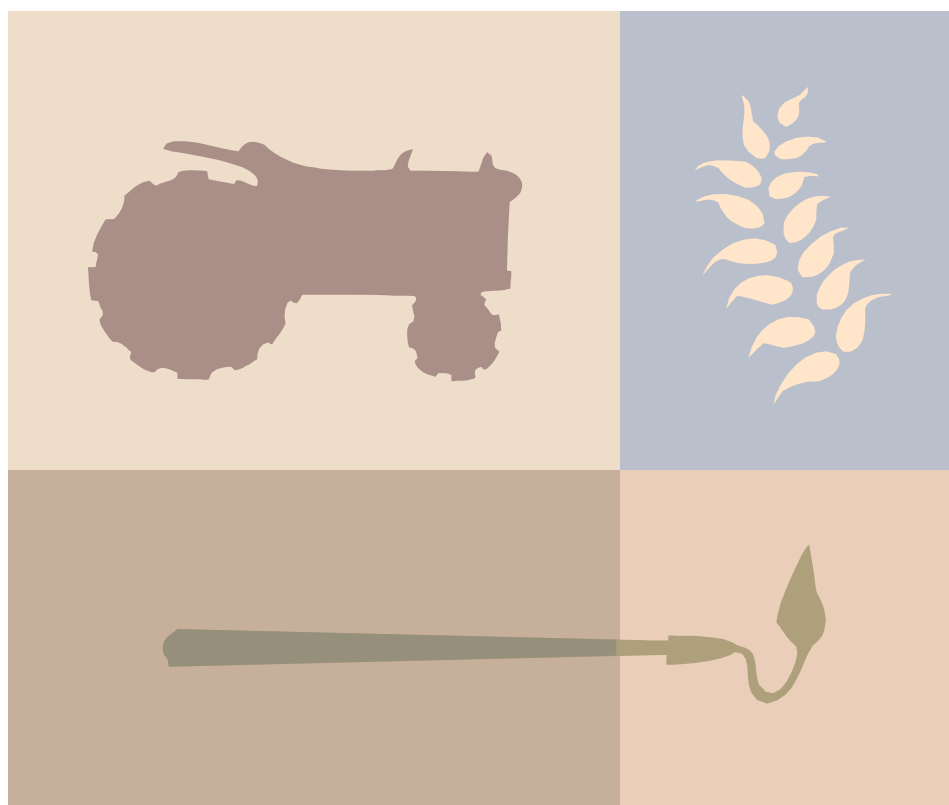


Building Capacity for Macedonian Higher Education, Research and Policy Analysis in Agriculture

With a Focus on Agricultural Economics



Annual Report, 2010
& January-June 2011

Department of Economics,
Swedish University of Agricultural Sciences, SLU
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Abbreviations and Acronyms

BICA	Balkan International Centre for Agricultural Economics
DE	Department of Economics, SLU
EU	European Union
FADN	Farm Accountancy Data Network (EU)
FASF	Faculty of Agricultural Sciences and Food-Skopje
IAE	Institute of Agricultural Economics
MAASP	Macedonian Agricultural Advisory Support Program
MAFWE	Ministry of Agriculture, Forestry and Water Economy
SFARM	Support to Farmers' Associations of the Republic of Macedonia
Sida	Swedish International Development Cooperation Agency
SLU	Swedish University of Agricultural Sciences
UKIM	St Cyril and Methodius University in Skopje

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Project Context

This is the story of a Swedish-Macedonian development co-operation involving two agricultural universities, two institutions and one common interest for agricultural economics. The cooperation between the Institute of Agricultural Economics (IAE) at UKIM in Skopje and the Department of Economics (DE) at SLU in Uppsala dates back to 2000 and is now in its last phase.

This report covers the period between January 1, 2010 and June 30, 2011 and contains a description and analysis of the results of each activity of the project, as well as the financial report for the period. The project was initially planned to conclude its second phase by December 31, 2010 but given prolongations of the agreement, the final new date was set to June, 30 2011 hence the reason for the, in comparison with previous annual reports, deviant period in this report.

Activities have been carried out according to the activity plan included in this document. A description of the plan for the phase out period from July 1, 2011-August 31, 2012 is also briefly presented.

The Project in Short

The acronym of the project, *UniCoop* reflects the cooperation between two agricultural universities, two institutions, and their common interest in agricultural economics. This is summarized in the title of the project:

Building Capacity for Macedonian Higher Education, Research and Policy Analysis in Agriculture – with a Focus on Agricultural Economics.



The overall 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

While there are three immediate objectives of the project:

- 1. Improve the capacity of the Department of Agricultural Economics and Organization for higher education, research and policy analysis in agriculture.*
- 2. Establishment of an independent institute in agricultural economics with graduate education and research of internationally recognizable quality.”*
- 3. Improve the capacity of governmental staff and other actors’ of the sector for economic analysis in agriculture with focus on agricultural economics.*

The activities of the project during the covered period remains the same as previous, only their structure is revised in order to be more in line with the project objectives. The project objectives are to be achieved by building up the IAE teaching and research capabilities,

improvements of the education programmes and by expanding the research activities within the specified areas. The project activities are as follows:

1. Institute of Agricultural Economics

- Education
 - Curriculum Development
 - BSc programme
 - Language Courses for the undergraduate students
- Research
- Staff Development
- Infrastructure

2. Bica

3. Life-long learning (stakeholders)

4. Scholarships

- MSc students
- PhD students

5. Project management

The progress in the implementation of these activities will be more thoroughly presented below.

The History of the Project

This is the story of UniCoop, a Swedish-Macedonian Development Co-operation involving two Agricultural Universities, two institutions and one common interest for agricultural economics.

In the fall of 2000, three representatives from the Department of Economics (DE) at SLU visited Macedonia and the Institute for Agricultural Economics (IAE) at the Faculty of Agricultural Sciences and Food at St Cyril and Methodius University in Skopje. As a first step to assess the needs and problems facing the agricultural sector of Macedonia it was decided that, eight papers on four identified topics should be written; each topic was treated by both Macedonian and Swedish researchers. The four topics were: - Agro management - Marketing of the Macedonian Agricultural Products - The Impact and Consequences of the Future EU Accession of Macedonia to the Agricultural Sector - Educational System in Agriculture.

In June 2003 the eight papers were discussed at a five-day workshop held in Ohrid; Macedonia. The papers firmly established that the lack of market institutions and cost-efficient and coherent agricultural policies were the main problems facing the agricultural sector in Macedonia.

The workshop marked the end point of the first phase of the project and based on the conclusions from this workshop it was decided that the overall aim of the project should be to contribute to an improved Macedonian policy for, and economic analysis of, the agricultural sector with respect to trade, marketing, production and processing. The idea was that the project should create the preconditions for improvements in the Macedonian capacity for policy formulation and for performing economic analyses related to the agricultural sector. Since a capacity building project, the intention of the cooperation with the DE at SLU was to help Macedonia build up its own capacity to formulate efficient policies and undertake strategic economic analysis of the agricultural sector. It was foreseen that such knowledge and skills would be required in key areas such as in agromanagement, agro-marketing, marketing of agricultural products, education in the agricultural sector, and analysis of the impact and consequences for the agricultural sector of the future accession to the EU. This was planned to be carried out by building up the IAE teaching and research capabilities, improving the education programs and by expanding the research activities within the specified areas. Thus the project activities were as follows:

1. Sending Macedonian students to MSc-studies in Uppsala.
2. Sending Macedonian students to PhD-studies in Uppsala.
3. Possibility for undergraduate exchange.
4. Staff mobility for curriculum development:
 - a) Swedish teachers will participate in concentrated teaching in Macedonia from seven to ten days at a time.
 - b) Macedonian teachers will visit Uppsala for seven to ten days at a time to work on curriculum development.
5. Technical support:
 - a) Equipping the Department in Skopje with technical teaching aids and modern means of conducting research.
 - b) Purchase books and additional literature.
 - c) Organise English language courses in order to allow the Department's students and staff to attend studies abroad and participate in other international projects.
6. Research cooperation:

a) Modelling and analysis of the agriculture and food production sector in Macedonia

b) Models of managing Macedonian farm organisations

The project had three target groups. First, in the short run, the target group was the DAEO (today IAE), Faculty of Agricultural Sciences and Food - Skopje. In the medium run the target group comprised the MAFWE, farmers as well as consumers in Macedonia. Lastly, in the long run the final target group were the whole agricultural sector in Macedonia which will, hopefully, gain from the achievements of the outcome of the project.

During the course of the project the objectives has been revised and reformulated in order to capture the actual aim and purpose of the project. From 2008 the immediate objectives of the project has been to:

1. Improve the capacity of the Department of Agricultural Economics and Organization for higher education, research and policy analysis in agriculture.

2. Improve the capacity of governmental staff and other actors' of the sector for economic analysis in agriculture with focus on agricultural economics.

From 2008 the name of the project has been Building Capacity for Macedonian Higher Education, Research and Policy Analysis in Agriculture – with a Focus on Agricultural Economics. And from then it has the acronym UniCoop.

Project Management

a. Management Discussion

2010 has been characterized by quite a few changes and replacements in the management of the project. During the first half a year, both the Swedish project leader, Tina Ericson, and the Macedonian coordinator, Ivana Janeska Stamenkovska, left for parental leave. At the department of economics at SLU, Kristina Jansson was deputy project leader for some months and that position was later taken over by the project assistant, Ingrid Naeslund who initially started to work in the project during early 2010. She replaced previous assistant Erik Pelling. The Macedonian partner also involved a new project assistant, Marina Petrovska, whom handled the day-to-day communication and could take advise from the project coordinator (on leave) when necessary.

From a new staff member's perspective, it is obvious that the project management is characterized by an approach that is frank, open and with a solid base that rests upon years of collaboration. Management routines and procedures have naturally stemmed out of this long period of work together. With two key persons (project leader and coordinator) on leave from the management team, this has obviously had an effect on the management operations. It can be difficult to inherit un-formalized management processes, moreover based on long term person-to-person relationships, which naturally a large share of the project management rests upon. What more is, the institutional memory is incomplete when the original project management team is on leave. That has created some difficulties when working with, or sorting out issues that have a history that goes back to previous years of collaboration.

From February 2011 the Macedonian coordinator is back full time from her parental leave and the project assistant keeps her position. This is due to that our coordinator is involved part time in other activities within the project such as teaching and therefore needs some relief from administrative tasks. From August 2011, Tina Ericson is back part time in the project as project leader and will do most of the work in the project until the end of it, however with some assistance from Ingrid Naeslund.

The project keeps running under the assumption that IAE is responsible for planning and performing the project activities independently from DE, which assists in sharing its competence in academia. Nevertheless, initiatives taken and planning of activities have been shared to a large extent during 2010. This was necessary in order to get some of the activities implemented in due time.

The situation still is that younger women with or without a PhD degree are the most involved in the project

and hence keen to make it run satisfactory and undertake activities.

Still, much of the planned and ongoing activities have been implemented with acceptable results.

b. Meetings and Management Activities

i. Organization/human resources

Staff at DE keeps being engaged in the different project activities. During the covered period, ten teachers were involved in the teaching in the master programme both on spot in Skopje and during the study visit in June at SLU. Many of the teachers have been involved in the project for many years; however a couple of persons were involved for the first time this year. Besides the teaching activities the project also engages supervisors for MSc and PhD students, researchers and the administrative staff. Regarding the project management at DE, the project has had from three to one part-time employee(s). During the start of the year, the new project assistant worked parallel with the project assistant and project leader, whom both went on leave during spring. During fall, the deputy project leader also went on leave and from mid-fall, there was only one person involved in the project management (60%). This changed during summer 2011 as mentioned above.

When there is a need to involve extraordinary expertise (other than the academic competence found at DE) the project has the possibility to engage staff from other divisions at SLU. For example, during 2009 the librarians from the SLU library were involved in the project. This year the project consulted an educational development officer from the Centre for Educational Development at SLU, whom set up a workshop titled "Teaching and Learning in Higher Education".

At IAE, close to ten people have been involved in teaching activities, of which a few persons also have been involved in research work. Most, if not all, have been involved in the project during earlier years. The project also has a project coordinator, whom during 2010 partly was replaced by a new assistant, and then there is also the BICA assistant whom assists the international master programme's study director.

ii. Meetings and Activities

The most common communication channel within the project is e-mailing, and takes place basically every day. This way of communicating is complimented by joint meetings on Skype and telephone and more rarely video meetings. The project also has a share point web site provided with tools for shared agenda and file

management, but because of technical reasons this site was unfortunately used to a very limited extent.

Of course, the project is also managed with a limited number of face-to-face meetings in either Skopje or Uppsala. During 2010, one management meeting took place in mid-March, where new project management staff had the opportunity to meet and get to know each other while discussing project plans for 2010-2012 and the budget for ditto years. During one of the two days of meetings, representatives from Sida participated.

The next meeting occurred in early June in Uppsala between the centre assistant and the project management team at SLU. The assistant accompanied eleven of the first generation master students on their one-week study visit in Uppsala. The management team used the available time to plan the recruitment of new students and as a part of this met with information officers at SLU's communication office.

The annual review meeting took place in September in Skopje. Once again the budget was up for discussion and it was not until October that the final version was created. Naturally, revision of the plans followed the re-allocation in the budget and hence more management time had to be devoted to development of the project plan.

In February 2011 the deputy project leader from SLU travelled to Skopje for joint work on the project plan, financial report and budget.

Reviews

During the year, three reviews of the project have taken place; the annual review meeting in Skopje, in September as well as the financial audits during summer/spring in both countries. The annual review is a recurring forum for the project partners to present the results to the financier Sida, but also to discuss opportunities and problems and receive recommendations from Sida's Quality Assurance Team.

Annual Review

The annual review of the project was held in Skopje on September 23, 2010. The meeting participants (representatives from Sida, SLU and UKIM) discussed the activities and results of the project for the period January 1, 2009, to June 30, 2010, and also concluded that the recommendations from the previous annual review in September 2009 had been accomplished. The next annual review meeting is set to September, 28, 2011.

Audits

During spring and summer 2010, the financial report for 2009 was subject to audits by independent and authorized auditors in respective country. The financial reports of the two partners were audited separately; thus the Swedish auditor noted that since the Macedonian audit report was not available at the time of writing the Swedish audit report, it was not possible to give an opinion of the total costs of the project. The only remark made by the Swedish auditor concerned non submitted time reports for those involved in the project and hence the number of actual hours charged in the project could not fully be guaranteed. This can be explained partly with the tradition of not using time reports at SLU as well as the missing of annex E, "Fees" in the contract with Sida. Both shortcomings have been taken into consideration and will hopefully not cause further remarks in future audits.

The audit reports were provided to Sida before the annual review meeting in September.

The audits covering the period of 2010 - April, 30, 2011 have also been conducted. The initial plan was to cover the remaining full period of the second project phase but given that the end date was extended on several occasions, two months (May and June) was left out of the covered audit period. These two months will be audited separately but along with the final phase.

Financial Report

The budget work has been somewhat complicated due to the fact that the budget was not agreed upon and approved until October 2010 and hence subject to revisions/changes during a long part of the year. This was mainly the case for activities in relation to BICA and the master programme and partly due to the teaching costs that proved to be more expensive than firstly calculated and partly because of the new introduction of study fees for non-EU students that is introduced at Swedish universities from autumn semester 2011. The fees consists of an application fee of 900 SEK and a tuition fee of 42 500 SEK per semester and student. This affects the costs of the master programme as students are enrolled at SLU for their final semester (the master thesis course). When these fees were officially announced by the Swedish authorities, close to half a million SEK had to be reallocated in the budget and hence in turn had an effect in the project activities' planning.

The revised budget for 2010, as approved by Sida, was 4 545 800 SEK with 1 747 000 SEK planned for the activities in Macedonia and 2 753 600 SEK for the activities in Sweden. With 45 100 SEK budgeted for unforeseen costs, the total budget summarized to 4 545 700 SEK, see appendix 1.

At the time of constituting the financial report, some errors were discovered in the approved budget. After alerting Sida, it was decided that the corrected budget figures should be used for the financial report but with an explanation to the errors. The errors were caused by technicalities in the extensive budget document: Some budgeted sums in denars was never transferred into SEK and from there never retrieved in the summarising sheet. The affected activities were: library, Life Long Learning, BICA, MSc scholarship and project administration. For most of the activities it was only minor mistakes, but for BICA and its reimbursable costs, it was more extensive. Even with the corrected budget sums it was never a risk to exceed the budget. Due to prolongation of the second project phase, a budget was made for the period January-April 2011. This budget is enclosed as appendix 2 and also included in the financial report for the covered period, found as appendix 3. Given that there was yet another (but final) prolongation until June, 30, 2011 one would expect to also have a budget for the exceeding months May and June. But given the time it takes to revise the extensive budget and also paying attention to the new budget template from Sida, the project management chose to put the costs for these two months up against the budget for January-April 2011. From there it was also possible to do a full financial report for the period January 2010- June 2011, see appendix 3.

The balance per June, 30, 2011 was 1 208 000 SEK. 78% of the budget had been used where 4 256 100 SEK paid as fees (78 % of total costs) and 1 225 500 SEK or 22% paid as reimbursable costs. See table on page 36 for details on how the budget was used for different activities.

The overall project balance when closing the second phase per June, 30, 2011 was 5 413 500 SEK, see the table below.

Budget	
Original contract	15 370 000
Extra contract	2 280 700
Total contract	17 650 700

Costs	
2008	3 444 652
2009	4 735 011
2010+2011 (June)	5 481 563
Total costs to date	13 661 226

Aggregate result	
Total budget	17 650 700
Total costs to date	-13 661 226
Extra contract	1 500 000
Remaining funds	5 489 474

Invoices to Sida

For activities undertaken during 2010- June, 2011 SLU has sent invoices to Sida amounting to 5 262 229 SEK.

The difference of 219 334 between the invoiced amount and the reported costs (5 481 600 SEK) at the end of the year have the following reasons: The project in Skopje had VAT return of 112 050 SEK during 2008-2010 which has been deducted from the invoiced amount during the end of the second phase. A redemption has also taken place of 3580 SEK and there has been an adjustment of a previous (2009) invoiced sum.

SLU has also transferred a sum of 1 260 957 to Sida in March 2011. This sum originates from phase I which ended end of 2008. SLU had 2 150 000 saved at the beginning of 2008 (money transferred from Sida to SLU), and by the end of 2008, it remained 1 136 348 SEK. The money used during the year financed activities carried out during 2008 and is reported in that year's financial report. IAE also had a sum from this period of 131 326 which at the time of transfer to Sida in March was 124 609. In total 1 260 957 SEK remained which accordingly was returned to Sida.

Exchange rates

SLU has made 3 money transfers to IAE during 2010 and 2011 of in total 1 232 625 SEK, which turned into 8 179 458 MKD, with an average exchange rate of 0,15 SEK/MKD. For the invoice covering Macedonian costs January to December, 2010 the exchange rate 0.1647 SEK/MKD was used, for Macedonian costs covering January-April 2011 0.1462 SEK/MKD, and for May and June 0,1462 SEK/MKD.

Analysing the result

The division of costs in the budget is presented in the table below. Bica is the most budget demanding activity taking up almost a third of the budget, followed by PhD scholarships and administration.

Financial Report 2010 and January-June 2011

The total budget for 2010 and the period January-June 2011, as approved by Sida, was 6.690.440 SEK with 3.093.600 SEK for the activities in Macedonia and 3.596.840 SEK for the project in Sweden. The financial outcome for 2010 and the period January-June 2011 was 5.481.563 SEK or about eighty percents of the budget, with 4.256.098 SEK paid as fees. The purchase of goods and other reimbursable costs amounts to 1.225.465 SEK. See appendix 3 for details.

The activities regarding improving the IAE capacity are the activity group with the largest surplus (+605.122 SEK). The more than 275.000 SEK comes from the postponed research activities for the phasing out period, +113.912 SEK are unused money for the curriculum development activities because some of the workshops were also postponed for the phasing out period. The surplus of +133.671 SEK is due to the changes in the infrastructure and +81.714 SEK refers to the staff development activities.

The scholarship programme also exhibit a major surplus with 270.326 SEK remaining at the end of the period. Postponing of the participation in international conferences as well as spending less on data collection saved that amount.

All of the activities show a positive balance, but less than the activities mentioned above. The Bica, lifelong learning and project administration activities were more costly oriented; this is due to the nature of these kinds of activities.

c. Cooperation with other Sida Projects or Sector Stakeholders.

During the second project phase, the project has developed great cooperation with the other Sida projects in the agricultural sector. The cooperation is mostly in the area of research, thus offering the possibility for the projects to suggest research topic relevant for their scope of operation. In 2009 both, MAASP and SFARM were offered a possibility to propose research topic as master thesis of the Macedonian students in Uppsala. The list of suggested topics was offered for the students who were to graduate in 2010 as well. From the list of suggested topics, the students together with their supervisors choose one of them, titled as "The influence of the agricultural products world price increasing over the supply and the prices of the Macedonian agricultural production". The research was developed, and the master thesis prepared and submitted to the counterpart for their research needs.

The cooperation with the Sida projects, but also with the governmental institutions dealing in the agricultural sector was complemented with trainings offered for the advisors and for projects staff. Two workshops were organised where participants were representatives from the National Extension Agency, the Ministry of Agriculture, Forestry and Water Economy, as well as the students from the Faculty of Agricultural Sciences and Food. The farm business plan developed as part of the project research activity as well as the results from the FACEPA projects, were presented.

Considering that the collaboration with the other Sida funded projects as well as with the other stakeholders is from great benefit, the university cooperation project will continue with offering the possibility for organising different trainings and seminars on their demand, using the faculty expertise and research experience in certain areas.

Progress in Project Implementation

a. Project objective 1: Improved Capacity

“Improved capacity at the Institute of Agricultural Economics for higher education, research and policy analysis in agriculture economics.”

Capacity building at the Institute of Agricultural Economics has been the main objective of the project from its beginning. Therefore most of the project activities have been directed towards accomplishment of this objective.

Although hard to measure and quantify, the project activities such as teachers' exchanges within the international double degree programme, development of compendiums as additional teaching material, staff development and research cooperation as well as the MSc- and PhD-scholarships have significantly improved the capacity of the Institute of Agricultural Economics.

The teachers exchange, which have given teachers from Macedonia the possibility to attend lectures at SLU in Sweden and teachers from Sweden the opportunity to lecture in Macedonia, has inspired both teachers and students in Macedonia to develop their teaching and learning methods and materials. Considering that there from the Macedonian students are enabled to improve their knowledge, as well as to expand their views in specific area through the lectures given by the Swedish teachers, this kind of activities are one of the most positively evaluated activities supported by the cooperation project.

Considering the limited budget and the reorganised activities, only one visit by the Swedish teachers was organised during the reporting period. This visit was organised as a workshop for the NEA advisors, and as lectures for the IV year students within the Taxations course. Two Swedish teachers provided lectures in farm business planning using special programme in that purpose. The lectures were followed by approximately twenty students and ten NEA advisors, and organised through an interpreter. Worth mentioning is that the lectures were very positively evaluated by the students and by the advisors. In respect to the teacher exchange activities, there was also one Macedonian visit to the Department of Economics in Uppsala. One Macedonian teacher was given the possibility to attend lectures in Production Economics course in order to improve the knowledge as well as to learn new teaching methods and techniques.

At the same time, the teacher exchange activities are very useful for improving and initiating other aspects from the cooperation with DE. For instance, the workshop that was organised at IAE was used for continuation in the

cooperation research project Agriwise Macedonia. The researchers will continue to work on finding ways for making the programme available to the advisors in their daily operations with the farms. On the other side, the Macedonian visit at SLU was also used for developing new research cooperation in the area of exploring the Macedonian farmers' attitude towards the EU accession. This research will be more thoroughly elaborated below.

Furthermore, according to the provisions from the new Law on Higher Education, the reforms in the BSc, MSc, and PhD programme by reforming the current BSc and MSc programmes and introducing of PhD studies at all departments at FASF took place during the reporting period. The reforms were done in accordance to the Bologna declaration in order to make undergraduate and graduate programmes in agricultural economics competitive on the labour market and among the students. The BSc and MSc reforms started even in the previous project phase and took a longer period since university rulebooks were to be prepared. The reforms started with reorganising the faculty, by replacing all departments with six institutes. Thus, the Institute of Agricultural Economics was created. Additionally, with the establishment of the institutes the reforms in the undergraduate and graduate programmes started. Compared to some other faculties and considering the scope of knowledge the students should gain it was decided that the BSc programme will be provided in four years and the MSc programme will be two years. Regardless the year of studies were kept as previously, the reforms referred to the study programmes at all institutes.

In order to have competitive BSc programme, the project initiated discussions with the Swedish teachers and the Director of studies at SLU who provided great advices to the new programme. The new BSc programme is prepared according the Bologna principles and it is already in practice. On the other hand, the reforms of the MSc programme were organised by the IAE itself, taking into account the programme available at the international double degree master studies. This means that the courses at the international programme were adapted to the Macedonian needs and offered to the new MSc students. The reforms in the PhD programme are still in progress.

Through the cooperation process with DE, the Macedonian teachers found out that there is a need of improving the existing teaching materials at the undergraduate level. Therefore, the project offered a possibility for development of new teaching/course material, compendiums, that will involve Swedish findings, articles, papers, and other. During the stated period, a workshop in preparing compendiums as well as in understanding the students' way of learning was organised. The main objective of the workshop refers to finding the best way of teaching in order to get the best

outcome from the students' side. There were fifteen attendees, representatives from SLU, FASF, librarians and PhD students. All participants found the workshop very useful and evaluated it very positively. The workshop should result in development of one new course material in Accounting. This activity will take place during the second half of 2011.

In addition to the interaction between teachers, the influx of ideas from the MSc-students that graduated during 2010 as well as earlier and the three PhD-students that carried on their thesis work during 2010 and 2011 have continued to strengthen and develop the capacity for higher education at the Institute. In 2010 two Macedonian students got their masters degree at SLU. In the fall of 2011 the final two students will be awarded a master degree at SLU. During 2010 it has become clear that the assumption that students taking part in capacity development, in one way or another will be retained in the field of policy formulation and economic analysis in Macedonia is valid.

The two Macedonian students have been employed after they got their master degree at SLU. One of them is employed by the Paying Agency while the other one in a private company dealing in the sector.

Up to June 2011, eight students have graduated from SLU. Three of them have subsequently received a PhD-scholarship in the framework of the project and a fourth one has started with the PhD-studies in 2010 at the Institute and has been employed at the Institute as teaching assistant. Of the remaining, two are working in public authorities dealing with agriculture. During the reporting period the two PhD students have provided 80% seminar. This kind of seminars is regular process which is organised to evaluate the plans and the progress of the candidates. Noteworthy is that one of the students also attended two full time courses at the University of Manchester and the University of Essex in Colchester in England.

The ongoing research cooperation between the Institute and the department in Sweden is continuously improving the capacity for research and policy analysis. During the reporting period the sectoral study of Macedonian agriculture was technically improved and is expected to be published in the second half of 2011.

The research project aiming at estimating costs of production for Macedonian agriculture using Farm accounting data continued during the stated period. The plan is to develop farm-representative models based on positive mathematical programming (PMP) to study farm performance and/or to conduct policy analysis. The first results with regard to 2005-2007 data per region, farm type and farm size, as compared with 2001 data were presented at the workshop in Ohrid held in 2009. During the reporting period the research was upgraded with data for

the period 2005-2009, and resulted in a report “Economic and technical analysis of Macedonian farms based on farm accountancy data”. The objective of this report is to provide an overview, analysis and discussion of the situation and performance of Macedonian farms, based on the Farm Monitoring System (FMS) sample. Beside the report the results from the study were disseminated with the NEA advisors by organising a workshop.

Beside the research aiming at estimating the cost of production, the Swedish farm business plan was further adapted to Macedonian conditions and got the name Agriwise Macedonia. Workshop for using the software was organised for the NEA advisors.

Finally, a new research proposal for analysing the Macedonian farmers’ attitude toward EU accession was developed. The main objective refers to analysing the farmers’ expectation from the EU accession in terms of the market competitiveness, price development and policy application.

The capacity building process would not be complete if there are no staff development activities. These kinds of activities include improvement of the language skills as well as increasing of the number of conference participations. During the analysed period five teachers took individual English language course, and sixteen representatives from FASF took regular courses. On the other side, the participation in international conferences was found as very useful, especially for learning new research methods as well as for establishing new contacts and expanding the network. Four Macedonian professors participated in conferences in Croatia, Bosnia and Hercegovina and Bulgaria where presented several papers.

b. Project objective 2: BICA

“Establishment of an independent institute in agricultural economics with graduate education and research of internationally recognizable quality.”

Considering that the formal status of the centre is still not resolved, the international double degree master programme has been accredited at the Faculty of Agricultural Sciences and Food in Skopje. The establishment of an independent institute is not possible at the moment since the University is still working on the rulebook for establishing independent centres under its umbrella. Nevertheless, with accrediting the two year master programme at the faculty, all students were given the possibility to study on this programme and to be awarded a master degree from the both universities, SLU and UKIM. They will receive two Master of Science diplomas, as well as a diploma supplement. UKIM shall award a degree Master in Agricultural Sciences with a

major in Agribusiness, while SLU shall award a degree Master of Science in Economics and Business with a major in Business Administration.

During the reporting period, two study generations overlapped (first study generation were having the last two semesters, and the second one have started the first two semesters). By the middle of the first course offered to the second study generation, 4 students quitted from the program since they found it too engaging considering their working obligations; therefore, only 6 students remained. The second study generation has finished with courses from the second semester. At the other hand, the first generation of students was given the possibility to take part of two courses at SLU. They found it very challenging and useful. They are currently working on the master thesis (the ones that enrolled the fourth semester-thesis course at SLU). The theses topics were jointly decided between students and supervisors. Each student was awarded two supervisors (one from IAE and one from SLU).

The master thesis shall be in accordance to both UKIM's and SLU's principles. For this reason, it was decided that two thesis seminars are going to be provided for each student: the first seminar shall be provided according to SLU's principles, and the second, according to UKIM's principles. After successful completion of the thesis seminars students shall start the procedures for obtaining the master degree from the both universities.

Noteworthy is that during the analysed period the both universities signed a formal agreement for providing the diploma after completion of the thesis work. The agreement is in force until December 2012 and negotiable afterwards.

Given that the formal status of the centre yet is to be resolved, the research work set out in the objective has not come any closer to realization during 2010 and first half of 2011. The focus during the analysed period has been on the master programme.

c. Project objective 3: Policy Analysis

“Improved governmental staff and other actors' in the industry capacity to undertake policy formulation and economic analysis of issues of strategic importance for the agricultural sector.”

The research activities supported by the cooperation project are from highest importance for both institute's capacity development but also for the capacity development of the other actors in the agricultural sector. All research projects have indirect contribution towards

policy formulation and economic analysis of issues from strategic importance.

The sectoral study of Macedonian agriculture that was finalized in 2010 and is expected to be published in 2011 represents a basis for policy making, comprising a ten years period and giving great macroeconomic analysis and sector overview. Beside the sectoral study, the Agriwise Macedonia research also contributes for the development of the stakeholders' capacity. It is another tool that will facilitate policy formulation and economic analysis of agricultural issues. The Swedish farm business plan was adapted to Macedonian conditions. It was presented on a workshop intended for building the capacity of the NEA advisors and the representatives from farmers' organisations. Additionally, the research regarding estimating costs of production also contributes for policy analysis and improvement of the governmental staff capacity. The report on economic and technical analysis of Macedonian farms based on farm accountancy data for the period 2005-2009 will be also presented to the stakeholders and will serve for further policy analysis and evaluation. The last but not least research activity will also contribute to the improvement of the stakeholders' capacity. The final report of the research regarding determining the Macedonian farmers' expectations from the EU accession could also contribute towards agricultural policy analysis.

Beside the abovementioned, the fact that the students that have been taking part in capacity development as part of the project, in one way or another have been retained in the field of policy formulation and economic analysis in Macedonia is also contributing to the fulfilment of this goal.

Conclusively, taking into account that the University is state institution, as well as that the IAE staff could contribute to the policy formulation with its expertise, the development of the IAE capacity can be considered as development of institutions' capacity for policy formulation and economic analysis of strategic issues. It can be proofed by inviting representatives from IAE to participate in several meetings as well as in two national FADN conferences organised by the Ministry of Agriculture, Forestry and Water Economy.

Project work with basic values

This project has committed itself to a set of core values and will thus in all its activities strive for democracy, gender equality, respect for sexual orientation and disability, respect for minorities, the environment, and no corruption. Given the nature of the project as a cooperation between two universities on education, research and policy analysis the main focus of this work has been on equality of opportunity, student influence and social and ethnic diversity at the higher education institutions.

The differences in how students in Sweden and in Macedonia can influence their education have been a topic in study visits, teachers exchange and in the preparations for the international double master degree.

Discrimination against someone on the grounds of gender, ethnic belonging, religious beliefs, sexual orientation or disability is a problem in many societies. The different ethnic groups in Macedonia to a large extent carry on their lives separated from each other. While the second largest minority, the Albanians have got a stronger position with the Ohrid accord from 2001 other minorities have fallen behind. The composition of the IAE reflects this reality. Almost all students and personnel at IAE come from the majority group. Out of all minorities, the Roma is probably the most underrepresented group at IAE. Given this reality, how to improve the accessibility of higher education for minorities has been a topic for continuous discussions. As a result the international master programme has been promoted both in Macedonian and in Albanian.

Project plans for 2011-2012

The third project phase will start from July 2011. Considering the limited budget, the project was to define priorities in order to meet the project objectives. There from, the priorities are divided according the project objectives. So, for meeting the first project objective, i.e. improving the IAE capacity, the priorities are as follows:

1. The top priorities for the institute 2011-2012 should be:
 - Curriculum development
 - Compendium
 - Research activities
 - FADN
 - Research papers
 - Improvements general competences of staff – conference participation
 - Infrastructure
 - Databases for the articles etc.
 - Transfer of computer lab responsibility
2. Less prioritized activities during 2011-2012 (meaning if there is enough funds):
 - Infrastructure
 - Library renovation
 - Language courses
3. Activities suggested to be removed completely:
 - Teaching equipment
 - Policy evaluation unit

Regarding the second project objective, i.e. establishing of an independent centre for research and master education, the priorities are defined as:

1. The absolute most important priority at BICA is to finish the first and the second group of students in the master program. The top priorities at BICA should be:
 - Literature
 - Engage foreign teachers
 - Involvement Swedish teachers
2. Less prioritized activities are:
 - Research
 - Conference in Skopje

Finally, regarding the third project objective, a workshop for disseminating the research results should be organised.

According to the priority list, the project activities and the plan for their accomplishment follows:

1. Institute of Agricultural Economics

The Institute of Agricultural Economics (IAE) has developed a 3-year strategy for its activities and defined its long-term goal to become the key national and regional institute for education and research in agricultural economics during 2009. The project was to support IAE to reach its goal with the activities described below, but considering the limited budget, during 2011 and 2012 the project will support part of the activities comprised with the IAE strategy.

The educational activities will be focused on development of the curricula by development new teaching material in Accounting and by phasing out the already started language courses for the undergraduate students.

The research collaboration will continue to be organised in small projects with short time frames (max six months) using existing data.

During 2011 and 2012 the FADN project will continue, and two smaller research projects should be undertaken. Two researchers will be engaged from the both departments where the Swedish researcher has the supportive role. The new projects will build on the experience with the FADN research and be organised as "mentorship" projects.

During 2011 a workshop on development research proposals within other programmes (FP7 programme) will be also organised.

The staff development activities will be focused on increasing the conference participation by IAE staff. During 2011 and 2012 seven members of the IAE staff should participate in conferences in Croatia and at the European conference in Zurich.

Regarding the FASF infrastructure, during 2011 the faculty library should be renovated and developed into an open library and learning resource centre. The journals, literature and databases paid by the project should be accessible also at the library. Additionally, the computer lab should start offering services to all students at FASF,

and from the second half of 2011 it will be transferred to FASF's responsibility. For 2011 and 2012 only maintenance of the computers is considered.

2. International double master degree

The international double master degree will continue during 2011 and 2012, until the two generations of students finish. The future plans for its development will be elaborated below.

Regarding the existing programme, the plans during 2011 and 2012 refer to support the programme with reference literature, enables foreign teachers to participate in the lectures, as well as providing a distance learning tool. In reference to the literature, several copies of course literature should be available in the FASF library as well as access to relevant economical journals, article databases and statistical databases. The project will purchase the necessary books (the books remaining in courses that are given in 2011) and subscriptions, but open access sources will be utilised extensively. The master students registered on the thesis course at SLU will have access to the SLU library.

Regarding engaging foreign teachers, there is room for one foreign teacher per semester to be invited as guest lecturer in the selected course. This is intended to increase the attractiveness of the master programme and to support networking for the IAE staff members. Beside the foreign teachers, the transfer of course and teaching responsibility between the Swedish and Macedonian teachers will follow the decided plan¹.

Finally, a distance learning tool based on freeware should be developed. It is necessary for the international double degree courses, but may also be a useful tool for IAE in the future for its lectures in Prilep and Strumica.

3. Life long learning

The activities aiming to fulfill the project's third objective have been collected under the new heading Life Long Learning. It comprises the activities already offered to sector stakeholders, but also adds the new possibility to organize different types of trainings and courses on their

¹ Step 1: 50/50; step 2: 65/35; step 3: 100/0; step 4: 100/0. A step corresponds to an occasion when the respective course is provided, e.g. the course in Strategic Management was provided the first time in Oct/Nov 2009, the second time will be in Sept/Oct 2010 and the third time in Sept/Oct 2011.

demand. During 2011 the project will assist with expertise on the organization a training/workshop for using the Agriwise software by the advisors.

4. Scholarships

MSc students - the two master students at SLU are expected to finish with their master studies during 2011.

PhD students - the PhD students at SLU will continue to be supported by the project during their studies. One of the students is expected to finish during autumn 2011, the second student at the beginning of 2012, while the third student should finish in 2013.

5. Project management

The project management team has had some temporary changes during 2010 due to maternity leave of the two project coordinators. In the beginning of 2011 one is back and the other one is coming back during mid 2011. The management team will work on improvement of organising fortnightly e-meetings. From 2011 the IAE will take over the editorship of the project newsletter.

Future plans for BICA

International master programme

The international master shall remain at the FASF considering the five year accreditation. The double degree character of the programme shall remain. Both institutions work on establishment of a long term cooperation agreement regarding sustainability of the master programme. The idea is to create a possibility for the students that enrol the international master at FASF to enrol the fourth semester at SLU which shall enable them to obtain an SLU degree. Consequently the contract shall consist a provision that the MSc level credits obtained at FASF will be recognised by SLU when students apply for the thesis course. Considering the financial constraints and the tuition fee introduced at SLU, the financial responsibility will be on the students' side.

In a meanwhile other solutions for sustainability of the programme shall be investigated including SLU's engagement in the teaching activities at FASF.

Research centre

Considering that research centres cannot be established under UKIM, we shall follow Sida's recommendation to wait for the university rulebook before we initiate the centre.

Appendix 1: Budget 2010-2012

Budget overview 2010-2012					
Activity		Total 2010-2012	2010	2011	2012
Institute of Agricultural Economics					
Education					
Curriculum Development					
Fees		83 800	41 100	42 700	-
Reimbursable costs		62 000	32 900	29 100	-
<i>Sum Curriculum Development</i>		<i>145 800</i>	<i>74 000</i>	<i>71 800</i>	<i>-</i>
Language Courses					
		75 067	75 067	-	-
<i>Sum Education</i>		<i>220 867</i>	<i>149 067</i>	<i>71 800</i>	<i>-</i>
Research Programme					
Research projects					
Fees		360 600	360 600	-	-
Reimbursable costs		189 000	189 000	-	-
<i>Sum Research</i>		<i>549 600</i>	<i>549 600</i>	<i>-</i>	<i>-</i>
Advisory Board					
Fees		-	-	-	-
Reimbursable costs		-	-	-	-
<i>Sum Advisory Board</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Sum Research Programme</i>		<i>549 600</i>	<i>549 600</i>	<i>-</i>	<i>-</i>
Staff Development					
Fees		-	-	-	-
Reimbursable costs		154 000	110 200	43 800	-
<i>Sum Staff Development</i>		<i>154 000</i>	<i>110 200</i>	<i>43 800</i>	<i>-</i>
Infrastructure					
Computer Lab					
Fees		58 500	58 500	-	-
Reimbursable costs		123 700	123 700	-	-
<i>Sum Computer Lab</i>		<i>182 200</i>	<i>182 200</i>	<i>-</i>	<i>-</i>
Library					
Reimbursable costs		131 000	54 700	54 700	21 600
<i>Sum Literature & Journals</i>		<i>131 000</i>	<i>54 700</i>	<i>54 700</i>	<i>21 600</i>
<i>Sum Infrastructure</i>		<i>313 200</i>	<i>236 900</i>	<i>54 700</i>	<i>21 600</i>
Sum Institute of Agricultural Economics		1 237 667	1 045 767	170 300	21 600
BICA					
Fees		2 835 500	1 016 200	1 269 600	549 700
Reimbursable costs		709 600	160 100	64 400	485 100
Sum BICA		3 545 100	1 176 300	1 334 000	1 034 800
Life-long learning					
Fees		-	-	-	-
Reimbursable costs		-	-	-	-
Sum Life-long learning		-	-	-	-
Scholarships					
MSc					
Fees		276 800	212 300	64 500	-
Reimbursable costs		161 700	93 400	68 300	-
<i>Sum MSc</i>		<i>438 500</i>	<i>305 700</i>	<i>132 800</i>	<i>-</i>
PhD					
Fees		2 636 200	900 600	914 300	821 300
Reimbursable costs		587 000	205 700	224 700	156 600
<i>Sum PhD</i>		<i>3 223 200</i>	<i>1 106 300</i>	<i>1 139 000</i>	<i>977 900</i>
Sum Scholarships		3 661 700	1 412 000	1 271 800	977 900
Project Administration, reviews etc					
Fees		1 870 900	675 200	696 600	499 100
Reimbursable costs		378 400	100 200	133 700	144 500
Macedonian overhead on all activities		182 600	91 200	59 500	31 900
<i>Sum Project Administration, reviews etc</i>		<i>2 431 900</i>	<i>866 600</i>	<i>889 800</i>	<i>675 500</i>
Unforeseen costs		108 800	45 100	36 700	27 100
TOTAL COST FOR THE PROJECT		10 985 167	4 545 767	3 702 600	2 736 900
of which	Fees:	8 304 900			
	Administration (OH):	869 500			
	Reimbursable costs:	2 680 267			

**Appendix 2: Budget January-
June2011**

Budget overview January-April 2011				
Activity		Total 2011-2012	2011	2012
Institute of Agricultural Economics				
Education				
Curriculum Development				
Fees		39 500	39 500	-
Reimbursable costs		-	-	-
<i>Sum Curriculum Development</i>		<i>39 500</i>	<i>39 500</i>	<i>-</i>
Language Courses				
		30 451	30 451	-
<i>Sum Education</i>		<i>69 951</i>	<i>69 951</i>	<i>-</i>
Research Programme				
Research projects				
Fees		12 700	12 700	-
Reimbursable costs		-	-	-
<i>Sum Research</i>		<i>12 700</i>	<i>12 700</i>	<i>-</i>
Advisory Board				
Fees		-	-	-
Reimbursable costs		-	-	-
<i>Sum Advisory Board</i>		<i>-</i>	<i>-</i>	<i>-</i>
<i>Sum Research Programme</i>		<i>12 700</i>	<i>12 700</i>	<i>-</i>
Staff Development				
Fees		-	-	-
Reimbursable costs		62 100	62 100	-
<i>Sum Staff Development</i>		<i>62 100</i>	<i>62 100</i>	<i>-</i>
Infrastructure				
Computer Lab				
Fees		-	-	-
Reimbursable costs		31 000	31 000	-
<i>Sum Computer Lab</i>		<i>31 000</i>	<i>31 000</i>	<i>-</i>
Library				
Reimbursable costs		34 400	34 400	-
<i>Sum Literature & Journals</i>		<i>34 400</i>	<i>34 400</i>	<i>-</i>
<i>Sum Infrastructure</i>		<i>65 400</i>	<i>65 400</i>	<i>-</i>
Sum Institute of Agricultural Economics		210 151	210 151	-
BICA				
Fees		552 200	552 200	-
Reimbursable costs		26 149	26 149	-
Sum BICA		578 349	578 349	-
Life-long learning				
Fees		-	-	-
Reimbursable costs		-	-	-
Sum Life-long learning		-	-	-
Scholarships				
MSc				
Fees		18 000	18 000	-
Reimbursable costs		17 000	17 000	-
<i>Sum MSc</i>		<i>35 000</i>	<i>35 000</i>	<i>-</i>
PhD				
Fees		203 400	203 400	-
Reimbursable costs		93 600	93 600	-
<i>Sum PhD</i>		<i>297 000</i>	<i>297 000</i>	<i>-</i>
Sum Scholarships		332 000	332 000	-
Project Administration, reviews etc				
Fees		254 900	254 900	-
Reimbursable costs		19 600	19 600	-
Macedonian overhead on all activities		38 900	38 900	-
<i>Sum Project Administration, reviews etc</i>		<i>313 400</i>	<i>313 400</i>	<i>-</i>
Unforeseen costs		14 400	14 400	-
TOTAL COST FOR THE PROJECT		1 448 300	1 448 300	-
of which	Fees:	1 119 600		
	Administration (OH):	100 000		
	Reimbursable costs:	328 700		

Appendix 3: Financial Report in Figures

Financial report for 2010 & 2011 (June)

Activity	TOTAL BUDGET 2010 & 2011 (June)			OUTCOME 2010 & 2011 (June)			BALANCE June, 30, 2011
	Mac + Sw	Macedonia	Sweden	Mac + Sw	Macedonia	Sweden	
Institute of Agricultural Economics							
Education							
Curriculum Development 40208104							
Fees 51008	80600	0	80600	19 200	0	19 200	61 400
Reimbursable costs 51009	32900	24900	8000	17 102	10 064	7 038	15 798
<i>Sum Curriculum Development</i>	113500	24900	88600	36 302	10 064	26 238	77 198
Language Courses -	105500	105500	0	68 786	68 786	0	36 714
Sum Education	219000	130400	88600	105 088	78 850	26 238	113 912
Research Programme							
Research projects 40208101							
Fees 5101	373300	195500	177800	127 810	64 873	62 936	245 490
Reimbursable costs 5102	189000	134600	54400	158 665	122 432	36 233	30 335
<i>Sum Research</i>	562300	330100	232200	286 475	187 305	99 169	275 825
Advisory Board							
Fees 51017	0	0	0	0	0	0	0
Reimbursable costs 51018	0	0	0	0	0	0	0
<i>Sum Advisory Board</i>	0	0	0	0	0	0	0
Sum Research Programme	562300	330100	232200	286 475	187 305	99 169	275 825
Staff Development 40208115							
Fees -	0	0	0	0	0	0	0
Reimbursable costs -	172300	172300	0	90 586	80 709	9 877	81 714
<i>Sum Staff Development</i>	172300	172300	0	90 586	80 709	9 877	81 714
Infrastructure							
Computer Lab 40208105							
Fees 51011	58500	58500	0	13 698	13 698	0	44 802
Reimbursable costs 51012	154700	154700	0	119 715	119 715	0	34 985
<i>Sum Computer Lab</i>	213200	213200	0	133 413	133 413	0	79 787
Library -							
Reimbursable costs -	103700	103700	0	49 816	49 816	0	53 884
<i>Sum Literature & Journals</i>	103700	103700	0	49 816	49 816	0	53 884
Sum Infrastructure	316900	316900	0	183 229	183 229	0	133 671
Sum Institute of Agricultural Econ.	1270500	949700	320800	665 378	530 094	135 285	605 122
BICA 40208114							
Income from tuition fees	-64200	-64200	0	-75 994	-75 994	0	11 794
Fees 51028	1696400	641100	1055300	1 628 233	507 592	1 120 641	68 167
Reimbursable costs 51029	457500	247100	210400	357 536	165 148	192 388	99 964
Sum BICA	2089700	824000	1265700	1 909 775	596 745	1 313 030	179 925
Life-long learning 40208109							
Fees 51015	85240	44900	40340	67 971	23 950	44 021	17 269
Reimbursable costs 51019	0	0	0	10 488	0	10 488	-10 488
Sum Life-long learning	85240	44900	40340	78 459	23 950	54 509	6 781
Scholarships							
MSc 40208103							
Fees 51006	258100	27800	230300	236 048	7 565	228 482	22 052
Reimbursable costs 51007	135100	34900	100200	105 529	31 372	74 156	29 571
<i>Sum MSc</i>	393200	62700	330500	341 576	38 938	302 639	51 624
PhD 40208102/112/113/116							
Fees 5103;51024;51026;51030	1106300	517100	589200	1 018 815	487 991	530 824	87 485
Reimbursable costs 5104;51025;51027;51031	299300	86300	213000	168 083	21 029	147 054	131 217
<i>Sum PhD</i>	1405600	603400	802200	1 186 898	509 020	677 877	218 702
Sum Scholarships	1798800	666100	1132700	1 528 474	547 958	980 516	270 326
Project Admin., reviews etc 40208110/111							
Fees 51020;51022	1036200	273800	762400	1 002 199	276 433	725 765	34 001
Reimbursable costs 51021;51023	161800	86900	74900	144 942	67 593	77 349	16 858
Macedonian overhead on all activities	181800	181800	0	142 126	142 126	0	39 674
<i>Sum Project Administration, reviews etc</i>	1379800	542500	837300	1 289 266	486 152	803 114	90 534
Unforeseen costs	66400	66400		10 210	10 210	0	56 190
TOTAL COST FOR THE PROJECT	6690440	3093600	3596840	5 481 563	2 195 110	3 286 453	1 208 877
of which							
Fees:	4876440	73%		4 256 098	76%		
Reimbursable costs:	1814000	27%		1 225 465	23%		



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