

# Annual Report



December, 2014

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

## Address by the Chief Economist

Dear reader,

The association became first research organization in Macedonia heralded with the logo “HR Excellence in Research” in 2014. During this year, the activities of Finance Think were focused on performing first-class economic research, doing economic analyses, as well achieving visibility in the economy, society and media, through an array of advocacy tools. For these purposes, we were implementing several projects in the three program areas: development economics, macro-finance and financial system. This year we received a support for organizational development from the Think Tank Fund.

The Association introduced the Index of financial stability of the banking system and continues with the regular publications: Quarterly monitor and Graphometrix, the irregular publications Policy briefs and FT Comment, and regularly calculates and publishes the Index for future economic activity. During 2014 two reports were published, a booklet in Macedonian and Albanian language and three research papers by the researchers and the members of the Advisory board. In order to increase the awareness and knowledge of citizens on important issues like poverty, gender wage gap and spending of the public money, three web platforms were built. Our views and opinions were expressed through two blogs: “A fistful of denars” and “Economic talks”. We shared our thoughts and results from the analyses with the media, which produced many statements, interviews and expert opinions, all of which helped in establishing close and continuous cooperation with the media.

The team of Finance Think continuously invests in capacity building. Our representatives took part in many national and international conferences and participated in several trainings for econometric skills, project management and policy advocacy.

During this year, the Association continued the collaboration with wide range of economists, policy-makers, international experts, other research centers, civil society organizations and national and international universities. This collaboration produced Memos for understanding with three international and one national research centers.

Enjoy the reading of this report.

Yours sincerely,

MSc Blagica Petreski

Chief economist (Executive director)

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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.

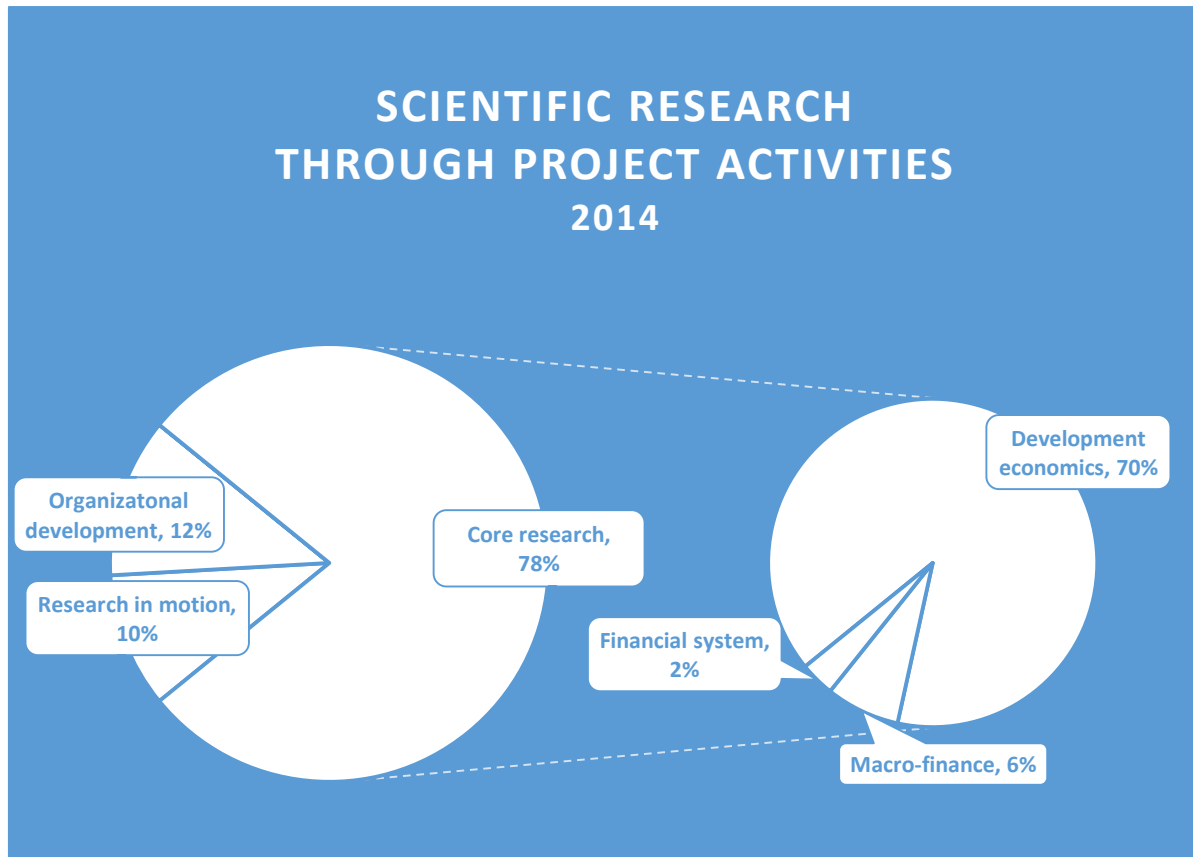
## 2. Principles and values

Finance Think is guided by the following 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 2014, Finance Think was implementing several projects. Part of the projects was independently conducted by Finance Think, another part was conducted in cooperation with national and international research institutions, while a third part was individual projects of our economists. We divided the projects into three groups: Core research, Research in motion and Organizational development. Most of the project activities, as expected, belong to the core research, where the central pillar is the issues in development economics.



#### 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 Migration as social protection: Analysis of Macedonian, Serbian and Albanian remittance-receiving households**

The objective of the research is to investigate if remittances sent to Macedonia, Albania and Serbia serve social protection for household members left behind.

In particular, we will analyse if and how remittances determine/influence social condition (stability or vulnerability) of the household, the latter being described through an index composition of the income level, employment status, nourishment, health and housing conditions. For the purpose of the study, we aim at defining social stability/vulnerability not in traditional terms – only as “dollar a day” – but rather in terms of household’s ability to meet their basic needs aside income: nutrition, health services, housing, leisure and the like. This touches upon Green’s (2014) recent note that “being poor and sick is very different from being poor and healthy” and defines social stability in this multidimensional framework.

The key tasks include:

- developing a literature overview linking remittances to social protection and social vulnerability;
- devising an indicator of social vulnerability;
- econometric investigation of the causal links between remittances and social vulnerability;
- deeper qualitative investigation through interviews of the linkages between and contexts of the two phenomena (remittances and social vulnerability);
- devising policy proposals;
- wide communication with the policymakers and the public.

**Donor:** Regional Research Promotion Program

**Duration:** 2 years (2014-2016)

### **3.1.2 Local development or current expenditure: What purpose is municipal money spent for?**

The main objective of the project is to increase the transparency and efficiency of the use of budget funds within municipalities.

Short-term goals include:

- Increasing the awareness of citizens about the budget spending in the municipalities;
- Raising the awareness of citizens about the effectiveness of the spending of the budgetary funds in their municipality, compared to other municipalities;
- Identifying the purpose of the budget spending: development goals or current consumption.



The research covers the 15 largest, according to residents, municipalities in Macedonia.

**Donor:** Metamorphosis Foundation, in partnership with MCET and Reactor, within IPA Civil Society Facility.

**Duration:** 2014 (5 months)

### **3.1.3 Simulation of voucher system for social protection of the individual socially-vulnerable remittance-receivers in Macedonia**

The purpose of the study is to develop a simulation of potential voucher system for social protection of individual members of the households receiving remittances in Macedonia.

Specific objectives:

- To conduct analysis for Macedonia at the individual level (using the DotM Remittance Survey 2008)
- To develop a MIMIC (multiple indicators, multiple causes) model;
- To simulate the effects of potential voucher for protection of socially vulnerable individual recipients of remittances by simulating the effects on the health indicator of the recipient.

**Donor:** Partnership for Economic Policies

**Duration:** 2014-2015 (1 year)

### **3.1.4 Dutch disease in Latin America countries: Stylized facts, de-industrialization and crisis**

The objective of the proposed work 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.

Research questions:

- What is the evidence of Dutch disease episodes in Latin American countries during the 1990s and 2000s?
- Can episodes of large net inflows 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?
- Has the crisis somehow affected this relation?

**Donor:** Inter-American Development Bank

**Duration:** 2013-2014 (12 months)

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

The project aims 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).

**Donor:** USAID and Foundation Open Society Macedonia

**Duration:** 2013-2014 (10 months)

### 3.1.6 Analysis of gender wage gap

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, low-to-medium skilled women 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 new 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.

**Donor:** Global Development Network and the Government of Japan

**Duration:** 2013-2015 (two years)

### 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 three projects:

#### 3.2.1 The economic liberalism of Milton Friedman



This year event was in honor of the 102 birthday of Milton Friedman. Finance Think celebrated the event through informal cocktail party and debate about the economic liberalism. A special t-shirts with the logo were trademark of the event. The event was attended by prominent economists from the academic sector, as well as practitioners from the banking and non-governmental sector.

**Donor:** The Friedman Foundation for Educational Choice

**Duration:** 2014 (3 months)

#### 3.2.2 Empowering women in Krusevo through mini-clustering for sales and promotion of traditional products

The objective of the project is to improve the living standards and social inclusion, and to reduce poverty in Krusevo, through association (mini-clustering) of women for production and sale of local, domestic, traditional and ecological, home-made products.

The short-term goals include:

- Prompting social inclusion and interaction through association of individual producers, unemployed housewives;
- Promoting awareness for investing in their skills to pull out of poverty and improve their lives;
- Establishing system for production and promotion of local home-made products, in order to encourage and increase production, sales and promotion;

- Strengthening the awareness among policy makers for the need of mini-clustering of individual producers of traditional food, as a tool to promote local economic growth and improve socio-economic conditions.

**Donor:** The Embassy of USA in Skopje

**Duration:** 2014-2015 (12 months)

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

The project aims to develop an online tool and raise awareness for greater fairness in pay between men and women in Macedonia.

Short-term goals:

- To build an online platform EdPlaCo-MK, to which every individual and institution can, based on their characteristics, evaluate its own salary/ies;
- To popularize EdPlaCo-MK among firms and public institutions in Macedonia, as a “label” whose acquisition will mark them as fair pay employers;
- To design a manual for using EdPlaCo-MK and to disseminate it to the present and future employees, which would increase its popularity at the individual level;
- To lobby for embedding licensing in EdPlaCo-MK in government institutions (mainly within the Strategy for gender equality).

**Donor:** United Nations Development Program

**Duration:** 2014 (6 months)

### 3.3 Organizational development

#### 3.3.1 Economic research today for better policy tomorrow

The overall objective of this project is to build up the capacity of the Association for economic research, advocacy and policymaking “Finance Think” in supporting the economic policy decision makers to deliver credible policy decisions based on research findings and arguments based on quantification, as well in elevating the debate in the society about economic processes and reforms.

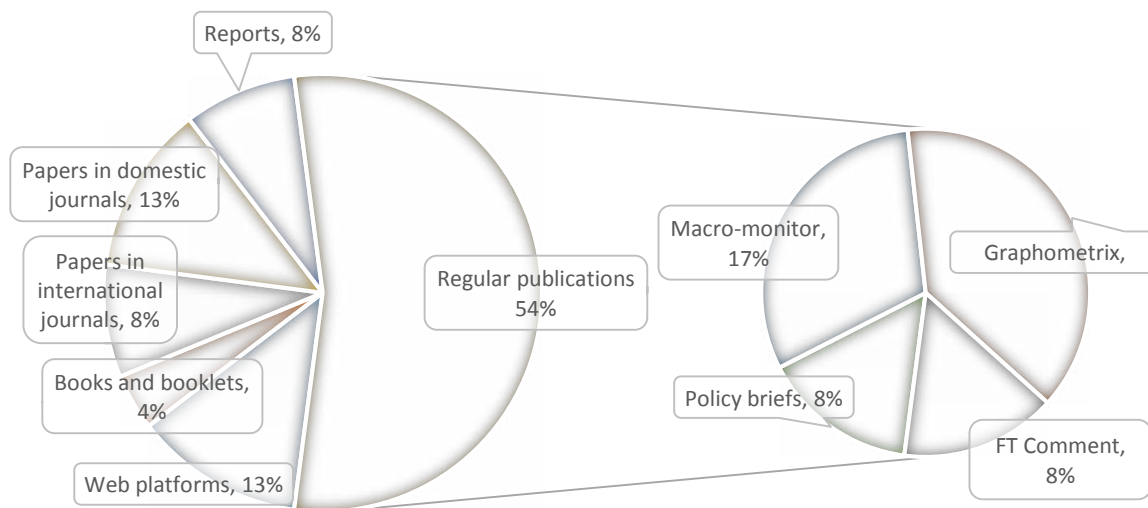
**Donor:** Think Tank Fund (Open Society Foundations)

**Duration:** 1 year (2014-2015)

#### 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.

### ACTIVITIES OF RESEARCH AND ADVOCACY THROUGH PUBLICATIONS 2014



#### 4.1. Regular publications

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

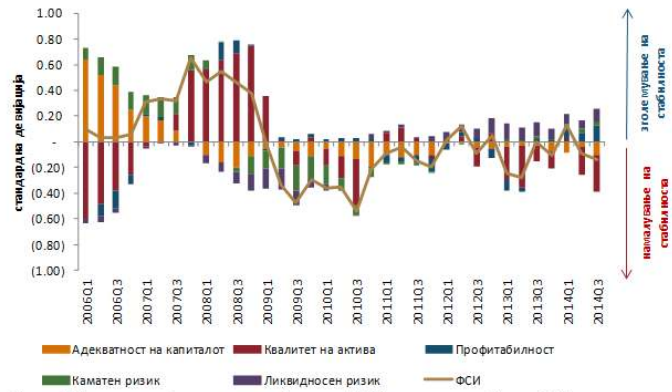
1. **Macroeconomic monitor**, regular quarterly publication that observes the Macedonian economy through numbers, with highlighted forecast component. There have been published eleven editions, four of which in 2014.
2. **Graphometrix** is regular publication that contains important current information about the national, regional and world economics, presented through graphs. There have been five 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. **Index of financial stability of the banking system** is regular quarterly publication. The objective of the index is to estimate the current stability of the banking system and to compare it with the stability of the previous periods. The index includes the main risks: capital adequacy, asset quality, profitability, liquidity and interest rate bank risk.

Индекс за финансиска стабилност на банкарскиот систем во Македонија



Извор: Индикатори за финансиска стабилност: НБРМ, пресметка на Finance Think

## 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.

The following issues have been published in 2014:

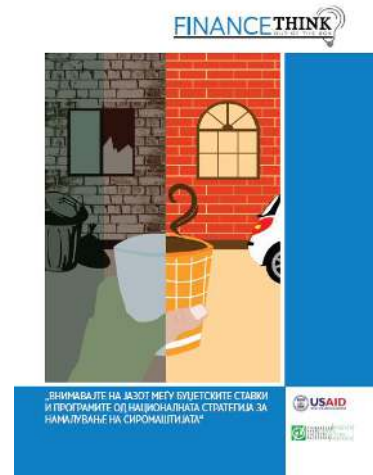
- *Let's alleviate poverty with new subsidies for crop.*
- *How to increase the effectiveness and utilization of the programs for poverty reduction?*

2. **FT Comment** is an ad-hoc publication of Finance Think. 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. Two editions are published:

- *FT Comment No. 3 on the 2014 Article IV Consultation and Third Post-Program Monitoring with Macedonia, 30 July 2014*
  - *FT Comment No. 4 on the Economic Section of the Report of the European Commission for the Republic of Macedonia 2014 Progress, 9 October 2014*
3. **Books and Manuals.** During 2014, the team of Finance Think published the handbook “Mind the gap between the budget lines and the programs of the National strategy for poverty reduction”, as a products of this project.
4. **Journal Articles.** Representatives from the Association published articles in national and international papers:
- Petreski, M., Mojsoska-Blazevski, N. and Petreski, B. (2014). Gender wage gap when women are highly inactive: Evidence from repeated imputations with Macedonian data. *Journal of Labor Research, Volume 35, Issue 4, pp 393-411.*
  - Petreski, B., Petreska, D., and Kostadinov, A. (2014). “Mind the gap between the budget lines and the programs of the National strategy for poverty reduction. MPRA Working paper, No.57252.
  - Petreski, B. (2014) Empirical analysis of the risks and resistance to shocks of the Macedonian insurance sector. *Economics and Business 15(11), p.66-68*
5. **Articles.** During 2014, the following articles were published:
- Petreski, B. (2014). Rich richer, poor poorer. *Face in Face 9, p. 14-16.*
  - Petreski, B. (2014). Migrants’ money as informal social protection. *Face to Face 12, p. 36-37.*
6. **Reports.** During 2014, these two reports were published:
- Research in the social sciences in Macedonia – Marjan Petreski, Zoran Nechev, Aleksandar Nikolov, Misho Dokmanovikj, Sanja Gichevska, Milka Ivanovska and Olimpija Hristovska.
  - Leading composite index produced by Finance Think: Forecasting power reassessed – Blagica Petreski and Marjan Petreski.
7. **Web platforms.** As a result of the already implemented projects, the following web platforms were built and upgraded by Finance Think:
- [www.siromastija.mk](http://www.siromastija.mk) – Web platform that connects the social programs and their beneficiaries.

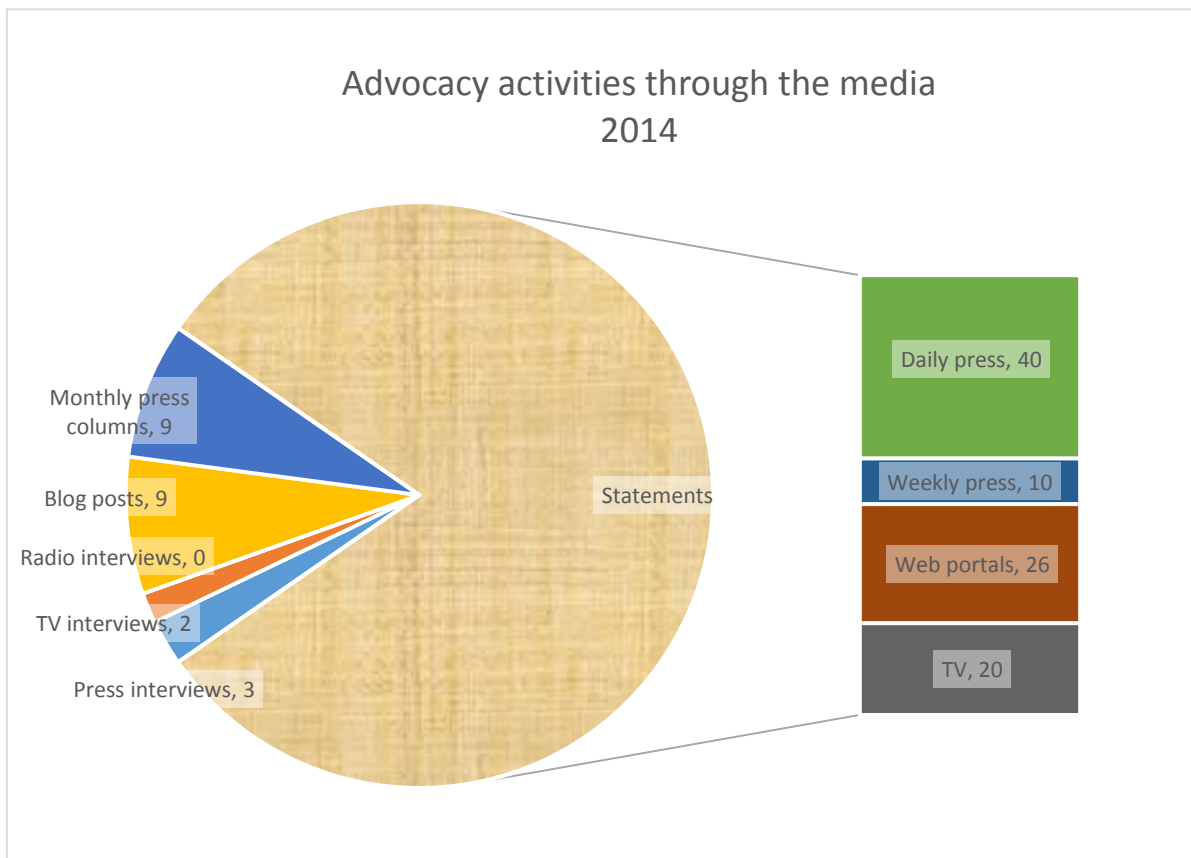


- [www.edplako.mk](http://www.edplako.mk) – Web platform that assesses the fair wage and aims is to reduce the gender wage gap in Macedonia.
- [www.sledigiparite.mk](http://www.sledigiparite.mk) – Web platform that provides information about the budgets of the 15 biggest municipalities in Macedonia.

## 5. Other forms of advocacy and communication

### 5.1. Media

Our opinions and results of the analyses have been communicating with the public, which produced 96 statements, 5 interviews and 2 articles, through which we established close and continuous cooperation with the media. There has been regular cooperation with the magazines “Economy and business” and “Face to Face”, and representatives from Finance Think were regularly present through statements in many leading printed and electronic media like: Dnevnik, Utrinski vesnik, Kapital, Nova Makedonija, InStore, AlsatM, Makfax, Factor, Deutsche Welle and others.



## 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” 7 blog posts were released, which were also published in the magazine “Economics and business” (in their original titles):

- Уџи слободно, December 2014.
- Јапонизиран сапун, November 2014.
- Неветено, а остварено, August 2014.
- Идеја - петпари, June 2014.
- Финегановото бдеење, April 2014.
- Политики и балони, March 2014.
- Сиромавиот Балзак, January 2014.

At the second blog, “Economic talks” 2 blog posts were published (in their original titles):

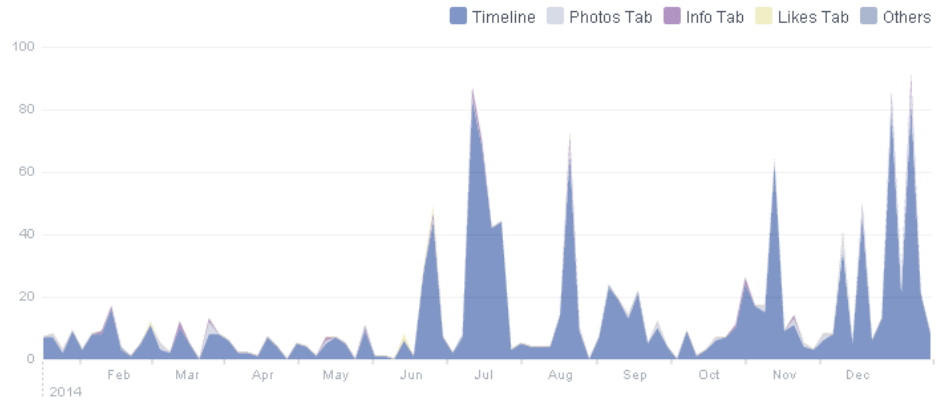
- Кога не можеш да одолееш.
- Кратка черга.

## 5.4. Social networks

Finance Think actively uses the social networks: Facebook, LinkedIn и Tweeter. We have 4,647 friends on the Facebook fan page, while more than 300 infos, analyses, graphs and views on economic topics from the country and the region were published during 2014.

### Page and Tab Visits

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



## 6. Awards for the research works

### 6.1. Award from the Insurance Supervision Agency of Macedonia

In 2014, the Chief Economist of the Association, Blagica Petreski, has been awarded with the annual award of the Insurance Supervision Agency for the best paper on risks and insurance, for her research paper “Empirical analysis of the risks and resistance to shocks of the Macedonian insurance sector”.



*Blagica Petreski receives the award on a solemn ceremony held in Skopje, November 1, 2014*

## 7. Impact

### 7.1. Critical debate

#### 7.1.1 Annual panel debate

The Annual Panel Debate is the central annual event devoted to a current economic topic taking place in December each year. It also celebrates Finance Thinks' birthday and convenes the Annual Assembly Meeting of the Association. This year, the debate was held on December 22, on "Perspectives of the Macedonian economy in 2015". On the event, their speech had the Chief economist of the Association, Blagica Petreski, the Vice-Governor of the Central Bank, Anita Angelovska Bezovska and the Professor of the Faculty of economics, Vladimir Filipovski.



*Debate on "Perspectives on the Macedonian economy in 2015" held in Skopje, 22 December*

#### 7.1.2 Round table

The objective of the round tables is to steer critical debate on a specific topic, usually stemming from an ongoing research. Hence, round tables are usually an event related to current project research. In 2014, was held a round table on "Mind the gap between the budget lines and the programs of the National strategy for poverty reduction". At this round table were presented the final results of this paper, in front of the policymakers. Also, at this event was presented the web platform [www.siromastija.mk](http://www.siromastija.mk), and at the same time was steered a debate between the research and the civil sector. The event was held on June 10, and their speech had a representatives from the Association and the panelists: Nikica Mojsoska Blazevski, a researcher and professor at the University American College Skopje and Maja Gerovska Mitev, a researcher and professor at the Faculty of philosophy in Skopje. Nikica Mojsoska Blazevski addressed the topic "Effective implementation of the social policies and programs for poverty reduction and challenges for the

policy makers”, while Maja Gerovka Mitev addressed the topic “Inclusion and impact of the researchers in the creation of social policies and measures for poverty reduction”.



*Round table on “Mind the gaps between the budget lines and programs of the National strategy for poverty reduction”, Skopje, June 10*

## 7.2. Policy changes

The results and conclusions of the implemented research, translated into specific recommendations for policy changes have been disseminated to the policymakers. Finance Think has submitted a recommendation for the Program for work of the Government of the Republic of Macedonia for 2015, to the General Secretariat of the Government - Department for cooperation with non-governmental organizations, which received a positive answer. In 2014, the Ministry of Labor and Social Policy adopted and in the process of implementation is the recommendation for usage of the non-traditional channels to inform citizens about the programs for poverty reduction. In the paper “Mind the gap between the budget lines and the programs of the National strategy for poverty reduction”, one of the recommendations was related to the social workers, who have to have regular informative visits (a few times per year) in the rural areas, in order to inform the citizens about the programs and conditions. This year, the Ministry implemented the project “Open social days on the rural areas”.



### 7.3. Changes in target groups



In order to achieve direct impact onto the target groups, Finance Think undertakes initiatives and actions working together with the target groups. In 2014, we initiated an action for economic empowerment of women in Krusevo, through mini clustering and production of traditional, homemade and ecological products. The action aimed to steer the self-employment and economic independence of the hardly-employable women. It was organized in several stages. The first stage was capacity building for

packaging, promotion, branding and sales of the products. The training was held in the period 17-25 October in Krusevo, by practitioners and experts in this field. The training was opened by the director of the USAID office in Macedonia, James Stein and the Major of Krusevo, Gjorgji Damcheski. According to the survey conducted before and after the training, participants increased their skills for packaging and sales, on average by 31% and 38%, respectively. The second stage included branding and package designing of the products, and the third stage will be participation at a fair. Under the logo “It is homemade, it is from Krusevo”, the women participated at the New Years’ Bazaar – Craft Art Fest, on December 14 in Skopje. The bazaar was visited by about 700 visitors, and the booth was rated as one of the most successful in sales and appearance.



## 8. Network

During the year, the Association cooperated with wide range of economists, policymakers, international experts, other research centers and civil society organizations and university from the country and abroad.

### 8.1. Membership

The Association continued to take advantages of the membership in four international institutions/platforms: European charter for researchers, UNCTAD Virtual Institute Geneva, IDAS/Repec и Global Youth Network, in order to improve the expertise in research, as well to widen the network for cooperation with global researchers.



HR EXCELLENCE IN RESEARCH

care of their researchers / staff; and v), to gain international visibility through the implementation of the Strategy on Human Resources for researchers (HRS4R).

Finance Think signed the European Charter for Researchers on 07.03.2013 at the European Commission, while becoming the first research organization in Macedonia that acquired the logo "HR Excellence in Research" on 20.01.2014. The signing of the Charter has several objectives: i) to support better working research culture; ii) to join "Finance Think" to the pan-European network of researchers and research organizations; iii) to stimulate a favorable working environment for researchers; iv) to show that "Finance Think" take

### 8.2. Ranking

Finance Think was ranked third research center in 2014, according to the prominent Webometrics ranking of research centers. The ranking is based on four criteria: scope of research and analytical stuff, visibility of the scientific work, number of web appearance and number of article and citations according to Google Scholar.

### 8.3. Memos of understanding

Finance Think signed Memos of understanding with the following domestic and international research centers:

- Foundation for advancement of the economics (FREN) from Belgrade, Serbia.
- Center for research of the labor market, distribution and society (CITRADIS), from Buenos Aires, Argentina.

- Bayes Group – center for researches based on Bayes methods from La Pas, Bolivia.
- Institute for social sciences and humanities (ISSHS) from Skopje.

## 9. Capacity building

During last year, Finance Think continuously invested in capacity building, actively cooperating with researchers on the basis of permanent and part-time contract. The team participated at numerous national and international conferences, trainings and seminars.

### 9.1. Conferences

Representatives from Finance Think participated at the following conferences:

- Annual international conference on “Inclusive growth and employment for poverty reduction”, organized by the Partnership for economic policies, on 5-6 May in Santa Cruise de la Siera, Bolivia.
- First research conference on macroeconomic issues and financial stability, Central Bank of Azerbaijan, Baku, Azerbaijan, October 30-31, 2014.
- High-level policy conference on “Trade and poverty in developing countries”, Geneva, Switzerland – September 8-10, 2014.
- InGRID Summer School “The gender pay gap revisited – causes and consequences of horizontal and vertical gender inequalities on the labor market”, Amsterdam Institute for Advanced labour Studies (AIAS), Amsterdam, The Netherlands, 7-11 July 2014.

### 9.2. Trainings and workshops

The team actively participated at trainings, workshops and courses designed for the civil sector that contributed to increasing the capacity and familiarity with the work of civil society, and networking with other organizations in the sector, which later developed into fruitful collaborations. Notable trainings include as follows:

- Training on „Practical usage of monitoring and evaluation” organized by USAID Macedonia and FOOM, on 28-30 March, in Berovo, Macedonia.
- Training on “Micro econometric measurement and analysis organized by the Partnership for economic policy, on 30 april-4 may, in Santa Cruise de la Siera, Bolivia.
- Training on “Experience sharing for better implementation on HRS4R” organized by the European Commission, on 8-9 March, in Brussels, Belgium.
- Training on “Project management” organized by Metamorphosis and MCET, on 15-17 October in Berovo, Macedonia.
- Training on “Advocacy, free access to information and anti-corruption practices”, organized by Metamorphosis, on 12-16 November in Strumica, Macedonia.

- Training on “Methods of academic writing”, organized by the Regional research promotion program, on 19-20 November in Skopje, Macedonia.
- Workshop on „Policy Bridging Initiative”, organized by the Regional research promotion program, on 18-20 November in Belgrade, Serbia.
- Training on “Online tools”, organized by Metamorphosis and MCET, on 26-28 November in Dojran, Macedonia.

### **9.3. Employment and internships**

During 2014, Finance Think employed one researcher with full-time contract, through public job advertisement. Based on part-time (freelance) contracts, the Association cooperated with three additional researchers. For a period of 3 months, the Association hosted an intern in the field of monetary economics and banking system analyses.

## **10. Regulatory framework**

In 2014, the internal regulatory framework was 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 used:

- 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.

## 11. Financial statements

### 11.1. Balance sheet as at 31.12.2014

<i>In denars</i>		
<b>ASSETS</b>		
1	Denar account	567.586,00
2	Foreign currency account	502.008,00
3	Cash	0,00
4	Account receivables	0,00
5	Other receivables	0,00
6	Fixed assets	229.065,00
	<b>TOTAL ASSETS:</b>	<b>1.298.659,00</b>
<b>LIABILITIES</b>		
1	Earmarked funds for 2015	1.069.594,00
2	Account payables	0,00
3	Other payables	0,00
4	Operational fund	229.065,00
	<b>TOTAL LIABILITIES:</b>	<b>1.298.659,00</b>

## 11.2. Financial report for 2014

<i>In denars</i>		
<b>INCOME</b>		
1	Income from memberships	0,00
2	Income from interest	108,00
3	Exchange rate gains	0,00
4	Project income	5.290.046,00
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	270.391,00
	<b>TOTAL INCOME:</b>	<b>5.560.545,00</b>
<b>EXPENSES</b>		
1	Expenses for fixed assets	229.065,00
2	Expenses for office materials	34.328,00
3	Expenses for other materials	58.555,00
4	Expenses for intellectual services	1.985.208,00
5	Expenses for partners from abroad	841.934,00
6	Gasoline expenses	70.000,00
7	Negative exchange rate variations	10.915,00
8	Bank provisions	18.906,00
9	Other expenses	299.315,00
10	Gross wages	829.371,00
11	Personal income tax on contract work	113.354,00
	<b>TOTAL EXPENSES:</b>	<b>4.490.951,00</b>
12	Earmarked funds for 2015	1.069.594,00
	<b>TOTAL EXPENSES AND EARMARKED FUNDS:</b>	<b>5.560.545,00</b>



## **ANNEX: Anti-corruption 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](http://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.