

Annual Report

2013



January 2014

Association for economic research, advocacy and policymaking "Finance Think" - Skopje

Address by the Chief Economist

Dear reader,

Since its formal inception in December 2012 and during this year 2013, the activities of Finance Think were focused on conducting first-class economic research, economic analysis, as well as achieving visibility into the economy and the society through a variety of advocacy and communication tools. For these purposes, we worked and submitted many project proposals, individual and in collaboration with domestic and international institutions, several of which were approved. The Association established two regular publications: Quarterly Monitor and Graphometrix, two periodical publications: Policy Brief and FT Comment and regularly calculated and published the index for future economic activity. There were published five research papers and five books and monographs from the economic researchers and the members of the Advisory Board of the Association. We expressed our views and opinions through two blogs: “A blog of the free-minded economic thought” and “Economic talks – an informative view”.



We shared our thoughts and results from the analyses with the public, which produced about sixty statements, five interviews and five expert opinions, all of which helped in establishing close and continuous cooperation with the media. The Association won the Second World Prize for outstanding research on development from the Global Development Network and the Government of Japan and the First Prize for social innovation from the United Nations and the Ministry for Foreign Affairs of Macedonia.

The team of Finance Think was continuously investing in capacity building. In the latter period, our representatives took part in many domestic and international conferences, conducted research visits at renowned international institutions and participated at many trainings relevant for advocacy and civil society activism.

During 2013, the Association cooperated with a wide circle of economists, policymakers and international experts, many research centers and civil organizations, and universities from the country and abroad. The Association became a member of IDEAS/Repec, the Global Network of Young Economists and UNCTAD Virtual Institute Geneva. It also endorsed the European Charter for Researchers and its implementation is underway.

Enjoy the reading of this Report.

Sincerely.



MSc Blagica Petreski

Chief economist

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1. Introduction

Finance Think is a non-profit association for economic research, advocacy and policymaking. As an informal group it exists since 2011, and as a formal organization is registered in the Central register of Republic Macedonia in December 2012.

Our Vision is to steer economic thinking for increase wellbeing tomorrow.

Our Mission is to alleviate poverty, to strengthen macro-financial policies and to advance the financial stability through economic research, advising, and recommendations to the economic policies and steering critical debate on economic processes.

In order to achieve our mission and vision, the focus of work is on three program areas: **Development economics:** poverty, social, income, gender, age and ethnic inequality, unemployment, access to education and health services, regulative environment, structural reforms etc.; **Macro-finance:** economic growth, investments, monetary, fiscal, foreign-trade and exchange-rate policy etc.; and **Financial system:** development of the banking, insurance, pension and the others financial sub-systems, risks assessment and the resistance to shocks of the financial system, regional and global financial integration and other.

The team of Finance Think is composed of prominent and recognized economic researchers, with economic education and professional experience, as well as willingness to provide high-level research, critics and recommendations to policymakers. In the organizational structure of the Association, there is an Advisory Board, whose aim is to advice the Executive Boards and the Chief Economist. The Advisory Board of Finance Think is composed by prominent figures in the economic thought in the country and abroad.

2. Principles and values

Finance Think is guided by these principles and values:

- The research agenda is linked and integrated with the mission of the think tank, and the researchers are aligned with the strategic objectives that guide the research environment and the funding mechanisms.
- The research is applied, innovative, oriented to the policies and high-qualified.
- The research is interdisciplinary and collaborative.
- The research findings are disseminated in a way that can be understood by the non-specialists, and thus lead to better public understanding of the science.
- The researchers are focused on their research for the good of the mankind and for expanding the borders of the scientific knowledge, while enjoying the freedom of the thought and expression, as well as the freedom to identify methods for addressing the identified problems, according to the recognized ethical principles and practices.
- The think tank provides cooperative and nurtured research environment, recognition of all researchers as professionals, and does not perform any kind of discrimination.
- The policies and procedures of Finance Think are transparent.
- The evaluation of the activities of Finance Think is permanent and transparent.

3. Projects

During 2013, the economists of Finance Think implemented several projects. Part of the projects was independently conducted by Finance Think, another part was conducted in cooperation with domestic and international research institutions, while a third part comprised individual projects of our economists. The projects are divided in two groups: Core research and Research in motion.



3.1. Core research

The aim of the core research is to investigate the economic trends of interest in our basic programs through fundamental empirical and analytical methods, while giving recommendations to policymakers based on its results. This group conducted the following projects:

3.1.1 Dutch disease in Latin American countries: Stylized facts, de-industrialization concerns and crisis

The aim of this project is to provide empirical evidence on manufacturing output developments during different episodes of large net inflows – export boom, remittances, FDIs, or aid – in the

countries of Latin America and Caribbean with reference to crisis. In addition, we aim to disentangle de-industrialization concerns in Ecuador.

Research questions

- What is the evidence of Dutch disease episodes in Latin American countries during 1990s and 2000s? That is, can episodes of large net flows in these countries (due to booming exports, FDIs, remittances and/or aid) be characterized as Dutch disease (reduction in manufacturing sectors/increase in non-tradable sectors)? To what extent can the RER be responsible in explaining the manufacturing decline in LAC? In addition, has the crisis somehow affected this relation?
- For the case of Ecuador, how have both the latest episode of high world oil prices and domestic policies affected manufacturing industries profitability, employment, and survival? What is the role of the RER, if any, is it non-appreciating trend?

Provider: Inter-American Development Bank

Duration: 2013-2014 (12 months)

3.1.2 Mind the gaps between the budget lines and the programs of the National strategy for poverty reduction

The projects aim is to increase the effectiveness and usage of poverty reduction programs by increasing the transparency of the associated budget lines and informing the citizens about them.

Short-term goals:

- Identification and mapping of the weak links between the budget lines and the poverty reduction programs;
- Increasing citizens' awareness of the programs for poverty reduction they can be eligible for;
- Increasing the awareness of the civil and research sector of the effectiveness of poverty reduction programs' implementation (budget expenditure).

Provider: USAID and Foundation Open Society Macedonia

Duration: 2013-2014 (10 months)

3.1.3 EdPlaCo-MK: A tool for greater gender wage equality in Macedonia

The objective of this research is to investigate if gender employment gap can shed some light on the gender wage gap and to develop a web-based developmental tool to tackle gender wage inequality in Macedonia.

Macedonian labor market is characterized by relatively large gender employment inequality, coupled with considerable gender pay inequality. These inequalities are magnified at lower education levels. The objective of this research is to investigate if gender employment gap can shed some light on the gender wage gap. In particular, lot-to-medium skilled woman in Macedonia may be affecting the gender wage gap due to their labor inactivity owing to child-raising, being unpaid family worker, high reservation wage and remittance receiving from the male migrant. We propose to explore this view by estimating selection-corrected and adjusted-for-characteristics gender wage gaps for different skill levels in Macedonia. The empirical approach will recuperate the counterfactual wage distribution that would prevail had the selection into work been fully random. As an innovative approach to this issue, we will use alternative imputation techniques which do not require assumptions on the actual level of missing wages, as typically required in the matching approach, nor they require arbitrary exclusion restrictions raised in two-stage Heckman sample-selection models. At the policy level, the issue gained importance and the government responded with establishing Equal Opportunities Committees both at national and local level, but the problem of gender (wage and employment) discrimination has not been resolved. Our investigation may shed light on the issue and help in i) devising fuller Strategy for equal employment opportunities; and, more importantly, ii) establishing the EdPlaCo-MK as a web tool serving as a standard helping employers (public and private) to develop best practice for fair employment and compensation.

Provider: Global Development Network and the Government of Japan

Duration: 2013-2015 (2 years)

3.1.4 Youth self-employment in households receiving remittances in Macedonia

The project aims to explore if remittances may be used to support the entrepreneurial activities of unemployed youth in households receiving remittances, in an environment of global economic crisis, tightened credit conditions, lack of venture capital financing and the manufacturing labor market.

Low job creation and high unemployment are the most important problems in Macedonia. The youth unemployment rate of 55% remains persistently high. On the other hand, Macedonia

receives remittances of outward migration in the amount of above 20% of GDP annually. Their usage, however, remains largely unknown. This proposed research aims to explore if remittances may be used to support the entrepreneurial activities of unemployed youth in households receiving remittances, in an environment of global economic crisis, tightened credit conditions, lack of venture capital financing and the manufacturing labor market. We will use the Remittances Survey conducted in September/October 2012 to explore the probability that a young person will enter self-employment if his/her household receives remittance. We propose two techniques: i) propensity score matching, so as to find similar, in characteristics, non-receiving households, as those receiving remittances; and ii) instrumental variable approach, so as to account for the potential endogeneity of remittances with respect to the decision to establish own firm. We expect that our findings would enable us to propose policy recommendations in the fiscal, social and labor-market sphere, aimed at channeling the large amount of remittances in Macedonia into generating jobs for youth.

Provider: International Development Research Center

Duration: 2013-2014 (1 year)

3.1.5 Maximizing the poverty reduction effect of the agricultural subsidy program in Macedonia

The objective of this research is to modify/re-design the agricultural subsidy program into a tool to alleviate (rural) poverty in Macedonia.

Macedonia is a transition economy whereby high poverty. Low job creation and high inequality remain the most important problems nowadays. The poverty rate is estimated at 27.3% in 2010 from 25% in 2006, while rural poverty ranges up to 38%. Given that more than a fourth of the population lives below the poverty line, it is not a coincidence that a very large part of poor household income is spent on food commodities (about two thirds to three fourths). Rising prices were likely insufficient to drag production up. In recent years, the import of crops has been almost as large as the domestic production.

Among other government policy programs to counteract these developments have been agricultural subsidies (Wodon and Zaman, 2010). The right-oriented Macedonian government that took office in late-2006 undertook an ambitious agenda for subsidizing agricultural with budget funds reaching 4.5% of total government expenditures in 2011 from virtual zero back in 2006. An overarching objective of the program is to improve the living conditions and incomes, by targeting those who are predominantly living or temporary migrating to the rural areas.

Effects, however, to a large extent, are absent. Despite the rising government subsidies, all crop food commodities except rice saw a further decline in production. No credible analysis has been undertaken so far to understand the consumption and income patterns of Macedonian agricultural households and their decisions with regard to cultivating crop commodities. Many Macedonian economists and former policymakers argues that the design of the government agriculture subsidy program is arbitrary and uninformed, and hence does not act as a mechanism for maximizing the poverty-reduction effect.

Provider: United Nations

Duration: 2013 (9 months)

3.1.6 Empirical analysis of the risks and resilience to shocks of the Macedonian insurance sector

The objective of this research is to analyze the risks to the stability of the Macedonian insurance sector and to quantify its resilience to shocks.

We created an empirical economic model to identify which variables potentially affect the stability of the insurance sector, as measured through the solvency margin. We used the result of the econometric model to develop a stress test model for the Macedonian insurance sector, where by assigning shocks to the statistically significant variables, we will assess the resilience of the insurance sector to shocks. We created one baseline scenario without shocks and four shocked scenarios to examine the resilience of the insurance sector and the individual insurance companies to shocks. The latter is done through the Value at Risk (VaR) statistics obtained by a Monte Carlo simulation.

Provider: The Geneva Association for the Study of Insurance Economics

Duration: 2013 (10 months)

3.2. Research in motion

The objective of these projects is to steer economic thinking and discussion for pressing economic issues and problems through debates, argumentation and actions in motion. In this group, the Association conducted two projects:

3.2.1 Friedman legacy for monetary economic



The aim of this event is to cherish Milton Friedman's work and the legacy he left to the society, especially the legacy for the economic science and policymakers.

The event was held at the EU Info Center, and was mapped by one-hour lectures and discussion by two prominent economists, Professors Ljube Trpeski and Marjan Petreski, on the following topics: "The counter-revolution of Milton Friedman in monetary theory and policy" and "Milton Friedman: Great economist

and a product of his time", respectively. The celebration of Friedman legacy day was completed by the poster exhibition that included: "The life and work of Milton Friedman", "The monetarism in theory and practice" and "The most famous Friedman's quotes", and a cocktail that marked the 101st birthday of Milton Friedman. The event was covered by the media and there was a special supplement in the magazine "Economy and business".



Provider: The Friedman Foundation for Educational Choice

Duration: 2013 (3 months)

3.2.2 From economic demagogy to economic research: A Sisyphus Battle?

The objective of this project is to depict the problems and hurdles of economic research in Macedonia. In doing so, the project assumed a survey conduct on a representative sample of economic researchers residing in Macedonia, as well as an onsite research of the public policy related to the research in Macedonia.

The results were presented at the annual conference of the program, and were published as a chapter in the book “The research in the social sciences in Macedonia”.

Provider: Regional Research Promotion Program

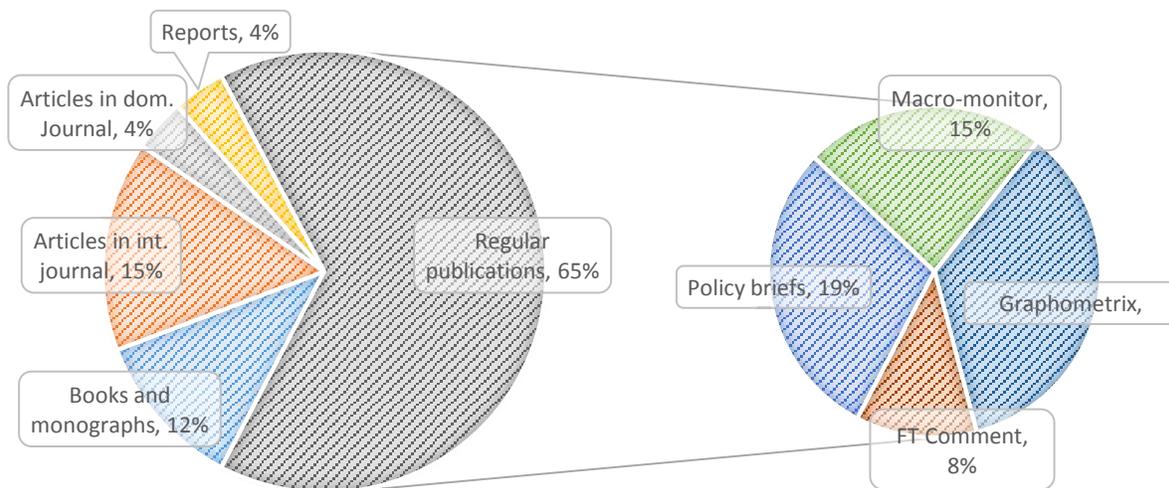
Duration: 2012-2013 (12 months)



4. Analytical and research publications as a form of advocacy

Based on economic analysis, research and monitoring of the economic activities, Finance Think produced regular and irregular publications.

RESEARCH AND ADVOCACY ACTIVITIES THROUGH PUBLICATIONS YEAR 2013



4.1.Regular publications

The regular publications have been monthly, bi-monthly and quarterly publications, and include:

1. **Macroeconomic monitor**, regular quarterly publication that observes the Macedonian economy through figures, with highlighted forecasting component. There have been published six editions, four of which in 2013.
2. **Graphometrix** is a regular publication that contains important current information about the domestic, regional and world economy, presented through graphs. There have been six editions published.



3. **Index of future economic activity** is being published monthly in the magazine “Economy and business”. The index forecasts the economic activity based on combining indicators considered to precede economic activity with a time lag of about six months.

4.2. Irregular publications

The irregular publications have been also a product of the research projects and activities of the Association. This group comprised the following publications:



1. **Policy briefs** are irregular publications of Finance Think. They are a product of the overall work of the think tank and can stem out of activities like: projects, brief analysis, published articles, round tables and the like. The policy briefs are considered powerful advocacy tool of Finance Think. They are intensively communicated with the associated stakeholders through being sent to the relevant government agencies or presented at mutual meetings and conventions, and are published through the monthly magazine “Economics and business”, aside the communication platforms of the Association.

So far, the following issues have been released:

- *To support domestic value added or to pray for foreign direct investment?*
- *Financial stability: New instrument for the*

new time

- *Domestic savings: Is it important for investment?*
- *Economic research: A Sisyphus battle?*
- *Market risks in the insurance sector: Can they destabilize it?*



2. **FT Comment** is an ad-hock publication. It is a first and condensed commentary of strategic documents, action plans, statements and reports delivered by various institutional players: the Government and its agencies, European Commission, IMF, the World Bank and other regional and international financial and economic organizations; on issues falling in the working domain of Finance Think and concerning Macedonia. There have been two editions:

- FT Comment No. 1 On the Statement at the end of the IMF Second Post-Program Monitoring Mission in Macedonia, 8th November, 2013
- FT Comment No. 2 On the Country Assessment Report by the European Bank for Reconstruction and Development, 25th November, 2013

3. **Books and monographs.** The team of Finance Think published four books with international publishers:

- Petreska, D (2013) *The Feldstein-Horioka Puzzle in transition economies: with reference to Macedonia*, University American College
- Petreski, B (2013) *Analysis of the role of banking system for the economic growth: The case of Macedonia*, LAP Lambert publisher
- Petreska, D (2012) *The Feldstein-Horioka Puzzle in transition economies: with reference to Macedonia*, LAP Lambert publisher
- Petreski, M (2013) *Essays on Inflation Targeting*, Scholar's Press.



4. **Articles.** The representatives of Finance Think published five articles in domestic and international journals:

- Petreski, Blagica (2013) Empirical analysis of the risks and resistance to shocks of the Macedonian insurance sector. *Economisc and Bussines*, 15(11), p.66-68.
- Mojososka-Blazevski, N., Petreski, M. and Petreska, D. (2013) Increasing labour market activity of poor and female: Let's make work pay in Macedonia. *EUROMOD Working Paper Series*, EM16/13.

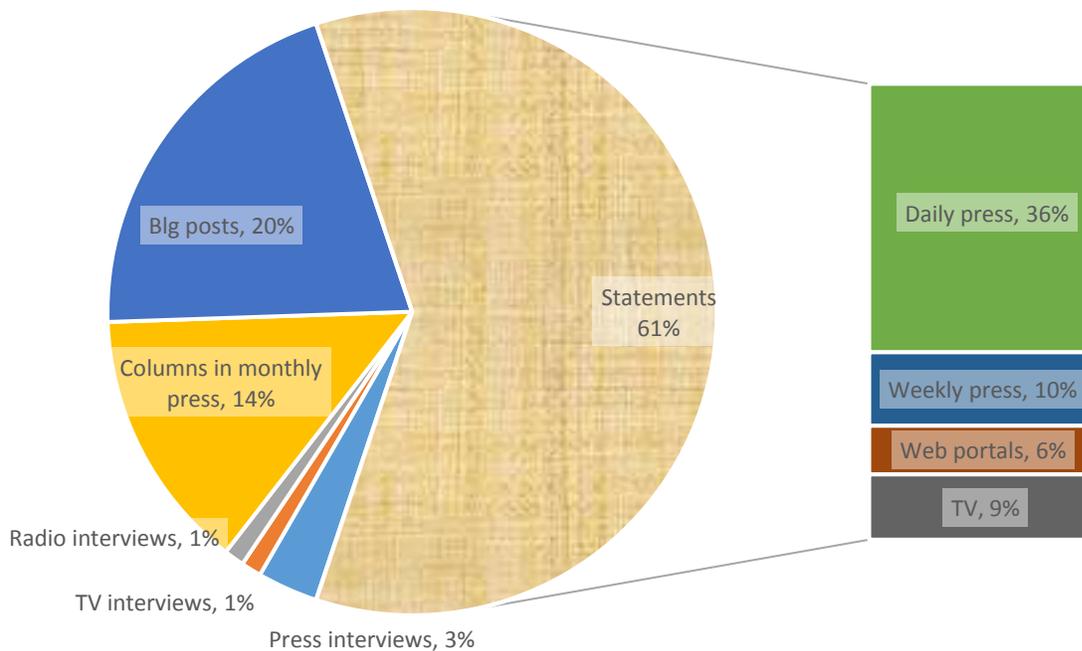
- Petreska, Despina and Mojsoska-Blazevski, Nikica (2013) The Feldstein-Horioka puzzle and transition economies. *Economic Annals*, 58(197), p.23-46.
- Petreski, Marjan (2013) Exchange-rate pass-through under inflation targeting during crisis in transition economies. *Intereconomics: Review of European Economic Policy*, 48(3), p.187-190.
- Petreski, Marjan (2013) Monetary Policy Conduct in CESEE countries on their road to the Euro. *Comparative Economic Studies*, 55(1), p.1-41.

5. Other forms of advocacy and communication

5.1 Media

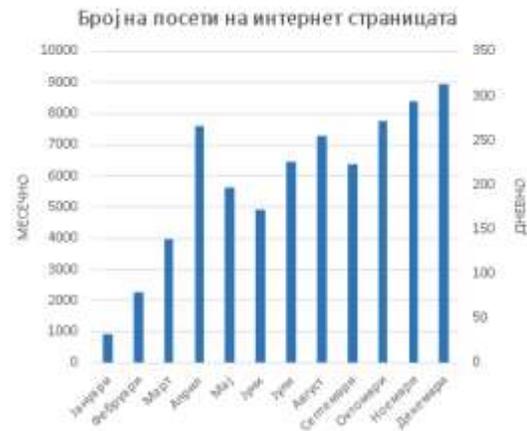
Our opinions and results of the analyses have been communicated with the public, which produced about sixty statements, five interviews and five expert opinion columns, through which we established close and continuous cooperation with the media. There has been regular cooperation with the magazine “Economics and business”, while the representatives of Finance Think were regularly present through statements in many leading printed and electronic media as: Dnevnik, Utrinski vesnik, Kapital, Nova Makedonija, InStore, AlsatM, Makfax, Licevlce, Factor and others.

Advocacy activities through the media
Year 2013



5.2 Web-site

The web site has been the most used tool for informing the public about our research, analyses, events, opinions, publications, conferences, training participation and so on. The web platform is linked with the two blogs: “Blog of the free-minded economic thought” and “Economic talks – an informative view” and with the regular streaming of the social networks Facebook, LinkedIn and Tweeter.



5.3 Blog platforms

The Association expresses its opinions for current economic topics and steers critical debate for the economic processes through two blog platforms. At the first “Blog of the free-minded economic thought” 12 blog posts were released, which were also published in the magazine “Economics and business”:

- Cash and raspberry leaf, December 2013
- Weather, November 2013
- The covered wagon, October 2013
- Agent for migrant remittances, September 2013
- Bank spillovers, August 2013
- Unsolved mysteries, July 2013
- Shopping-mania, June 2013
- Beard, May 2013
- Charity, April 2013
- Better life, March 2013
- Perfect storm, February 2013
- Simply live, January 2013

At the second blog “Economic talks – informative view” 7 blogs were published:

- Poor budget, December 2013

- Informal corporate culture – the key to success, May 2013
- Bad loans are approved in good times, April 2013
- Joint bank supervision in the euro area and the implications for us, April 2013
- The confidence of depositors: sensitive as glass but powerful as a tornado, March 2013
- Who wants to be a millionaire?, February 2013
- What is stronger: the benefits of private transfers or big swing of migration?, February 2013

5.4 Social networks

Finance Think actively uses the social networks: Facebook, LinkedIn и Tweeter. We have 2845 friends at the Facebook fan page, while more than 300 information, analyses, graphs and views on economic topics from the country and the region were published during 2013.

Page and Tab Visits

The number of times each of your Page tabs was viewed.



6. Awards for the research work

For its work in 2013, the Association won two awards: Second Prize for outstanding research on development of the Global Development Network and the Government of Japan; and the First Award for social innovation of the United Nations and the Ministry of Foreign Affairs.

6.1. Second Prize for outstanding research on development of the Global Development Network and the Government of Japan

In cooperation with the University American College Skopje, the Association won the Second Prize for outstanding research on development of the Global Development Network and the Government of Japan. The objective of this research is to investigate if the gender gap in employment may shed a light on the gender gap in wages. At the policy level, the issue has gained importance and the government responded by forming committees for equal opportunities at national and regional level, but the problem with gender (wages and employment) discrimination is not still solved. Our research may shed new light on this issue and it may help in planning a more comprehensive strategy for equal opportunities for employment.



Conferring the medals to the finalists at the Asian Development Bank during the Annual conference of the Global development network, 17-21 June 2013, Manila, Philippines

6.2. First UN-MFA Award for Social Innovation

The Association won the First Award for social innovation from the United Nations and the Ministry for foreign affairs in Macedonia, in the occasion of the celebration of 68 years since the establishment of the World organization and 20 years from the accession of the Republic of Macedonia in the UN. In particular, the idea for establishing a web platform which will help companies and individuals in testing their wage so that to eliminate the gender wage discrimination has been awarded. The innovative solution should lead to eliminating the gender wage inequality at the country level in the medium term.



Conferring the award at the Ministry for foreign affairs of Macedonia during the celebration of 68 years since the establishment of the World organization and 20 years since the accession of Macedonia in the UN, 28th October 2013, Skopje, Macedonia

7. Cooperation

During 2013, the Association cooperated with a wide circle of economists, policymakers, foreign experts, other research centers and civil organizations, and universities from the country and abroad.

7.1.Memberships

During 2013, the Association became a member at four international institutions, aiming to improve its research expertise and to expand the global research network.

7.1.1 European charter for researcher



Finance Think signed the European Charter for Researchers on 7th March, 2013, at the European Commission. The endorsement of the Charter has a couple of objectives: i) to support a change in working research culture; ii) to steer joining a truly pan-European network consisting of researchers and research organizations; iii) to favor a stimulating and favorable working environment for researchers; iv) to show that Finance Think cares about its researchers/employees; and v) to bring benefits from international visibility by implementing the Human Resource Strategy for Researchers (HRS4R). The implementation of the Charter is underway and it is expected that Finance Think will acquire the logo of the Charter during 2014.

7.1.2 UNCTAD Virtual Institute - Geneva

The Association became a member on 18 February 2013. This membership has several objectives: i) Open new windows of thinking and cooperation; ii) Expand our expertise in researching trade and development problems; iii) Provide a forum for building research networks; iv) In a perspective, assistance in developing trainings for officials in the areas of Vi Institute.

7.1.3 EDIRC-IDEAS/REPEC

Finance Think became member on 1 February 2013. The aim of this membership is to provide a platform for communicating research results and staying in touch with the global economic research community.

7.1.4 Global Youth Networks

The Association has been a member of this network since 13 March 2013. The aim of this membership is to provide a platform for exchanging ideas, advice, guidance, direct action and support in regards to issues pertaining to the field of and implementation of sustainable youth growth.

7.2. Ranking

Finance Think has been ranked second in the July 2013 issue of the prominent Webometrics rankings of research centers. The ranking is based on four criteria: scope of research and analytical stuff, visibility of the scientific work, number of web appearances and number of articles and citations according to Google Scholar.

7.3. Memos of understanding

Finance Think signed a Memorandum of Understanding with the Municipality of Krusevo (www.krusevo.gov.mk). It spells out the following venues for cooperation:

- Partnership and/or joint application for projects that fall within the domain of the joint areas of interest;
- Partnership and/or joint implementation of projects initiated by one of the partner parties or are initiated and/or supported by third party donors;
- Cooperation in creating strategic documents in the area of local economic development;
- Cooperation in enriching staff with skills and knowledge necessary for the activities of the local economic development;
- Technical cooperation in disseminating information to stakeholders and target groups;
- Cooperation for mutual promotion of activities that fall in the field of the missions of the both sides;
- Other forms of cooperation that strength the capacity, integrity and the image on both sides.

The Memorandum entered into force on 26 October 2013 with an initial validity of one year and automatic renewal if both sides judge the progress satisfactory.

8. Capacity building

During 2013, Finance Think continuously invested in capacity building, actively collaborating with researchers on the basis of permanent and part-time contracts, and on the basis of performing an internship work. The team took part at numerous domestic and international conferences, trainings and research stays at renowned international institutions.

8.1 Conferences

Representatives of Finance Think took part at the following conferences during 2013:

- 9th Annual International Conference organized by the University American College Skopje, 16 May in Skopje, Macedonia.
- 14th World Annual Conference organized by the Global Development Network, 17-21 June in Manila, Philippines.
- Conference for presenting the preliminary results from the project “Maximizing the poverty reduction effects of the agricultural subsidy program in Macedonia”, organized by the United Nations, 26-28 June in Geneva, Switzerland.
- “What can civil society today?” – Forum for the civil society organized by the Foundation Open Society Macedonia, 13-15 December in Ohrid, Macedonia

8.2 Research stays

The Chief Economist Blagica Petreski conducted two research stays:

- “Analysis of the systematic risk and identifying a period of fragility of the financial systems in the countries of CESEE” at the Institute for economic research, Slovak Academy of Science, 10 July-10 August in Bratislava, Slovak Republic.
- “Empirical models for forecasting financial instability in the countries of CESEE”, 1 September – 31 October, CERGE-EI in Prague, Czech Republic.

8.3 Trainings and workshops

The team actively participated in trainings, workshops and courses designated for the civil society, which contributed in capacity increasing and meeting with the work of the civil sector, and also, networking with other organizations. More important trainings include:

- Training on “Entrepreneurship: successful launching and managing new partnerships” organized by the Academy for Managers, 18-20 January in Skopje;
- Workshop on “Writing effective public policy documents” organized by USAID and FOOM, 31 January – 1 February in Berovo;
- Workshop on “Advocacy and lobbying”, organized by USAID and FOOM, 09-10 February in Berovo;
- Training on “Methods of academic writing”, organized by the Regional Research Program Promotion, 7-8 April in Skopje;
- Training on “Archival working” organized by USAID and FOOM, 21-22 November in Veles

8.4 Sets of economic data

As part of the process of capacity building, Finance Think in 2013 has worked to aggregate economic data in one place. The purpose of this task was to enable to get a variety of data for the domestic, regional and global economy with one click. Hence , the website of Finance Think contains special section with links to economic data grouped into three groups: domestic data (from institutions like the State statistical Office, National Bank of Macedonia, the various ministries and agencies) , international data (IMF, World Bank, UNCTAD, Eurostat, BIS, as well as data collected within various studies) and data collected / calculated by Finance Think (index for the future activity data, collected in the framework of our projects , etc.).

8.5 Employment and internships

During 2013, Finance Think employed, through public advertisement, three full-time researchers. Based on part-time contracts, the Association cooperated with other three researchers. For three months, the Association hosted one intern in the field of monetary economics and bank system analysis.

9. Regulatory framework

During 2013, the internal regulatory framework was established and significantly improved, according to the requirements of the national law and the principles of the European Charter for Researchers. During the year, the following regulatory documents were adopted:

- A plan for archival signs, archival materials and storage periods, approved by the State Archive of Macedonia, in accordance with the Law on archival materials;
- A Research Rulebook, in accordance with the Law on scientific-research activities and the European Charter for Researchers;
- A Rulebook for Recruiting Researchers, in accordance with the Law on labor and the European Charter for Researchers;
- A Guide for Research Ethics and Governance, in accordance with the European Charter for Researchers;
- Anticorruption policy and principles;
- Procurement policy, principles and procedures.

10. Financial statements

10.1 Balance sheet as at 31.12.2013

<i>In denars</i>		
ASSETS		
1	Denar accounts	271.231,00
2	Foreign currency accounts	0,00
3	Cash	0,00
4	Accounts receivables	0,00
5	Other receivables	0,00
6	Fixed assets	0,00
	TOTAL ASSETS:	271.231,00
LIABILITIES		
1	Earmarked funds for 2014	271.231,00
2	Accounts payables	0,00
3	Other payables	0,00
4	Operational fund	0,00
	TOTAL LIABILITIES:	271.231,00

10.2 Financial report for 2013

<i>In denars</i>		
INCOME		
1	Income from membership	0,00
2	Income from interest	52,00
3	Exchange rate gains	0,00
4	Project income	719.557,00
5	Income from own business activity	0,00
6	Allowances	0,00
7	Fees	0,00
8	Income from donations	0,00
9	Income from services	0,00
10	Transferred surplus from previous year	0,00
	TOTAL INCOME:	719.609,00
EXPENSES		
1	Office expenses	9.620,00
2	Expenses for intellectual services	175.283,00
3	Expenses for contract work	31.860,00
4	Negative exchange rate variations	2.093,00
5	Bank commissions	2.613,00
6	Other expenses	12.250,00
7	Gross wages	197.925,00
8	Personal income tax on contract work	16.734,00
	TOTAL EXPENSES:	448.378,00
	Earmarked funds for 2014	271.231,00
	TOTAL EXPENSES AND EARMARKED FUNDS	719.609,00

ANNEX: Anticorruption policy and principles

Anti-corruption policy statement

FINANCE THINK has a ‘no tolerance’ policy towards bribery and corruption in any form. This policy is given force in the following anti-corruption principles which have been aligned with the appropriate law, reputational demands and changes in the NGO/research environment. All employees and partners are required to comply with this policy.

Anti-corruption principles at FINANCE THINK

The anti-corruption policy is an integrated part of the overall governance system of Finance Think.

1. Responsibility and commitment

The Chief Economist (CEO) and the overall management of Finance Think commit to and oversee the implementation of a policy of zero-tolerance, recognizing bribery as being contrary to the fundamental values of integrity, transparency and accountability and undermining organizational values and effectiveness.

2. Communication and training

The anti-corruption principles are communicated to employees orally and in writing when assignments are made. All employees attend training/team-building sessions explaining the anti-corruption principles. The anti-corruption policy statement and principles are available on www.financethink.mk. The anti-corruption policy statement shall be published in the annual reports.

3. Advisory and complaints channels

All suspicions of economical frauds, bribery and corruption should immediately be reported to the management of Finance Think, the donor and the relevant authorities. The anonymity of the whistleblower shall be respected.

4. Project contracts

No projects shall be executed unless a project contract is signed by both Finance Think and the partner (donor or implementing partner).

5. Due-diligence assessment of partners, agents and contractors

Finance Think shall assess the bribery risk associated with entering into partnership or contracting arrangements with other entities and then carry out periodic due diligence based on that risk assessment. Partnership or contractual arrangements shall check that these organisations have policies and procedures which are consistent with these principles.

6. Procurement processes

Special attention shall be given to major purchases. In case of purchases of value above USD 2,501, three competitive offers will be collected, unless otherwise requested by a donor. Decision will be made in accordance with the Procurement policy, principles and procedures at Finance Think.

7. External audits and audit agreements

For all audits, the International Standards of Auditing shall be followed. All project audit reports shall be written in English. Finance Think annual audit reports may be written in Macedonian. Upon demand by the donor, projects shall be audited in the field no later than six months after project termination. The overall operation of Finance Think will in addition be audited in connection with the annual audit. For smaller private projects the audit will be included in the annual audit of Finance Think.

8. Consequences of violation



All forms of corruption will result in immediate investigation and possibly suspension. Personnel found guilty in bribery will be made known to all other employees for preventive purposes.

9. External communication

All incidences of corruption or suspected corruption shall result in a report stating the severity and scope of the issue and actions taken thereafter. All report shall be send to the Chief Economist (CEO), and a summary of reports shall be made available on request.