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## Transferring expertise and methodologies: A case study of the development of 'Quarterly Economic Indicators' and forecasting skills in Moldova and Kazakhstan

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and Methodologies:  
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## ABOUT THE PAPER

The case study “Quarterly Economic Indicators in the former Soviet Union countries” assesses the development of quarterly economic indicators for policy analysis in the Ukraine, Moldova and Kazakhstan, in the context of networking and transfer of good practices between policy centers in the former Soviet Union.

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## TRANSFERRING EXPERTISE AND METHODOLOGIES: A CASE STUDY OF THE DEVELOPMENT OF 'QUARTERLY ECONOMIC INDICATORS' AND FORECASTING SKILLS IN MOLDOVA AND KAZAKHSTAN

Adrian Ionescu, Gulnar Mukhambetova, Valeriu Prohntchi, and Diane Stone

### ABSTRACT

*The case study “Quarterly Economic Indicators in the former Soviet Union countries” assesses the development of quarterly economic indicators for policy analysis in the Ukraine, Moldova and Kazakhstan, in the context of networking and transfer of good practices between policy centers in the former Soviet Union. It was prepared by Adrian Ionescu (Hungary), Diane Stone (Hungary), Valeria Prohntchi (Moldova) and Gulnar Mukhambetova (Kazakhstan), and presented at RAND Corporation in May 2005, a non-profit organization based in California that helps improve policy and decisionmaking through research and analysis. With the support of the Local Governance Initiative of the Open Society Foundations, in 2003 and 2004 the International Center for Policy Studies (ICPS) from Kyiv, Ukraine, helped the Public Policy Research Center (PPRC) from Almaty, Kazakhstan and the Institute for Development and Social Initiatives “Viitorul” (IDIS) to consolidate their analytical capacity for economic analysis and forecasting, and publish nationally quarterly economic bulletins on that basis. The areas of practical training and transfer of expertise covered general economic research issues, macroeconomic analysis and economic forecasting, analysis of economic policies and sectoral trends, econometric modelling and analysis of statistical data. The quarterly bulletins cover: International economic trends, Government policy, Monetary policy, Foreign trade, Prices, Monetary policy, Industry, Agriculture, Business, Labor, Households. The publication of the economic bulletins had two major impacts: a) improved the quality of national policy debates in Kazakhstan and Moldova, and b) significantly raised the public profiles of PPRC and IDIS.*

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## 1. INTRODUCTION

This case study assesses the development of 'quarterly economic indicators' for policy analysis in the Ukraine, Moldova and Kazakhstan. It is a study of networking and transfer of good practices between policy centers in the former Soviet Union. As such it represents an example of regulatory diffusion where 'policy impact' is of a transnational variety.<sup>1</sup> The domestic impact of the indicators has been more diffuse and variable across the three countries. The paper was prepared for the RAND 'Linking think tanks' symposium in May 2005. The authors are Adrian Ionescu, the Director of the Local Government and Public Service Reform Initiative of the Open Society Institute (OSI/LGI), Gulnar Mukhambetova, the Deputy Director of the Public Policy Research Center (PPRC) in Almaty, Kazakhstan, Valeriu Prohnitchi from the Institute for Development and Social Initiatives "Viitorul" (IDIS) in Moldova, and Diane Stone, European Commission Marie Curie Chair, Master's program in Public Policy, Central European University.

In 2003 and 2004, with support of the Budapest based Local Government and Public Service Reform Initiative of the Open Society Institute (LGI/OSI), the International Center for Policy Studies (ICPS) in Kyiv, Ukraine embarked on a project to promote the development of independent 'quarterly economic indicators' in two transition countries. These two institutions helped the Public Policy Research Center (PPRC) from Almaty, Kazakhstan and the Institute for Development and Social Initiatives "Viitorul" (IDIS) in Moldova to consolidate their analytical capacity for economic analysis and forecasting, and publish nationally quarterly economic bulletins on that basis.

The areas of practical training and transfer of expertise covered general economic research issues, macroeconomic analysis and economic forecasting, analysis of economic policies and sectoral trends, econometric modelling and analysis of statistical data. In this regard, the objective was to build human capital and expertise in Kazakhstan and Moldova. Alongside this outcome, the central codified output were the production of quarterly bulletins. These publications cover subjects such as: International economic trends, Government policy, Monetary policy, Foreign trade, Prices, Monetary policy, Industry, Agriculture, Business, Labor, Households. They are the most tangible feature of the transfer of knowledge. The publication of the economic bulletins had two major impacts: First, they improved the quality of national policy debates in Kazakhstan and Moldova, and second, they significantly raised the public profiles of PPRC and IDIS as actors in their policy communities.

This paper is structured into four parts. The first section outlines the institutional context of the paucity of economic indicators and analysis. It also introduces the concept of knowledge/policy transfer or what is also called 'diffusion'. Both LGI-OSI and ICPS-Ukraine are identified as knowledge brokers and policy entrepreneurs.

The second section focuses on the case of Moldova. This section was written primarily by Valeriu Prohnitchi of IDIS. The third section addresses the Kazakhstan case. This section was written primarily by Gulnar Mukhambetova of PPRC. These sections are complemented by Appendix 1. which provides background information on the main institutional actors involved. These include:

1 David Levi-Faur and Jacint Jordana, 'The Rise of Regulatory Capitalism: The Global Diffusion of a New Order', *Annals of the American Academy of Political and Social Science*, vol 598, March 2005.

- International Center for Policy Studies, a think tank in Kyiv, Ukraine;
- Institute for Development and Social Initiatives, a young think tank in Chisinau, Moldova (also known as Viitorul)
- Local Government and Public Service Reform Initiative of the Open Society Institute (LGI/OSI) located in Budapest, Hungary;
- The New Zealand Institute of Economic Research
- Public Policy Research Center in Almaty, Kazakhstan
- PASOS – Policy Association for an Open Society – a network of policy centers from 23 Central and Eastern Europe countries and the Newly Independent States.

Our concluding section returns to the theme of knowledge transfer as a form of indirect policy impact at a transnational level. This is a prior process to impact at a national level. LGI-OSI and ICPS-Ukraine both acted as transnational ‘knowledge brokers’ drawing upon international ‘best practice’. This function has been facilitated by the formation of PASOS – a network of policy institutes which provides institutional infrastructure for pooling and exchanging policy related knowledge. Performing a central role, ICPS-Ukraine acted as the key knowledge ‘exporter’ while IDIS-Moldova and PPRC-Kazakhstan were knowledge ‘importers’. In short, before the possibility of policy impact could be achieved via economic forecasting, a prior condition in Moldova and Kazakhstan was the transfer of knowledge and expertise.

## 2. THE INSTITUTIONAL BACKGROUND AND CONCEPTUAL FRAMEWORK

### *LGI-OSI and PASOS as transnational convenors*

In 1999, LGI commenced work on improving the institutional capacities of the Open Society Institute related policy centers.<sup>2</sup> The network began with nine policy centers in 2000. Today, it includes more than 30 centers from Central Eastern Europe and the region of the Newly Independent States (NIS). These centers provide policy advice to the region’s decision-makers and international organizations on issues as diverse as human rights, economic development, legal reform, management of governmental reforms, social policy, education, health, religion, international cooperation, small enterprise development, public participation and public sector management. The wider international donor community has recognized this expertise, and the network has provided input to projects sponsored by the European Union (EU), United Nations Development Programme (UNDP), the UK Department for International Development (DFID) and a host of international foundations and national governments.

In an effort to institutionalize cooperation and magnify impact, 23 members of this informal network established the Policy Association for an Open Society (PASOS) in 2004. LGI provided legal advice and assistance to the drafting of the charter and is helping to fund the PASOS secretariat, which is based in Prague.

An important purpose of both LGI and PASOS has been to improve the capacity of the participating centers through exchange and sharing of best practices in a collaborative manner. LGI has targeted both managerial capacity of the centers and their capacity to prepare better policy documents and advocacy (through training workshops and mentorship). PASOS is grouping members in topical work-groups (or practice areas) and facilitates exchanges and joint projects. Considerable attention is dedicated to twinning centers and sharing of good practices.

2 “Open Society Institute Related Public Policy Centers”, published in 2003 by LGI/OSI

In the period 2002-2003, LGI-OSI was working to consolidate the recently established PPRC of Kazakhstan. A twinning program was arranged with ICPS in the Ukraine. ICPS is a well-established think-tank with a solid reputation and experience.<sup>3</sup> During the twinning program, one of the main products and publications of ICPS – the *Quarterly (Economic) Predictions* – was identified as particularly successful and relevant to other policy centers members of the LGI and PASOS networks. IDIS Viitorul, a Moldovan policy center also expressed interest in adopting the production of quarterly economic forecasts by learning from ICPS experience.

This twinning program is a link in a longer chain for spreading good practices. ICPS learnt the methodology to produce the *Quarterly Economic Predictions* from the New Zealand Institute of Economic Research (NZIER) in 1997. The *Quarterly Predictions* are broadly based on a similar product produced about New Zealand by NZIER. Before the production of the *Quarterly Predictions* in the Ukraine, reliable data on macro-economic indicators was absent. A vacuum existed which prompted a couple of Ukrainian policy entrepreneurs to draw on their personal and professional connections and look to overseas expertise (see below).

In general, the production and publication of quarterly economic indicators filled a substantial gap in knowledge for business, government and international organizations in all three countries, albeit at different points in time. The Quarterly Economic Forecast – called the *Quarterly Predictions* in Ukraine and Kazakhstan and *Economic StateWatch* in Moldova – is a regular macroeconomic review of the National economies of Ukraine, Moldova and Kazakhstan. In each country, this review provides an authoritative and independent analysis of economic trends, policy issues and major economic risks and opportunities.

The *Quarterly Predictions* is typically structured around a common format of 10 independent chapters (Political Environment, Public Finance, Prices, Monetary Policy, Labour, Households, Foreign Trade, Industry and Services, Agriculture, World Economy). They are preceded by a summary of Major Indicators and followed by a Statistical Appendix summarizing main macroeconomic, social and sectoral data for several years back. Each chapter has almost the same structure: the lead, the part describing recent trends, and the forecast. This structure has been replicated in Moldova and Kazakhstan. With all three institutes, LGI played a catalytic role in the transfer of 'know-how'.<sup>4</sup>

### ***Knowledge Exchange and Policy Transfer***

Institutional transfer is a basic mechanism of development. It was particularly rapid and extensive in nineteenth century Japan whose police force was modeled on France, and postal system on Britain. Institutions like Ombudsmen, or Independent Commissions Against Corruption have proliferated from their origins in Scandinavia, or Hong Kong. The experience of ICPS-Ukraine in developing a method and product for the review of the national economy reflects on the more general literature on 'policy transfer'.<sup>5</sup>

Policy transfer is a process by which 'knowledge about how policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another political setting'.<sup>6</sup> Transfer can take place across time, within countries and across countries. The agents of transfer are usually assumed to be politicians and government officials who import policy ideas or tools into their political system.

3 ICPS, *What is ICSP*, ICPS. [http://www.icps.com.ua/doc/whatis\\_ICPS\\_broch.pdf](http://www.icps.com.ua/doc/whatis_ICPS_broch.pdf)

4 <http://lgi.osi.hu/documents.php?id=449>

5 Mark Evans (ed) *Policy Transfer in Global Perspective*, Ashgate, 2004.

6 David Dolowitz & David Marsh, "Learning From Abroad: The Role of Policy Transfer in Contemporary Policy Making", *Governance* 13 (1): 2000: 5;



The transfer of institutions accelerated in the 1990s. The collapse of the Soviet Union provided the opportunity, and demand, for new political and economic institutions. Some were restored from a pre-communist past. Others were borrowed. Formerly socialist countries have adopted new institutions, like stock markets and private property. International organizations, like the OECD, distribute examples of best practice, and encourage their members to compare themselves with each other. Other international institutions such as the World Bank and development agencies like USAID are often portrayed as ‘exporters’ of ‘international standards’ and ‘best practice’, with considerable debate as to whether this represents a free trade in ideas or foisting of ideologies upon weaker states.<sup>7</sup> OSI’s work has concentrated on stimulating indigenous individual and organizational assets with an emphasis on East-East exchange. OSI has tried to support the reforms using innovation and capacity from the region, and the spread of regional good practices.

The literature on policy transfer has focused on the role of *official* actors – that is, bureaucrats, politicians and state agencies – in transfer. Increasing attention is being given to the role of non-state actors – variously been described as non-governmental organizations (NGOs) or the Third Sector – in policy transfer processes.<sup>8</sup> Through international networks, conferences and exchange, scholars, consultants and NGO professionals also become a force behind the international movement of ideas. It is this respect that the transfer of the methodology of ‘quarterly economic indicators’ from New Zealand to the Ukraine and thence to Moldova and Kazakhstan can best be addressed. The key actors in the spread of this policy tool were think tanks with resources for intellectual exchange and methodological training provided through the Open Society Institute (OSI) and its wider network of policy institutes.

Importantly, there are different degrees of transfer: it can involve straight-forward copying of policy, legislation or techniques as well as various forms of emulation, synthesis and hybridization, and inspiration. While there were clear signs of copying of the concept of the *Quarterly Predictors* from New Zealand, it is also important to note that some hybridization and adjustment has taken place in the structure of the reports in Moldova and Kazakhstan. The outcome has been the ‘harmonization’ of the style of policy publication – easily recognizable in its form and content as aspiring and conforming to a standard expected by numerous national and international consumers.

In its published format, the *Quarterly Predictions* is indicative of the ‘hard’ transfer of a policy tool complete with template for data collection, analysis and presentation. Not to be forgotten however, is the ‘soft’ transfer of ideas, experience and scientific norms that have underpinned the development of the *Quarterly Predictions* and have taken place through training and twinning programs. To be more specific, the ‘soft’ and more intangible mode of transfer included:

- Research management principles;
- Methodologies for the production of reliable ‘quarterly economic forecasts’;
- Standards concerning scientific quality;
- Expertise via consultants, study trips, twinning programs and the review process;
- Best practice on dissemination and policy communication.

The production of a harmonized set of reliable economic indicators across the three countries represents a form of policy transfer regardless of the fact that the key agents of transfer – think tanks, OSI and PASOS – are non-state actors. Their concern spread best practice, to raise standards and to produce reliable economic data provided the foundations for informed policy debate. As subsequent sections discuss, this process of policy transfer can be observed through the donor initiatives, networks, visits and twinning programs, and government statements. Evidence of impact on government is more intractable.

7 Peter Larmour, *Foreign Flowers: Institutional Transfer and Good Governance in the Pacific Islands*. Honolulu: University of Hawai’i Press, 2005.

8 Diane Stone, ‘Transfer Agents and Global Networks in the ‘Transnationalisation’ of Policy’, *Journal of European Public Policy*, 11(3) 2004: 545-66.

### *The Path from New Zealand*

The *Quarterly (Economic) Predictions* in Ukraine was modeled after the *Quarterly Predictions* produced by the New Zealand Institute of Economic Research (NZIER).<sup>9</sup> Established in 1958, the NZIER operates in classic think tank style to provide independent economic analysis and research for policy makers. In the late 1990s, a relationship emerged between NZIER and ICPS as a consequence of personal connections between the then Director of NZIER, Alex Sundakov, who had undertaken consultancy work in the Ukraine from the 1990s.<sup>10</sup> From November 1994 until July 1997, Sundakov was one of two Kyiv-based staff reporting to the Mission Chief for Ukraine at the International Monetary Fund Headquarters. Returning to his home country, he joined NZIER in 1997.

In 1999, ICPS Director, Dr Vira Nanivska was a visiting speaker at the NZIER Annual General meeting.<sup>11</sup> Long regarded in her field as an active promoter of policy development, economic research and administrative reform efforts throughout Central and Eastern Europe, she has played an active role on many fronts in Ukraine's transition towards becoming a market economy. With substantial experience in designing technical assistance programmes and facilitating communications between international experts, policy institutes and the Government of Ukraine, she was a key link in the import of NZIER methodologies.

Both Nanivska and Sundakov are connected to LGI in Budapest: Sundakov was an author for LGI;<sup>12</sup> Nanivska has become recently a member of the LGI Steering Committee. Sundakov also served on the Supervisory Board of ICPS when Nanivska was also Director of that organization.

The Quarterly Predictions Group was established in September 1997 by ICPS in cooperation with NZIER. The group was financed by the United States Agency for International Development within the framework of its 'Support for Economic and Fiscal Reforms Project'. Further funding came from the Open Society Institute. Not only does the adoption of the methodology and publication template from New Zealand represent an example of successful transfer, the *Quarterly Predictions* are successful in a further sense of being widely respected by the national Ukrainian policy community.

## 3. BUILDING ECONOMIC STATEWATCH IN MOLDOVA

### *Origins*

In a transition country like Moldova policymakers and civil society are more likely than in a developed economy to feel the lack of sound analytical support when formulating and conducting policy and when trying to gauge policy implications. IDIS assumed that both public and private sector institutions want to improve their understanding of the economic processes and related policies so that they can improve and adapt their strategies and actions. Another important hypothesis was that, because of high

9 The *Quarterly Predictions* in NZ have been produced since 1961. Quarterly Predictions contains forecasts for four to five years ahead, with focus on the composition and drivers of economic growth in the coming two years. Empirical analysis is complemented by an examination of related economic and policy issues, and any risks attached to the forecasts. [http://www.nzier.org.nz/SITE\\_Default/SITE\\_Publications/about\\_quarterly\\_predictions.asp](http://www.nzier.org.nz/SITE_Default/SITE_Publications/about_quarterly_predictions.asp)

10 New Zealand Institute for Economic Research, *Annual Report 2000*, NZIER, 2000, p. 20.

11 NZIER also assisted the government of Ukraine and Ukraine Telecom in developing a regulatory framework for the telecommunications sector in that country. This included advice on the establishment of an independent regulatory agency—the National Commission for Telecommunications

12 Alex Sundakov, *Public Sector Reforms in the Ukraine: On the Path of Transformation*, Discussion Papers No. 18, Local Government Institute, 2001

instability in a transition economy, both private and public sectors may need a thorough forecast about where the economy is moving and why. Indeed, using only the scarce official analysis and forecast there are serious limitations for designing efficient policies and even for sound private investment decisions. Starting from these assumptions, the preparation and publication of quarterly economic analysis and forecast appeared as an excellent idea.

IDIS held preliminary discussions about this project with representatives of the Ministry of Finance, Ministry of Economy and National Bank of Moldova. To their surprise, they found out that these institutions would welcome a publication of independent economic analysis. After publishing the first issue of the *Economic StateWatch* IDIS understood that their publication serves as an alternative source of economic analysis against which policymakers could check their predictions.

Talking to the private sector, IDIS identified an opportunity to shape the demand for economic analysis. Domestic business entities, at that time, were not particularly aware about the importance of such analysis for their own development plans.

### ***Knowledge transfer***

The idea of the *Economic StateWatch* was influenced by another similar publication, the *Quarterly Predictions* edited in Ukraine by the International Center for Policy Research (ICPS). In 2003, IDIS concluded a partnership agreement with ICPS with the purpose of acquiring the know-how for research methodology and management of the process for producing the indicators. A know-how transfer was necessary in order to help launch this totally new policy publication in Moldova.

The main areas of practical training and expertise transfer covered general economic research issues, macroeconomic analysis and economic forecasting, analysis of economic policies and sectoral trends, basic economic modeling and analysis of statistical data. The training consisted of sessions for teaching the methodology held both in Kiev and Chisinau, supervised research via e-mail and direct interaction (in Chisinau), a learning workshop (held in Kiev), case studies and refining of practical skills.

The IDIS team interacted directly with the Ukrainian economic experts of the ICPS involved in the preparation of ICPS' *Quarterly Predictions*. The most important knowledge transfer has been achieved in the areas of structuring the process of economic research and forecast, data collection and analysis, structuring the content of *Economic StateWatch* as well as using computer packages for data processing and forecast. In addition, expertise and techniques were transferred on how to use *Economic StateWatch* to inform the design of public policies and decision-making procedures as well as practices for disseminating *Economic StateWatch* and maintaining good public relations.

### ***The product***

*Economic StateWatch* was first published in 2004. It is structured in 11 independent chapters – i. Politics, ii. Public Finance, iii. Agriculture, iv. Industry and Services, v. Foreign Trade, vi. Monetary Policy, vii. Prices, viii. Households, ix. Labour, x. Transnistria and xi. International. These chapters are led by a Summary and the last part of the *Economic StateWatch* consists of a statistical appendix summarizing main macroeconomic, social and sectoral data since 1997 in 22 tables. Each chapter follows broadly the same structure: the lead, the part describing recent trends, and the forecast.

The analytical model did not depart from the Ukrainian template in the construction of the first issue of the *Economic StateWatch*. However, authors have considered significant improvements for subsequent issues. The main change will be the development of an econometric model of the Moldovan economy which will allow IDIS to disentangle in more detail the impact of economic policy on separate sectors as well as on the economy as a whole.

In comparison to other economic papers published in Moldova, *Economic StateWatch* is different because it includes in the analysis the breakaway Transnistrian<sup>13</sup> region, the global economy and it provides the reader with quantitative sectoral and macroeconomic forecasts for 2004. Including Transnistria in a coherent economic analysis was truly an innovative element, since this region was constantly out the reach of the analysts and policy commentators for more than a decade. Also, *Economic StateWatch* provides the reader with a comprehensive analysis of the domestic politics and international relations on the assumption that these exert an influence on business and economic processes.

### 3.1. Implementation

#### *Finances and timeline*

The project implementation spanned the period March-June 2004. This time-period was considered sufficient for developing the pilot issue of *Economic StateWatch*, while subsequent preparations of regular issues would last two and a half months for each. The research activities and know-how transfer were financed by LGI-OSI and the total budget amount was 19,571 USD. The main part of the budget was spent for fees of the Moldovan experts contracted to work on *Economic StateWatch*, for consultancy fees to the ICPS experts, capital acquisitions (desk computer) and for the services of the publishing house.

#### *The team*

- In a pre-implementation phase, the project coordinator Valeriu Prohnițchi, identified the candidates to be involved in the research scheme. Preparatory activities consisted of general discussions on technical and organizational issues held via e-mail and telephone, contacting interested organizations on topical issues of the planned research, collecting relevant data for the forthcoming team-building and research. Finally, a team of six researchers and two support staff (financial officer and statistical advisor) was assembled. Two experts and the financial officer came from the IDIS staff while the others were part-time employees. In addition, several voluntary commentators have been involved in the process<sup>14</sup>.

All experts have a good economic background, are well known political analysts in Moldova or have expertise in agribusiness. They are all promising young professionals and were selected from IDIS

13 After the declaration of independence of Moldova in 1991, the sliver of land across the river Nistru declared its independence under the name of Transnistria and practically seceded from Moldova. A short war has been followed by long years of attempts by the international community to resolve a frozen conflict.

14 The team consisted of:

- Igor Munteanu – director of the IDIS Viitorul, responsible for the chapter Politics and for quality control of the entire publication;
- Iurie Gotișan – economist within the ADEPT NGO, partly responsible for the chapter Monetary Policy and Prices;
- Ion Lapteacru – economist, MA fellow at Bordeaux University, responsible for the chapters Industry and Services and Foreign Trade;
- Alexandru Oprunenco – policy analyst, economist, working with the Private Farmers Assistance Project, within our project responsible for the chapter International;
- Doina Nistor – economist, executive director of the NGO “Credit and Consultancy in Agriculture”, within our project responsible for the chapter Agriculture;
- Valeriu Prohnițchi – coordinator of the project, economist within IDIS Viitorul, responsible for the chapters Summary, Public Finance, partly for Monetary Policy and Prices, Households, Labor and Transnistria;
- Iurie Mocanu – statistical advisor, head of division of the Department for Sociology and Statistics of Republic of Moldova;
- Liuba Bejan – financial officer, accountant working with the IDIS Viitorul.

staff and from domestic institutions working in similar areas as IDIS. Most of them graduated in economics in Moldovan universities. Also, most of them have completed their post-graduate studies at various foreign universities<sup>15</sup>.

### ***Data collection and analysis***

Gathering the factual and statistical data was the most challenging part of the research. Producing this kind of publication implies having immediate access to fresh statistical data on macroeconomic accounts, monetary indicators, and public finance analysis. Among those, only monetary indicators were readily available, since they are provided regularly free of charge by the National Bank of Moldova.

However, before starting the project, the IDIS team did not anticipate the difficulties in collection of macroeconomic and public finance data. Initially it was presumed that IDIS would collect the data in a centralized manner and then dispatch it to individual experts. Quickly this method proved unfeasible since only the individual experts could assess the quality and relevance of the statistical series. Nevertheless, individual experts had no “negotiating power” to deal with bureaucratic hurdles to obtain the data. The team understood quickly that only contracting (part-time) an additional expert working in the Statistical Office could save the situation. By doing so a part of their problems were resolved. They were left only with the task of assessing the quality and “meaningfulness” of the data. They proved not to be sufficiently good.

An additional difficulty was collecting data from Transnistria. IDIS relied on the data published on the web-site of the “Transnistrian Central Bank” however they had no means at all to verify the quality of statistics. The most doubtful were the foreign trade statistics because a significant part of the trade is registered neither by national customs nor by Transnistrian “authorities”.

The most important outcome of the forecast was the real GDP growth in 2004 (8% *Economic StateWatch* forecast versus 7% preliminary official estimates). In order to gauge the real GDP growth, IDIS used the resources method and the expenditures method. Every author working on his/her own section made analytical inputs in the GDP forecast. Through the resources method, the GDP growth rate was forecasted on the basis of contributions to the value added by economic sectors (inputs from Agriculture, Industry and Services chapters) and net taxes on production and trade (Public Finance chapter). Using the expenditures method, they predicted the GDP growth on the basis of the increase in final consumption (inputs from Households, Labour, Public Finance chapters), in investment (Industry and Trade, Agriculture and Public Finance) and net exports (Foreign Trade and International). Then the difference between the results of the two methods was trimmed using the qualitative judgments coming from Transnistria and Politics chapters. The Prices and Monetary Policy sections gave inputs to every other section by providing insights in the trends of the prices, exchange rates and interest rates.

### ***Communication and Knowledge Exchange with ICPS***

The first discussion with ICPS on *Economic StateWatch* occurred in August 2003 during a meeting of the OSI Related Policy Centers Network (a precursor of PASOS), organized by LGI/OSI in Kyiv. However it was not until March 2004 when five experts of IDIS attended a 4-day workshop organized at the ICPS offices in Kiev. They met the staff of ICPS and the economists involved directly in the preparation of the *Quarterly Predictions*. The IDIS experts learnt about the general principles of research management at ICPS, management of the *Quarterly Predictions* process, and the general principles of dissemination of the economic research.

15 Igor Muteanu at National School for Administrative and Policy Studies in Bucharest (MA in Political Science), Valeriu Prohnițchi at Oxford University (Visiting Student with a research scholarship), Iurie Gotisan at Romanian Academy of Economic Studies (PhD), Ion Lapteacru at Bordeaux University (MA, currently doing PhD at the same University), Alexandru Oprunenco at Central European University (MA in Political Economy of Transition).



The Moldovan experts learnt about the minimal conditions and qualifications that the researchers are supposed to meet in order to work successfully on *Economic StateWatch*, the principles of working with internal and external experts and stakeholders. They were told about the structure and the information layout of the ICPS “Quarterly Predictions”.

IDIS was given guidance on several aspects of organizing applied economic research. In particular, the team of experts representing IDIS were taught how to build up statistical support of the economic research, how to evaluate risks and underpin hypothesis associated to economic forecasting. The Moldovan team had the opportunity to know how the ICPS upgrades its economic forecast and analyses the system of national accounts. The IDIS team attended the working meeting of the ICPS economic division and observed “first hand” the process of refining and finalizing the quarterly forecast. The initial meeting ended with discussions about the specific issues of working on Moldovan quarterly economic analysis and setting-up the agenda of activities for the first issue of the Moldovan publication.

Back in Moldova, Moldovan experts compiled the statistical database needed for the publication of *Economic StateWatch*. Until the end of March the IDIS team prepared the position papers for the chapters of the first issue of *Economic StateWatch*. In April 2004 IDIS worked on the primary drafts of the chapters and on the primary quantitative (2004) and qualitative (2005-2006) forecast of the most relevant macroeconomic indicators. The ICPS senior economist Andryi Blinov visited Moldova in order to help the IDIS team in the process of researching and debating the preliminary results. The ICPS expert provided quality control of the texts and advised on how to comply with the general rules and patterns of developing the final text and the procedures to launch the publication. In May 2004 independent external experts from other institutions in Moldova were consulted on the first draft of the chapters and of the forecast. Afterwards, IDIS Viitorul wrote the final versions of the chapters and reviewed the forecast. ICPS shared with IDIS Viitorul all the information and experience it had in order to reach the best quality of the Moldovan *Economic StateWatch*. In June 2004 IDIS worked closely with ICPS in the final stage of peer-reviewing and editing of the *Economic StateWatch*.

### 3.2. The impact

#### *Dissemination and the Public Interest*

The *Economic StateWatch* has been published in a small series of 800 copies (400 copies in English and 400 in Romanian language). IDIS launched the *Economic StateWatch* at a national press-conference held on June 29, 2004. Media coverage of the event was an indication of a vivid public interest regarding the results presented by IDIS and quotations from the *Economic StateWatch* continued to be published until the end of the year 2004. In retrospect, however, more efforts should have been spent on making known the publication to other relevant domestic actors, such as local public administration and local NGOs.

IDIS was invited to present the *Economic StateWatch* at a meeting of international donors in Moldova, held by the IMF representative office on July 6. Also, IDIS held meetings at their own location with NGOs and representatives of the governmental institutions interested to know more about the methodology and sustainability of the *Economic StateWatch*.

The first issue of the *Economic StateWatch* enjoyed a wide coverage in the national mass media. Results and policy conclusions were widely debated by many interested parties. IDIS received both analytical feedback and signals of interest for the future issues of *Economic StateWatch* from Moldovan ministries, the National Bank of Moldova, international organizations, domestic academia and, what is particularly important for IDIS as a think tank, from several private companies which found the publication particularly important for them. These companies reported “frequently using” the *Economic StateWatch* both as an analytical support and concise and logically structured statistical source.

The *Economic StateWatch* was repeatedly quoted in the social and economic programs of the broadcasting TV stations in Moldova. In particular, two TV stations (Euro TV and PRO TV Chisinau) quoted the results in their economic broadcast programs and invited some of the IDIS experts to

participate in several talk-shows. Other national media channels presented the final *Economic StateWatch* results, including through national Internet bulletins (Moldova-Azi, Reporter, BASA-press), national press agencies and newspapers. 120 copies of Romanian version have been sent to domestic and foreign users. 90 English reports have been sent to international investors, donors, academic representatives, European and American think-tanks and universities. More copies were disseminated subsequently with the occasion of various events that IDIS organized in the course of the year.

It is also worth mentioning that *Economic StateWatch* was disseminated at the international conference “Process of Transition in Republic of Moldova” organized on July 1-4 in Berlin, Germany by the “Sudosteuropa Gesellschaft” and the Federal Foreign Office of Germany. This event allowed IDIS to stimulate comprehensive discussions and break a number of stereotypes regarding the state of the economy of Moldova. Among the participants of the conference the stereotype of a largely unreformed Moldova persisted. Many of them believed that the country is heavily indebted, while the external public debt is only 26% and is decreasing while many other European countries display higher degrees of public indebtedness. Moldova was thought to have a large inflation although its inflation is not high at all in a regional perspective. On the other hand, Moldovan problems related to lack of integration with EU were not largely known or acknowledged and IDIS Viitorul advocated for a more liberal tariff policy from the part of EU in regard to Moldovan goods and Moldovan migrants.

It is significant that after only the first issue of *Economic StateWatch* by IDIS has the Moldovan Ministry of Economy presented its reviewed forecast for the current year.

### ***Feedback from international organizations***

IDIS interviewed several of their partners representing international organization which are in Moldova about their perception on *Economic StateWatch* and its practical use. Responses were positive about the publication. Commenting about *Economic StateWatch*, an adviser from one international organization said that:

“it is crucial for decision makers, researchers, advanced students, international organizations, government officials, private sector, investors and potential investors etc. ... to get independent and regular publications (and as in many countries, quarterly publications really make sense because of business cycles) on Moldovan socio-economic trends”.

Interviewees said that such publications as the *Economic StateWatch* fuel debates, facilitate the understanding of the socio-economic situation and trends and thus facilitate the decision making process.

“Certainly *Economic Statewatch* can gradually be used as a reference if the scientific quality and independence are evident. Tool and food for thoughts as well as practical source for applied research and analyses, *Economic StateWatch* could contribute to enlarge significantly the scope and vision for a proper understanding of the peculiarities and complexities of the socio-economic situation in Moldova”.

Professional consumers in both public and private sector have found that some sectoral data as well as monetary mass trends and financial aggregates are well done, “quite original in Moldova” and easy to understand. It is also very important to get complementary disaggregated data to be crossed at some point with other (official) sources. The suggestion was to provide data both in national currency and international reference currencies like the Euro or the US Dollar.

Diminishing administrative barriers and advocating measures facilitating private sector development, two purposes of the *Economic StateWatch*, have been perceived as congruent to the ones of the international organizations because these are crucial components for creating jobs, wealth, and economic growth. Yet, no changes occurring in the public rhetoric have been perceived by international organizations. The feasibility of IDIS impact requires time and it is indeed overly ambitious to expect immediate impact following the first issue. In the long-run, however, the publication may prove to be a decent factual tool for policy deliberations.

#### 4. KAZAKHSTAN

The main purpose of the *Quarterly Predictions* is to provide access for a wide audience to objective, trustworthy, professional, well-structured statistical and analytical information about the Kazakh economy. The idea to adopt and launch the *Quarterly Predictions* in Kazakhstan came up during a study tour of PPRC to ICPS in Kyiv in 2001. The Ukrainian colleagues presented various activities of ICPS and described in detail the methodology and success of their *Quarterly (Economic) Predictions* in Ukraine.

In Kazakhstan, as well as in most of the other former socialist countries, one of the barriers for good economic policy is the lack of relevant and objective information - both statistical data and analysis. The *Quarterly Predictions* is now the only regular publication in Kazakhstan giving a professional systematic opinion on all main sections of the economy. The publication's design and language are such as to correspond to the level of comprehension and expectations of a wide spectrum of readers. That is, it is accessible to the average citizen without any special background in economics but preoccupied with the economic development of the country, as well as appealing to the professional concerns of academics and analysts. *Quarterly Predictions* provides access to objective, trustworthy, professional, well-structured statistical and analytical information about the economic development of Kazakhstan.

##### *The Process, the Data*

The preparation of one issue of *Quarterly Predictions* in Russian language takes about two and a half months. It includes data collection, analysis, writing of materials, design and printing. The average cost is about \$10,000 and includes author's fees, editing, printing, etc. excluding mailing. An English version of the publication is currently under preparation, and an English language editor has been hired by PPRC under an EC TACIS project aimed at improving the communication strategy of PPRC.

To produce the report, the team analyses background information, compares statistical data, and makes a three year forecast. The team is made of independent researchers, practitioners from governmental institutions and agencies participating in their individual capacity in the *Quarterly Predictions*, as well as permanent staff of PPRC. The range of their specialization is broad, including macro economy, public finance, statistics, monetary policy and banking, industrial development and so forth.

The data they collect comes only from official sources: reports, statistical bulletins, web-sites of the State Agency on Statistics, National Bank and the Ministry of Finance of the Republic of Kazakhstan. Not all official reports used in the publication are open to the public. Consequently, PPRC has to make use of the good institutional ties and personal connections to the authors of these official reports. These official reports are not confidential or secret, but are typically not distributed to the public due to organizational or financial limitations of the public institutions who produce or hold the data. For



example, one of the members of the *Quarterly Predictions* team is Deputy Head of the State Agency on Statistics of the Republic of Kazakhstan. His support in obtaining and verifying the data has been crucial in the production of the *Quarterly Predictions*.

A sign of the “attention” the *Quarterly Predictions* have received from the Central Government has been the delay of 8 months of the approval process for *Quarterly Predictions* to become an official mass-media (periodical publication). This approval is granted by the Ministry of Culture, Information and Public Concord. In effect, ministerial approval means a permit for all state institutions and agencies to subscribe to the publication. The term stipulated by law for a response to such an application is 1 month only. This delay of registration is common practice for publications that could be potentially critical of the central government’s policies.

### ***The Quarterly Predictions methodology and transfer***

The framework for analysis follows the ICPS model used for the ICPS’s own publication: the *Quarterly Predictions*. It has been adopted as part of the twinning project between ICPS and PPRC. Twinning was organized for improving the institutional capacity of PPRC.

The Ukrainian team of ICPS instructed step by step the Kazakh colleagues about how to prepare and analyze the data and develop and improve the publication. The Ukrainian assistance lasted for the first several issues. Their professional assessment included the analysis of the most usual mistakes in research methodology, content, vocabulary, style and design of narrative material, sidebars, graphs and tables. For example, in Kazakhstan there is a widely used expression “banks of the second level” for all the banks other than the National Bank of Kazakhstan. At the Ukrainian’s recommendation, PPRC started using in their publication simply the word “banks”.

The ICPS colleagues encouraged PPRC refinements to the methodology for their *Quarterly Predictions*. For example, the “Prices” chapter in the PPRC publication is now apparently more detailed and full of information than in the ICPS publication. It is also to be noted that the close cooperation with the member of the State Agency of Statistics brings very visible outcomes, of providing a reliable data source.

### ***Dissemination***

The first issue of the *Quarterly Predictions* was launched during an open presentation specially organized by PPRC for this purpose. Information about the *Quarterly Predictions* is regularly published in the weekly PPRC newsletter.

PPRC send 500 copies of each Russian language *Quarterly Predictions* issue to the main public libraries in Kazakhstan, to the Parliament, Ministries, international organizations, educational and scientific institutions, NGOs and independent experts. Until 2005 the *Quarterly Predictions* was distributed free of charge. As sign of its growing utility, from 2005, PPRC was able to introduce a paid subscription and reduced the number of free copies in order to recover some of the publication and printing costs. Currently there are more than 30 subscriptions and the number is growing. The subscribers are international organizations, banks and other business institutions, ministries, embassies. Free copies will continue to be distributed to libraries and some public institutions. In addition PDF versions of all *Quarterly Predictions* issues can be accessed freely on the PPRC website.

In order to respond to the increased demand of an international audience, PPRC started an English version of the *Quarterly Predictions*. The quality of the first version was not sufficiently good, so PPRC hired a native English speaker under a TACIS project aimed at developing the communication strategy of PPRC. As the TACIS project is of limited duration, it is likely that PPRC will have to find a sustainable and cost-effective solution to hiring a qualified editor for the English version of *Quarterly Predictions*.

### *Impact and opinions of users*

The *Quarterly Predictions* is the only regular publication in Kazakhstan providing a broad professional view of all the important elements of the national economy. The publication is a response to the very high demand for reliable economical information from decision makers, politicians, civil society organizations and political parties. The *Quarterly Predictions* contributes to the improvement of the political and economical culture, raising the level and quality of the debates and policies by providing a solid factual basis.

According to the assessment of Alexei Bakun, senior economic analyst of ICPS,

“in general, taking into consideration the short term of existence of *Quarterly Predictions* in Kazakhstan, I can say that the quality of the final product is high. The level and richness of the content is not lower than *Quarterly Predictions* of ICPS. However the work on improvement of quality should be continued, the costs for labor and other resources should be decreased and the time of preparation should be shortened”.

The *Quarterly Predictions* contributes directly to raising the professional level of the research community in Kazakhstan by involving a wide group of experts in each new issue and exposing them to new approaches, methods and international standards. By following very strict terms of reference, methodology, design and research formats in order to strengthen the applicability of the policy recommendations, the Kazakh researchers have to revise many stereotypes and outdated approaches and theories inherited from the “soviet economic theory”. This old theoretical paradigm was oriented more towards development of general rhetorical and ideological narrations, rather than towards applied cost-benefit analysis and forecasts based on careful examination of collected data. Consequently, during the preparation of each new issue of *Quarterly Predictions* a large number of experts associated with PPRC have the opportunity to strengthen their research and analytical capacities in tune with international standards.

The *Quarterly Predictions* is especially important and valuable for the elected representatives in Parliament and *maslikhats* (elected local representative authorities), as most of them do not have any special background in economics. At the same time, however, their position requires them to be well informed and prepared to discuss very specific economic issues and then to vote for the proposed governmental policy decisions. According to the elected representatives' opinions, the *Quarterly Predictions* helps them develop their critical thinking. They often use the *Quarterly Predictions* as the most reliable source for building their argumentation.

Notable was the intervention of Senator Sagyndyk Esimkhanov in a November 2003 parliament session discussing the Draft State Budget for 2004. He said, holding in his hand one of the *Quarterly Predictions* issues, that:

“the forecasts of the state budget made by PPRC seem more credible than the government's prognosis, as it 72 Billion Tenge higher”.

Confirming the accuracy of the *Quarterly Predictions* forecasts the Government of the Republic requested in mid 2004 from the Parliament an amendment of the State Budget with an amount of 58 Billion Tenge, in line with the PPRC estimate made a year earlier.

Given that the *Quarterly Predictions* is a recent innovation in Kazakhstan, evidence of the impact of this publication on policy practice and political thinking is largely anecdotal. Below are quotations from opinions of some readers and funders.

- Oraz Zhandossov, former Head of the National Bank of Kazakhstan, former Deputy Prime-Minister, former advisor for the President of Kazakhstan on economics issues, and a member of PPRC's Board of Trustees: "As an advisor for the President of Kazakhstan on economics issues, I always used the PPRC forecasts equally with the assessments made by IMF and IDB, when preparing my recommendations for the President".
- The Asian Development Bank (ADB): "ADB is interested in information published in *Quarterly Predictions* as it expresses the views of local experts, which is exceptionally important for getting the most correct and relevant information about the country."
- Galina Volkova, lecturer of Economics at Semei University, Semipalatinsk, East Kazakhstan: "*Quarterly Predictions* is the first magazine I see which presents analysis of all sectors of the economy in such an outstanding way: professional, clear, comprehensive. Since I came to know this publication, I always refer to it during my lectures. I am convinced that *Quarterly Predictions* is the best such publication in Kazakhstan, and it can successfully compete with the similar publications abroad".
- Bohdan Krawchenko, Chair of the LGI Steering Committee: The simple publication in the *Quarterly Predictions* sidebar of the information that 20% of the general export of Kazakhstan goes to Bermuda gave the public a clearer impression about the real allocation of national revenue than the rhetoric of thousands official reports.
- Tulegen Askarov, economist, member of the Soros Foundation-Kazakhstan Board: "The *Quarterly Predictions* is another visible evidence that PPRC is a truly non-partisan public policy center, equally distanced from the views of the officials in power and the radical parties. PPRC serves the interests of a broad spectrum of societal actors by promoting an unbiased approach in the analysis of the current problems of our society".

Another indicator of impact or a "success story" for PPRC is the cooption of its staff into international taskforces. Meruert Makhmutova, the Director of PPRC was invited to join the team of experts for the World Economic Survey as a recognition of PPRC's contribution to forecasting of national economic trends.

### ***Assessment and lessons learned***

The strongest feature of the *Quarterly Predictions* is the well designed and precise terms of reference, which require from authors the highest standards in order to complete their tasks. The technical exchange of methodology makes very transparent and effective the process of intellectual control of the publication. This process is complemented by a well-balanced combination of specialties of the team members. Some of the members have very good practical experience, some are educated in Western universities, some are talented researchers with great analytical capacity, exceptional intuition and outstanding ability to critically adopt and generate new ideas, some of them are very accurate and careful observers of rules and tasks.

The other important observation about *Quarterly Predictions* is that it is a long-term project in a state of continuous improvement. Changes are made from one issue to the next in approaches, methods of analysis, design and structure of materials building upon both the quality of the product as well as the skills of the analytical team.

Furthermore, there is another side to the success story of *Quarterly Predictions*. This is the untold tale of overcoming difficulties with changing habits, misconceptions and beliefs, working to develop new skills, practicing joint work and building teams, etc. The officially recognized experts – usually older and more established within the system – tend to resist innovations and are reluctant to change their style and methods. The young researchers do not have sometime the necessary practical experience and broad view, accuracy and patience in collecting and verifying the data for producing a good analysis.

Finally the biggest challenge for the majority of the researchers represents the development of adequate writing skills for such a publication. Overcoming this requires a lot of extra effort and time from the PPRC Director, who is the leader and chief editor of the *Quarterly Predictions*. Thus, the recruitment effort and process for intellectual contributors to such an analytical publication is crucial. However, the scarcity of qualified and capable analysts should not be a reason to renouncing the idea of launching such a publication in other transition countries. The presence of a highly motivated intellectual leader, effective management, permanent and diligent work to improve the knowledge and skills of the team, sufficient support and funding form the donors, honest and effective technical assistance and training of local experts are the most important ingredients for a gradual growth of the analytical capacity and quality.

## 5. THE ANALYTICAL FOUNDATIONS FOR POLICY IMPACT: CASE STUDY CONCLUSIONS

A small donor investment of less than \$100,000 brought an outstanding tool to forecast economic trends in Kazakhstan and Moldova. The quarterly economic forecasts provide a thorough analysis of the trends across the relevant economic sectors. This provides the population, public officials, and academia with a reliable and unbiased alternate opinion about the state of economy. The publication enriches and stimulates the debate regarding various policies, and helps make the decision making process factually based and better informed. In short, the quality of 'evidence' about the economic health of both countries was substantially improved.

In countries in which official economic data and analysis are either poor or not fully disclosed, publication of economic forecasts also stimulates transparency in decision making. They incite public institutions – be they government, ministries, national bank – to respond, explicitly or implicitly, to the methodologically grounded and reasoned analysis of the publishers. For some elected officials who did not have access to adequate economic data and analysis, these publications open new insights into previously hidden territories. Participation in the preparation of the publication has had the further benefit of enhancing the professional standards and skills of the research community.

The most significant impact has been the influence of the publication over key figures used in planning of governmental economic policy and public finances. In Moldova, the 2004 rate of GDP growth has been revised upwards, from 7% to 8% after the publication of the *Economic StateWatch*. The national budget debates were based on this new figure.

In Kazakhstan, the *Quarterly Predictions* forecasted higher budget revenues for year 2004 with 72 Billion Tenge, as compared with the original government's budget. In the summer of the next year, the government revised its budget with an amount of 58 Billion Tenge, not far from the PPRC estimate. The impact of the report was to bring independent quality data not only into public debate, but into official policy deliberations as well.

In both countries, the 'quarterly economic forecasts' filled a vacuum. A further, albeit more intangible impact, is that the human capital has been built through the training and twinning programs. The level

of sophistication amongst the national policy communities (inside and overlapping outside government bureaucracy) has climbed. Nevertheless, there is more to achieve. Standards can be improved. But there is investment in research management principles, supported through an international team of experts and reviewers convened through PASOS.

Both *Economic StateWatch* and the *Quarterly Predictions* represent examples of successful policy transfer. This has been all the more effective as a consequence of the complementary ‘soft’ forms of transfer – such as the spread of norms about scientific standards and methods and technical training. Consequently the policy relevance of these publications has been to establish ‘a factual basis for debate’ with economic indicators. In some instances, these indicators have had impact and have been used by politicians in parliamentary debate or by the media that gets ‘a new number into debate’. For instance, data that revealed that 20% of the general export of Kazakhstan goes to Bermuda. However, the broader objective of the Ukrainian, Moldovan and Kazakh exercises has been to collect, summarize and analyze a vast terrain of national data for the use of both public and private sector audiences at both domestic and international levels of governance.

This case study provides one small illustration of the emerging new style of capitalist governance that is being diffused around the world. According to Levi-Faur, regulatory capitalism is characterized by:

1. A new division of labor between state and society (eg privatization);
2. An increase in delegation (recasting the boundaries between experts and politicians);
3. Proliferation of new technologies of regulation;
4. Proliferation of mechanisms of self regulation; and
5. The growth of the influence of experts in general and of international experts in particular.<sup>16</sup>

These characteristics are very evident in the Ukraine, Moldova and Kazakhstan as they make their transition from former statist modes of social and economic control. And it is in this general context, that the transfer of ‘quantitative economic indicators’ can be regarded as a regulatory tool in public and policy debates.

Transnational networks and donor support – PASOS as well as LGI-OSI – were an important vehicle for the spread of policy indicators in what was a long chain in the influence of ideas/methodologies in policy thinking. The concept of ‘quarterly economic indicators’ was plucked from New Zealand and transplanted with some grafting to the Ukraine and thence to Moldova and Kazakhstan. The role of international experts has been critical in this diffusion of ‘knowledge embedded instruments of regulatory capitalism’. Think tanks have been the vehicle for this communication of methodologies. The twinning programs were the device for close observation and social interaction. All in all, the spread of expertise in the methodologies of producing ‘quarterly economic indicators’ is a good example of effective transfer of a non-governmental ‘regulatory technology’ across the globe.

16 David Levi-Faur, ‘The Global Diffusion of Regulatory Capitalism’, *Annals of the American Academy of Political and Social Science*, vol 598, March 2005, p 27.



## APPENDIX - WHO IS WHO?

### *ICPS – The International Center for Policy Studies, Ukraine*

International Center for Policy Studies (ICPS) is an independent think tank whose mandate is to promote the introduction of public policy concepts and practices in Ukraine. To this end, they work to increase awareness of the government and the general public of the need to analyze policy alternatives and to study the possible consequences of any given policy before adopting strategic decisions. ICPS was established in 1994 upon the initiative of the Open Society Institute (OSI). ICPS's areas of specialization are:

- economic policy;
- public administration reform;
- regional policy and local government;
- European integration; and
- educational policy.

ICPS has been introducing the most important instruments of public policy in Ukraine, by carrying out independent policy research and arranging organized dialogue between members of the public interested in the state policy development process. ICPS strives to improve policy dialogue within Ukrainian society, applying and promoting effective methods of communication between interested parties during the policy development process. In addition, ICPS actively assists Government in its institutional capacity building as well as NGOs to introduce new mechanisms and procedures that allow the creation of an effective and responsible government and ensure the participation of the public in the policy development process.

*[www.icps.kiev.ua](http://www.icps.kiev.ua)*

### *IDIS – Institute for Development and Social Initiatives*

The mission of IDIS is to contribute to the growth of independent thinking environment in the emerging democracies; to contribute to the strengthening of the local and regional governments; to assist the expansion of the civil society in which citizens act together to express their own interests, to exchange information and to strive for mutual goals and influence government. Founded in 1993 as a membership Foundation for private and voluntary individuals, IDIS revised its bylaws in 2001, dissolved its membership and established itself as an independent international corporate, non-profit, non-governmental public institute. Its roles include:

- Public discussions on crucial problems of democratic governance and civil society development. These discussions attract key figures in civil society, academia, media, and politicians.
- Civic integration, namely that of ethnic minority populations that may feel isolated from political and civic life is another priority. They work on early warning and early response in the areas of our country that present risk potential. Work on problems of local governance constitutes a considerable element of these activities.
- Economic Research and Policing in the Regulatory Framework. IDIS is known also for its regular work with OECD on various assessments, reports, baseline surveys and presentations on SMEs, state policies on small business.
- Crisis Management, in particular on identifying remedies for the resolution of 'frozen' con-

- flicts, regional security and confidence building measures.
- Social Policy, qualitative and quantitative surveys, data analysis and support provided to the municipal and regional governments in prioritizing their role and responsibilities.

<http://viitorul.moldova.org/>

### ***LGI/OSI – Local Government & Public Service Reform Initiative of the Open Society Institute***

The Local Government and Public Service Initiative was launched in January 1997 by the Board of the Open Society Institute-Budapest. The development of democratic and effective government at sub-national levels remains one of the central tasks of the transition. The sharing of expertise between countries can contribute significantly to the reform process in the region. The primary mission of LGI is to foster such cross-border cooperation and to support and disseminate throughout. LGI activities fall into four categories:

1. Regional Networks of Institutions and Professionals
2. Policy Studies and Dissemination
3. Technical Assistance and consultancy
4. Support of the Soros Foundations

<http://lgi.osi.hu/index.php>

### ***NZIER - New Zealand Institute of Economic Research***

Established in 1958, NZIER is a privately funded, independent economic consulting and forecasting organization specializing in applied economic research and analysis. Their aim is to be the premier center of applied economic research in New Zealand by offering a wide range of services to clients in the public and private sectors. NZIER's role extends beyond consulting and forecasting to conducting and promoting research into economic problems affecting New Zealand, and advancing understanding of economic issues. Their public good work includes:

- Sponsoring the **NZIER Economics Award** for excellence in economics.
- **Publishing reports** on topics of public interest. Speaking on topics of economic importance at conferences.
- Publishing the **Consensus Forecasts**, which average the forecasts produced by a variety of organizations (including NZIER) and provide a useful benchmark.
- Hosting school visits to students interested in economics as a subject and a profession.

[http://www.nzier.org.nz/SITE\\_Default/SITE\\_about/default.asp](http://www.nzier.org.nz/SITE_Default/SITE_about/default.asp)

### ***PASOS – Policy Association for an Open Society***

PASOS promotes and protects open society values, including democracy, rule of law, good governance, respect for and protection of human rights, economic and social development by supporting entities that foster public participation in public benefit matters. In order to fulfill this mission, the Association sets the following goals:

- To assist decision-making processes of public interests by providing information to decision-makers and the general public;
- To foster co-operation among members of the Association and other entities formulating public interest policy;
- To promote and support research and analytical capacity of entities formulating public interest policy.

*<http://www.pasos.org>*

### ***PPRC – Public Policy Research Center, Kazakhstan***

PPRC is a non-government organization created at the initiative of LGI/OSI in December 2001. The Center is one of 22 public policy institutes supported by OSI in the CIS, Central and Eastern Europe. The founders of the Center are Soros Foundation Kazakhstan and Public fund “Center for analysis and prognosis”. The Center has been active since January 2002 and is financed by an institutional grant from the Soros Foundation Kazakhstan, as well as by resources from other international donors operating in Kazakhstan.

The Center has changed its legal status from “corporate” to “public” in accordance with an agreement reached by founders of PPRC. The mission of PPRC is the identification of appropriate solutions to strategic public policy issues and the facilitation of effective decision-making through professional analysis and open debate. The Center has set the following goals in order to accomplish its mission:

- Assist in introducing concepts and procedures for public policy in Kazakhstan;
- Conduct independent surveys;
- Work out alternative solutions to existing problems by organizing public forums; provide information from all parties involved – government, society, international organizations;
- Assist in creating a socio-political environment in Kazakhstan, favorable to democratic reforms;
- Create a training center to become a source of reference on issues of public policy in Kazakhstan and Central Asia.

*<http://www.pprc.kz/main.php?swl=2>*