
**OVERVIEW
OF
ECONOMIC IMPACT ASSESSMENT
in North Macedonia's ERP 2021-2023
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Cornerstones for discussion

- 1) **Main questions to be responded by LM for economic impact assessment (EIA)**
- 2) **Reforms: Narrow versus wide(r) picture of structural reforms**
- 3) **Improving the economic impact assessment - need and rationality**

MAIN QUESTIONS FOR EIA

- **What (objectives/results/outcomes/indicators)**
 - Precise identification of the objective(s)
 - “Translation” of the objective(s) into results/outcomes/indicators
 - Putting results/outcomes/indicators in the perspective of competitiveness and employment
 - Selecting the relevant ones for EIA
- **Who (payers(investors)/implementators/beneficiaries)**
 - Identification of actors and beneficiaries of the structural measure
 - Putting actors/beneficiaries in the perspective of competitiveness and employment
 - Selecting the relevant ones for EIA

MAIN QUESTIONS FOR EIA

- **When (start, duration, end/ results)**
 - Precise identification of the timeframe of the structural measure
 - “Translation” of the timeframe phases of the SR into results
 - Putting timeframe results in the perspective of competitiveness and employment
 - Selecting the relevant ones for EIA
- **How to do the impact assessment?**
 - Analysis of the available data/materials
 - Selection of the impact assessment methods
 - Qualitative and/or quantitative assessment?
 - Conducting EIA

NORTH MACEDONIA'S ERP 2021-2023

Overview of the EIA: Competitiveness and employment

Total number of measures: 20

Competitiveness impact assessment:

- **Qualitative** - Measures 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18,
- **Quantitative** - Measures 5, 6, 13
- **No impact assessment:** Measures 19, 20

Employment impact assessment:

- **Qualitative** - Measures 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20
- **Quantitative** - Measures 1 (?), 11

REVIEW OF THE QUALITATIVE ASSESSMENT

- Qualitative assessment should reflect questions WHAT, WHO and WHEN
 - Proper response to these questions provides good material for IA
- **In North Macedonia's ERP 2021-2023, most of the measures have qualitative impact assessment, although with different depth and quality**
- There is different level of responses to abovenamed questions and the main challenges include:
 - Historical background is often overelaborated and represents burden to precise identification of objectives (WHAT)
 - The relevant actors/stakeholders/beneficiaries of the structural measures are not always precisely pointed out (WHO)
 - Timeframe of structural measures is not always clear and activities are repetitive year by year (WHEN)
 - Results are usually not marked by actors/stakeholders and timeframe phases (necessary for IA)

REVIEW OF THE QUALITATIVE IMPACT ASSESSMENT IN ERP 2021-2023

Summary:

- **Qualitative impact assessment on the competitiveness in ERP 2021-2023:**
 - The IA mostly focuses on competitiveness of industry/sector of the SM
 - Interdisciplinary approach is rather lacking
 - IA assessment on competitiveness is sometimes exceeding the “mandate” of the measure
 - Timeframe of impact/results is rarely pointed out
- **Qualitative impact assessment on the employment in ERP 2021-2023:**
 - There is rather general impact assessment on employment, without precise linking to the phases of measures/results
- **The conclusion is that no specific, systematized methods for qualitative assessment were applied.**

REVIEW OF THE QUANTITATIVE IMPACT ASSESSMENT IN ERP 2021-2023

- Quantitative assessment should reflect questions WHAT, WHO and WHEN
 - Proper response to these questions provides good material for IA
- **In North Macedonia's ERP 2021-2023, most of the measures do not have quantitative impact assessment**
- The main challenges include:
 - Although the description part of the measure sometimes offers sufficient data for quantitative impact analysis (WHAT), the problem occurs in selection of relevant data
 - The quantitative impact assessment should deal with selected actors/stakeholders/beneficiaries of the structural measures (WHO), which is a complex task per se
 - The quantitative impact assessment requires precise timeframe of structural measures and results (WHEN), which is not always the case
 - Results are usually not marked by actors/stakeholders and timeframe phases (necessary for IA)

REVIEW OF THE QUANTITATIVE IMPACT ASSESSMENT IN ERP 2021-2023

Summary:

- **Quantitative impact assessment is an issue**
- **Qualitative impact assessment on the competitiveness in ERP 2021-2023:**
 - Only 3 measures include quantitative IA on competitiveness. Each of them have been subject of additional consultancy in the previous CEF webinars (the consultancy was primarily dealing with other issues, but IA was briefly tackled, as well).
- **Qualitative impact assessment on the employment in ERP 2021-2023:**
 - Only two measures include quantitative IA on employment. The first one (measure 1) provides quantification of the increase of the companies working in that area, so no specific figure on job posts, while the second is a measure about labour market policies, so the quantification is output of the measure.
- **The conclusion is that there is lack of skills for quantitative impact assessment of structural measures.**

REFORMS: NARROW VERSUS WIDE(R) PICTURE OF STRUCTURAL REFORMS

- Reforms usually focus on specific segment of a sector
 - The structural reform measures are composed in a narrow manner
 - Interdisciplinary approach is lacking
- Narrow approach provides for specialisation on the issue, enabling possibility for collection of lots of data and building in-depth knowledge about specific reform.
- Main constrain of the narrow approach is that link of the reform with other sectors is missing, implying that IA on competitiveness and employment (as well as other categories) could be only partially done
- Wider picture of (about) structural reforms is helpful for grasping the real meaning and contribution of the reform.
- **Proper balance between the narrow and wider approach needs to be done**

IMPROVING THE ECONOMIC IMPACT ASSESSMENT - NEED AND RATIONALITY

- **This section refers to the following:**
 - **How to decide what EIA do LM need/could do?**
 - **How to do the impact assessment?**
- **The decision on EIA is determined on the resources and requires combination of technical knowlegde on the issue (SM), macroeconomic outlook and methods of IA**
 - **Narrow + wider approach + knowlegde on IA methods**
- **Qualitative and/or quantitative assessment?**
 - **Combination is best, if possible.**
 - **Quantitative assessment is not always possible to be done.**

IMPROVING THE ECONOMIC IMPACT ASSESSMENT - NEED AND RATIONALITY

- Selection of the proper impact assessment methods is crucial for conducting good EIA.
- The selection must be done respecting the resources mentioned above.

**IT IS BETTER TO HAVE “SIMPLE” AND WELL DONE EIA
THAN A POORLY DONE ONE USING “FANCY” METHODS.**

- EIA almost always relays on a good team work
- **North Macedonia’s LM need capacity building for EIA and better interdisciplinary cooperation**