the number of passed courses/credits.

All research-efforts are monitored based on progress reports as well as papers presented at department seminars and/or conferences.

The use and reliability of operation of the computer lab are monitored through monthly reports from the network engineer and lab assistant. The literature and journals are monitored through inventory lists, while the language courses are assessed based on the test results at the end of the semester or IELTS-course.

## **Financial report 2007**

The revised total budget for 2007, as approved at the annual review in March 2007, were 4,300,000 SEK of which 2,139,000 SEK was for fees and 2,161,000 SEK for reimbursable costs. The financial outcome for 2007 were 2,337,625 SEK or about half the budget amount. Of the total figure was 1,523,956 SEK paid as fees, while 813,669 SEK went to reimbursable costs; showing that the realization of procurement of goods and travel was only 38% whereas for fees more than 70% of the budget amount was achieved.

Almost all activities show a surplus with *Research, PhD, Curriculum Development*, and the *Computer Lab* having the lowest carry-through of about 30-45 percent. The main reason for this excess money is the continued delays for the MAFWE report and statistical software, the visa problems and pregnancy for the PhD-students and the under utilization of the teacher exchange programme.

Remunerations (fees) in the PhD- and MSc-programmes show a deficit due to changes in the classification of scholarships from reimbursable costs in the budget to fees in the financial report. The teacher supervising the undergraduate students for the *Study Visit* reflections received a higher fee than budgeted due to a heavier workload than anticipated.

All overhead charges related to the Macedonian project organisation have been included in the figure for the project management in Macedonia, following the recommendations of the audit in 2007; hence the negative outcome of -66,608 SEK. Finally, the Centre feasibility study carried out in September 2007 has been considered under the heading *Reviews*, explaining the deficit for that category of -78,188 SEK.

On the following pages you will find the financial report for 2007 followed by a summary of the costs incurred during the project's first four years 2004-2007. As can be seen from this statement, the project has 2,330,607 SEK remaining of the money requested from Sida.

Financial report for 2007. All amounts in SEK.

	Budget	Outcome 2007			Balance
		Sweden	Macedonia <sup>7</sup>	Total	
<i>Research</i>	879 800	181 545	78 407	259 953	619 847
Remunerations	545 400	166 307	44 856	211 163	334 237
Miscellaneous, incl. travel	334 400	15 238	33 552	48 790	285 610
<i>PhD-studies</i>	808 200	367 529	4 431	371 960	436 240
Remunerations	157 100	323 066	0	323 066	-165 966
Miscellaneous, incl. travel	651 100	44 462	4 431	48 893	602 207
<i>MSc-studies</i>	528 000	477 421	18 381	495 802	32 198
Remunerations	38 500	160 500	0	160 500	-122 000
Miscellaneous, incl. travel	489 500	316 921	18 381	335 302	154 198
<i>Curriculum Development</i>	970 600	265 104	123 208	388 312	582 288
Remunerations	549 000	209 088	3 913	213 001	335 999
Miscellaneous, incl. travel	421 600	56 017	119 295	175 312	246 288
<i>Computer Lab</i>	260 400	6 152	66 049	72 201	188 199
Equipment	0	0	0	0	0
Licenses and Computer Engineer	260 400	6 152	66 049	72 201	188 199
<i>Literature</i>	62 100	0	18 732	18 732	43 368
Textbooks	3 000	0	1 499	1 499	1 501
Subscriptions	59 100	0	17 234	17 234	41 866
<i>Language Courses</i>	75 100	0	65 864	65 864	9 236
<i>Study Visit</i>	96 200	79 374	29 287	108 661	-12 461
Remunerations	25 600	36 432	0	36 432	-10 832
Miscellaneous, incl. travel	70 600	42 942	29 287	72 229	-1 629
<i>Advisory System</i>	0	0	0	0	0
<i>Project Administration</i>	563 000	210 645	210 708	421 354	141 646
In Sweden	418 900	210 645	0	210 645	208 255
In Macedonia	144 100	0	210 708	210 708	-66 608
<i>Reviews</i>	56 600	93 836	40 952	134 788	-78 188
Remunerations	0	86 240	0	86 240	-86 240
Miscellaneous	56 600	7 596	40 952	48 548	8 052
<b>Sum</b>	<b>4 300 000</b>	<b>1 681 606</b>	<b>656 019</b>	<b>2 337 625</b>	<b>1 962 375</b>

<sup>7</sup> The exchange rate used to convert from MKD to SEK is the average received exchange rate for the money transfers in 2007, namely 0.1504 SEK/MKD. This exchange rate was derived from the MKD/EUR and SEK/EUR exchange rates.

Financial report for 2004-2007. All amounts in SEK.

	Budget	Outcome 2004-2007			Balance
		Sweden	Macedonia	Total	
<i>Research</i>	<i>3 240 000</i>	<i>564 759</i>	<i>681 136</i>	<i>1 245 896</i>	<i>1 994 104</i>
Remunerations	1 620 000	527 534	561 321	1 088 855	531 145
Miscellaneous	1 620 000	37 225	119 816	157 041	1 462 959
<i>PhD-studies</i>	<i>1 799 100</i>	<i>1 438 112</i>	<i>19 553</i>	<i>1 457 665</i>	<i>341 435</i>
Remunerations	1 596 600	1 160 274	848	1 161 122	435 478
Miscellaneous, incl. travel	202 500	277 838	18 705	296 543	-94 043
<i>MSc-studies</i>	<i>1 354 200</i>	<i>1 374 154</i>	<i>60 008</i>	<i>1 434 162</i>	<i>-79 962</i>
Remunerations	745 700	196 942	3 916	200 858	544 842
Miscellaneous, incl. travel	608 500	1 177 212	56 092	1 233 304	-624 804
<i>Curriculum Development</i>	<i>1 148 400</i>	<i>809 577</i>	<i>208 778</i>	<i>1 018 354</i>	<i>130 046</i>
Remunerations	621 600	581 442	9 419	590 861	30 739
Miscellaneous, incl. travel	526 800	228 134	199 359	427 493	99 307
<i>Computer Lab</i>	<i>1 104 500</i>	<i>6 152</i>	<i>529 298</i>	<i>535 450</i>	<i>569 050</i>
Equipment	584 000	0	384 306	384 306	199 694
Licences and Computer Engineer	520 500	6 152	144 992	151 144	369 356
<i>Literature</i>	<i>118 800</i>	<i>37 137</i>	<i>21 045</i>	<i>58 182</i>	<i>60 618</i>
Textbooks	45 000	37 137	3 812	40 949	4 051
Subscriptions	73 800	0	17 234	17 234	56 566
<i>Language Courses</i>	<i>38 900</i>	<i>15 036</i>	<i>214 137</i>	<i>229 173</i>	<i>-190 273</i>
<i>Study Visit</i>	<i>305 400</i>	<i>241 071</i>	<i>52 741</i>	<i>293 812</i>	<i>11 588</i>
Remunerations	67 200	61 088	0	61 088	6 112
Miscellaneous, incl. travel	238 200	179 983	52 741	232 724	5 476
<i>Advisory System</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Project Administration</i>	<i>1 150 500</i>	<i>1 487 355</i>	<i>449 659</i>	<i>1 937 014</i>	<i>-786 514</i>
In Sweden	966 600	1 487 355	0	1 487 355	-520 755
In Macedonia	183 900	0	449 659	449 659	-265 759
<i>Reviews</i>	<i>532 200</i>	<i>171 029</i>	<i>80 657</i>	<i>251 686</i>	<i>280 514</i>
Remunerations	0	93 951	2 004	95 955	-95 955
Miscellaneous	0	77 078	78 653	155 731	-155 731
<b>Sum</b>	<b>10 792 000</b>	<b>6 144 381</b>	<b>2 317 012</b>	<b>8 461 393</b>	<b>2 330 607</b>

## **Appendix 1: Plans of the Coming Period**

### **Plans for 2008**

#### *Research Cooperation*

The research activities will continue during 2008, but will be organized in a different way compared to the first project phase. Firstly, one larger research project/collaboration will commence during 2008. The proposed research subproject will follow and benefit from the EU-funded project Farm Accountancy Cost Estimation and Policy Analysis of European Agriculture (FACEPA), coordinated by Professor Yves Surry (SLU) and funded under the FP7 research program of the EU. The major purpose of FACEPA is to define and to develop economic models to estimate costs of production of various types of agricultural products in the EU member countries using FADN data. Since Macedonia is a candidate country to the EU, this project intends to closely adhere to the theoretical and empirical outcomes from FACEPA, and implement those outcomes applicable to the Macedonian situation. One of the key features of this future research effort would be to link the work conducted for Macedonian agriculture with this EU-funded project (including participation in the planned workshops, conferences, etc.).

The other research activities during 2008 will be two smaller joint papers, starting with the papers for the farm business plan and possibly one on food processing which will involve one Macedonian and one Swedish researcher for each paper.

#### *PhD-Program*

The two Macedonian as well as the Swedish PhD-student will continue their courses during 2008. They will also gather the necessary data for the research work and start to write the articles for their dissertation. Assuming that an employment can be arranged in Macedonia that allows for PhD-studies, at least one more student will be accepted to the program.

#### *MSc-Program*

The three Macedonian students currently writing their theses will finish the preparations in cooperation with their

supervisors from both departments. Two of them are expected to provide a defence seminar at the beginning of 2008, while the third student will start with the data collection at the DAEO at the beginning of 2008. This student is expected to provide the defence seminar not later than June 2008. The fourth student at SLU at present will continue his courses and is expected to complete the courses required for an MSc 2 - degree at the Department of Economics, SLU, until 2009. This student will also gather the necessary data for the research work at the DAEO. Beside the current students at SLU, in the autumn 2008 three students are expected to enrol in the master studies at SLU.

*The Agricultural Economics Curriculum Improved and Prepared for the Bologna-model*

Considering the fact that the Bologna principles are still not fully introduced, Swedish assistance will be necessary in the further curriculum development activities. The activities will be mainly focused on teacher exchanges, i.e. eight Swedish and four Macedonian teachers are expected to participate in the activities during 2008. Beside the teacher exchange activities, one mini-conference will be organized. The mini-conference will be used for presentation of the research papers, the master theses presentation as well as for discussion of the Bologna principles and the curriculum development activities. The first mini-conference will be organized in 2008 in Uppsala. During the establishment of the educational centre, the curriculum development activities will be focused on that subproject.

*The Department in Skopje Equipped with a Computer Lab*

During 2008, the DAEO staff should start courses on the statistical applications, an antivirus license should be purchased and also maintenance of the computers should be considered. The external Internet solution will be kept in order to supply the computer lab with Internet access if the faculty network stops to work. Finally, the network engineer and the lab assistant should continue with their part time work in the computer lab. The lab assistant will also develop and maintain the new website for the DAEO.

### *New Reference Material for the Library at the Department in Skopje*

DAEO should subscribe to four online journals, so far the *European Review of Agricultural Economics* has been ordered, but the other three should be decided on during the first quarter of 2008. In addition, a few more modern textbooks will be considered for teaching and/or research purposes.

### *English Language Courses*

The courses will continue as specified in the language course plan, see appendix 8. Thus, the courses will be organized for the students as regular courses and as the IELTS test preparation (three students). The courses for the teachers will be organized on an individual basis in order to improve their language skills and to prepare the teachers for teaching in English at the educational centre.

### *Annual Study Visit to Uppsala for Undergraduate Students*

The next and the last study visit will be organized in 2008 for the undergraduate students at the DAEO.

### *Advisory System in Macedonia*

The advisory activities will start as training courses for the trainers/advisors. During 2008 two “train the trainers”-courses will be organized by the DAEO.

### *Educational Centre for Agricultural Economics and Business Administration*

Following the preparation activities during 2007, the master programme at the educational centre is expected to start from the autumn 2008, see the project document dated November 17, 2007.

### *Long term plans – future visions*

If the project becomes successful, both departments are interested in expanding the programs to other agro-economical departments on the Balkans, namely the collaboration partners of the DAEO in Skopje. The department in Skopje would thus be able to share its experiences from this project. The activities would have to be adapted to the situation at the respective department as well

as consider the most efficient activities in the current project in contributing to the objectives. Yet, the PhD and MSc-programs is probably a good foundation to build on, together with research cooperation on pre-determined areas.

Considering the additional project activity, the establishment of educational centre for international master studies in agricultural economics and business administration, also ensure positive impact of the project in the process of transition towards a market economy in Macedonia and a transformation process for its accession in the EU which will also have enormous impact in the agricultural sector.

## APPENDIX 2: Objectives and Outputs of the Project

The project is ultimately expected to improve the Macedonian capacity for policy formulation and for performing economic analyses related to the agricultural sector. Many other efforts will contribute to this development, and the project discussed here can only create the preconditions for such changes.

The development objective of the project is:

*To contribute to an improved Macedonian policy for, and economic analysis of, the agricultural sector with respect to trade, marketing, production and processing.*

The project proposed is essentially a capacity building project. Macedonia shall, through Swedish cooperation, build up its own capacity to formulate efficient policies and undertake strategic economic analysis of food sector issues. Key areas where such knowledge and skills may be required are in agro-management, marketing of Macedonian agricultural products, education in the agricultural sector, or analysis of the impact and consequences for the agricultural sector of the WTO membership or a future accession to the EU.

The immediate objectives of the project are:

- 1. To improve the Department's of Agricultural Economics and Organization capacity to undertake policy formulation and economic analysis on issues of strategic importance to the agricultural sector, particularly trade, marketing, production and processing.*
- 2. To improve governmental staff's and other actors' in the industry capacity to undertake policy formulation and economic analysis on issues of strategic importance to the agricultural sector, particularly trade, marketing, production and processing.*

The capacity building objectives will be addressed by nine parallel and/or sequential subprojects, of which the core is the two research topics identified at the workshop as well as the joint supervision of a number of PhD- and MSc-students. The research topics are

- i. Modelling and analysis of the agriculture and food production sector in Macedonia*
- ii. Models of managing Macedonian farm organisations*

The other subprojects include assistance in developing the agricultural economics curriculum at the Department in Skopje, equipping a computer lab for teachers and students, contribute to the reference library at the department, arrange a yearly study visit for undergraduate students to the Department of Economics in Uppsala, and increase the language skills of the staff and students. Additionally, in the latter part of the project a loosely defined subproject on advisory systems in the agricultural sector is envisaged, encompassing the National Extension Agency, the Swedish Agriwise and possibly other international development projects in the agricultural sector.

## Appendix 3

### *Common Reference Levels: global scale*

Proficient User	C2	Can understand with ease virtually everything heard or read. Can summarise information from different spoken and written sources, reconstructing arguments and accounts in a coherent presentation. Can express him/herself spontaneously, very fluently and precisely, differentiating finer shades of meaning even in more complex situations.
	C1	Can understand a wide range of demanding, longer texts, and recognize implicit meaning. Can express him/herself fluently and spontaneously without much obvious searching for expressions. Can use language flexibly and effectively for social, academic and professional purposes. Can produce clear, well-structured, detailed text on complex subjects, showing controlled use of organisational patterns, connectors and cohesive devices.
Independent User	B2	Can understand the main ideas of complex text on both concrete and abstract topics, including technical discussions in his/her field of specialisation. Can interact with a degree of fluency and spontaneity that makes regular interaction with native speakers quite possible without strain for either party. Can produce clear, detailed text on a wide range of subjects and explain a viewpoint on a topical issue giving the advantages and disadvantages of various options.
	B1	Can understand the main points of clear standard input on familiar matters regularly encountered in work, school, leisure, etc. Can deal with most situations likely to arise whilst travelling in an area where the language is spoken. Can produce simple connected text on topics which are familiar or of personal interest. Can describe experiences and events, dreams, hopes and ambitions and briefly give reasons and explanations for opinions and plans.
Basic User	A2	Can understand sentences and frequently used expressions related to areas of most immediate relevance (e.g. very basic personal and family information, shopping, local geography, employment). Can communicate in simple and routine tasks requiring a simple and direct exchange of information on familiar and routine matters. Can describe in simple terms aspects of his/her background, immediate environment and matters in areas of immediate need.
	A1	Can understand and use familiar everyday expressions and very basic phrases aimed at the satisfaction of needs of a concrete type. Can introduce him/herself and others and can ask and answer questions about personal details such as where he/she lives, people he/she knows and things he/she has. Can interact in a simple way provided the other person talks slowly and clearly and is prepared to help.

**Source:** *Common European Framework of Reference for Languages*, Strasbourg: Language Policy Division, Council of Europe. Accessed: 4 October, 2005.

# APPENDIX 4: Macedonian Agriculture in the EU

(Pre-accession sector's analysis study)

## CONTENTS

### **BLOCK A: European integration of Macedonian agriculture**

Dragi Dimitrievski; Emil Erjavec;

#### I. Introduction

- Study issues
- Structure of the study

#### II. EU and CAP

- Process of EU integration
- CAP: Historical roots and development
- Future of the CAP
- CAP legal framework
- CAP decision making process

#### III. CAP integration process

- Accession process and tasks
- Accession frame for Western Balkan Enlargement of EU

### **BLOCK B: Sector Analysis and Accession Perspectives**

Department of Economics and Organization in Agriculture (DEOA) -  
Skopje

#### I. Agricultural policy in Macedonia

- Methods and data sources
- Macro-economical aspect of agriculture
- Natural conditions for agricultural development
- Agricultural and socio-economical structure
- Production trends
- Trade flows and patterns
- Production prices
- Goals of agricultural policy

- Budgetary flows

## II. Agricultural Markets Overview and Prospects

- Crop production
- Permanent crop production
- Livestock production

### **BLOCK C: Quantitative Analysis of Macedonian Agriculture**

Department of Economics (DE), SLU - Uppsala

#### I. Estimate of PSE support of agriculture in Macedonia

- Crop production
- Livestock production
- Compare with EU

#### II. Model Analysis

### **BLOCK D: Conclusions and Recommendations**

DEOA; DE;

- Recommendations
- Macedonian agricultural policy in pre-accession period

## APPENDIX 5: Students' Evaluation of the Swedish Guest Lecturers

During 2007 several teacher exchanges were organized, i.e. there were four Swedish teachers who provided lectures at the Department of Agricultural Economics and Organization, Faculty of Agricultural Sciences and Food – Skopje.

The courses partly covered by Swedish teachers were: financial management, international trade and agricultural policy, cooperatives and mathematical – statistical methods. On the financial management course provided by the both professors Bo Ohlmer and Thord Karlsson there were 24 attendees, all from the IV year of studies. The international trade and agricultural policy course was provided by Professor Yves Surry and followed by 13 students from the IV year of studies. There were 21 attendees from III year of studies in the cooperatives course provided by professor Jerker Nilsson, and finally the lectures in mathematical – statistical methods were provided by professor Monica Campos and attended by 13 students from II year of studies.

The students' overall impression of the lectures is good, and they found them interesting and enjoyable with only one remark that some topics were insufficiently explained due to the lack of time intended for some topics. For the financial management course, the professors installed computer program for farm business planning that was very good accepted by the students with only one remark that was bit difficult for them to follow such a program in English requiring advanced level of excel knowledge. However, the students found the presented topics as relevant and useful to the course. The lectures were relatively easy to follow, despite the fact that the expertise level of the lectures was professional and relatively high. The presented examples during the lectures were found quite interesting, and the students would find it useful if more examples are presented next time. The students comment about the lecturers' features that they found most valuable are their involvement, activity, personal experience, and the enthusiasm with which professors answered the questions of the students. They found the professors quite communicative, with a good sense of humor and they tried to present their knowledge in an easy way. They concluded that the professors gave a good contribution to the lectures by trying hard to elaborate on their opinions and attitudes.

Finally, as a result of the lectures, the students acquired some new knowledge and conclude that the lectures were excellent and hope that there will be even more in the future.

Remark: Beside the computer program left in the computer lab, and the material delivered for mathematical – statistical methods, no material was delivered for the international trade and agricultural policy and cooperatives course.

## **APPENDIX 6: Evaluation of BSc-programme at DAEO**

### **Questionnaire for graduated students at the Department of Economics and Organization in the Agriculture, Faculty of Agricultural Sciences and Food – Skopje (FAF)**

Within the curriculum development program, an evaluation of the study program was provided by the first generation of graduated students at the Department of Economics and Organization in the Agriculture, Faculty of Agriculture and Food – Skopje. The evaluation was conducted in order to improve the existing study program as a part of the project activities. The results of the evaluation are presented below.

The academic year of enrollment at the FAF was 2001. Up to October 2006, there were 8 graduated students at the Department of Economics, out of which 5 are male and 3 are female.

Before enrolling at the FAF, almost all of the students had no agricultural practice, and only one student had a previous experience from academically studies.

Regarding the objectives of the education, the students consider that they achieved the appropriate educational objectives, as well as that the education enabled them to be able to do individual work in the field, to follow scientific development, and to have a good base for a field research. During their studies the gender issue was comprised within the education, and they consider that the education helped them to understand how the other countries function.

The acceptance criteria at the FAF were on a low level and regarding the studies' content, the students consider that the compulsory block of courses within the department was relevant for the further education, as well as that the elective courses contribute to the diploma profile. There is a need for other more effective courses to be included in and some courses to be excluded from the compulsory block. In that term, the following courses were mentioned: Chemistry, Botantics, Selected technologies on viticulture and fruit production, Biochemistry, Microbiology, Pedology, Basics of plant production, and Basics of agricultural technique.

During the studies the opportunities for studying abroad were on an average level, but not for undergraduate, only for postgraduate studies. Regarding the diploma thesis writing the students were given an opportunity to express their capabilities and to apply their knowledge gained during the studies under supervision by their supervisors. They had clear guidelines for the diploma thesis preparation, good directions, as well as they got the right estimation in regard to the level and its volume. In that term, the students consider that the public diploma thesis defending was very useful, especially for the academic citizens since they should have capabilities for oral enunciation by which they can transfer their knowledge. The study program and the overall education at the FAF was estimated on a relatively high level in general, while the credit transfer system applied at the FAF and the graduation criteria were estimated on an average level. Regarding the facilities at the FAF, the students consider that the opportunities for using the computer lab were taken into account during their studies, while the opportunities for using the faculty library were on a relatively low level. During the studies at the Department of Economics, the students developed skills for critical attitude, solving problems, oral and written presentations. However, the students would prefer more practical work with writing papers, group work as well as more presentations provided by their side. They also found good opportunities for understanding of the agriculture in general. During their studies at the FAF, the students passed a practical work which enabled them to apply their knowledge acquired during the studies, and gave them bigger understanding of the agriculture.

Regarding the working environment and the offered resources, the students consider that the interest shown by the faculty management including the student administrative office was on an average level, while the professors from the Department of Economics have shown very big interest in their own tasks, the course educated as well as in the improvement of the teaching process. In that direction, the students were well accepted by the professors and the rest of the personnel they have contacts with, and by the students - their colleagues.

Finally, their overall education is estimated as very good with emphasizing that they did the right choice with the enrollment at the FAF. From their point of view they found the relations and the cooperation with the professors from the department as very good, especially professors' willingness for helping them in solving different problems occurred during the studies. Something which was mentioned as not good were the different useless courses which did not cover the economical aspects and were not harmonized. In that term their final suggestions for improving of the study program is the overall introduction of the credit transfer system, bigger engagement of the students as well as expulsion of some courses or their adaptation to the study program.

## APPENDIX 7: Study Visit Report

### **STUDY VISIT REPORT**

**May - 2007**

**Ivana Janeska  
Project Coordinator**

## Introduction

Within the project which in general focuses on the improvement of the Macedonian capacity for policy formulation and economic analysis related to the agricultural sector, one of the project activities is the development of the possibility for undergraduate exchange between the both partners, the Department of Economics and Organization in the Agriculture, Faculty of Agriculture and Food-Skopje and the Department of Economics, SLU. Therefore the first step refers to the organization of the annual study visit for the Macedonian students. The both educational institutions enable Macedonian students to become more familiar with the way of studying and living in Sweden. This study visit to the Department in Uppsala is intended for the Macedonian students from IV year of studies selected according to the academic merits as well as computer and language skills. Within the one week long study visit the participants are introduced with the way of institutional operating, educational system in Sweden, Swedish farms, as well as they are introduced with the Swedish culture and history.

## Selection criteria

All of the students from IV year of studies are enabled to apply for the study visit to Sweden. After the announcing of the information for the study visit and the application criteria, the selection was conducted on basis of the following criteria: number of passed exams, an average grade from the passed exams, results from the English language test, results from the computer test, the participation in the lectures provided by Swedish teachers, as well as the gender issue. The final score was presented in points calculated according to the total points that can be obtained.

## About the study visit 2007

In a one week long period (May 06 – May 13, 2007) a study visit to the Department of Economics, SLU was organized. The participants were seven Macedonian students from the Department of Economics, Faculty of Agriculture and Food - Skopje leaded by the Project Coordinator. They had a chance to become introduced with the organization of the agricultural sector and the agricultural institutions, educational system at SLU, students' life as well as the Swedish culture. The accommodation was very well organized. The group was accommodated in a hostel in the center of Uppsala, as well as in a hostel in Stockholm.

## Agricultural Sector – Agricultural Institutions

1. **Farm visit** – Within the visit of the modern family farm, the students have become familiar with the farmers' way of working, maintaining of the farm and their life. On the basis of this experience the students were able to make the comparison with the Macedonian farmers. The major activity of the farmers was milk production combined with growing of different types of grains mainly used as a feed for the 250 cows. The farm was also well mechanically organized and at the same time run only by the family members.
2. **Federation of Swedish Farmers (LRF)** – How the federation of farmers should contribute to the development of companies and business people whose operations are intended to the farming and forestry in terms of profitability and quality of life was presented on the meeting held in the Federation of Swedish Farmers.

## Educational System

The Macedonian team was introduced with the Swedish educational system in general, as well as with the educational programs organized within the Department of Economics, SLU. Beside the general concepts of SLU, the students have become familiar with the master programs for the both, Agricultural Economics and Management and Environmental Economics and Management including the both disciplines Business Administration and Economics. Beside the introduction with the Master of Science programs, the way of preparing the essays and the general methodology for writing papers were also explained. The activities continued with the participation in the seminar provided by Karin Hakelius on the following topic:

As a contribution to the overall picture of the Swedish educational system was the library orientation. Thus, the Macedonian students were introduced with the way of browsing different types of data within the SLU web site and other public providers. Beside the online publications, the students have become familiar with the searching of hard copies within the SLU library.

## Students' life

One of the important parts within this study visit was the introduction with the students' life since all of the students who visited the Uppsala are potential master students at SLU. The student housing was presented by one of the Macedonian master students at SLU.

It should be emphasized that SLU offers great possibilities for living in Sweden in terms of very well organized accommodation for the students, students' activities and other benefits. The Student' Union was not visited this time because of the union's obligations, but it should not be excluded as an activity for the forthcoming groups. All of these activities contribute for increasing of their faith in the Swedish educational system.

### **Swedish Culture and History**

In order to obtain a real picture of the Swedish way of living, the host expressed willingness to introduce the Macedonian team with the Swedish culture and history. In that direction the following visits were organized:

- Tour of Uppsala with Monica Campos
- Royal Castle Visit
- Visit to Stockholm

## APPENDIX 8: General Language Courses Plan

According to the General Language Courses Plan, the following group of students will participate in the language courses:

- Students from III year of study – start every spring semester with level VI;
- Students from IV year of study – the students from the previous year continue with the level VII and VIII;
- Students who will apply for a master studies at SLU - IELTS preparing.

The students from III and IV year of studies will participate in the regular courses, while the students who will apply for master studies at SLU will participate in the courses for IELTS language test preparing. It should be mentioned that approximately 7-8 students will be selected from each year. It means that during the spring semesters approximately 15 students will attend the courses while during the winter semesters approximately 9-10 students will attend the courses. This figure 9-10 includes students for the regular courses as well as students for the IELTS test preparing (see the table below).

The language courses in the school for foreign languages are divided in eight levels and therefore the selected students will participate in the courses from the level VI, VII and VIII. The students from third year will start in the spring semester in the level VI. They will continue in the winter semester with level VII and finish in the next spring semester with level VIII when the next group of students from third year will start again with the level VI, etc.

### The Language Courses Plan follows:

Students from the appropriate year of study	Spring semester, 06	Winter semester, 06	Spring semester, 07	Winter semester, 07
III	Level VI (7-8) →		Level VI (7-8) →	
IV	Level VIII (7-8)	Level VII (7-8) →	Level VIII (7-8)	Level VII (7-8) →
		IELTS preparing (2-3)		IELTS preparing (2-3)
Number of students	~ 15	~ 10 (7-8+2)	~ 15	~ 10 (7-8+2)