

**FINANCE** **THINK**  
OUT OF THE BOX



HR EXCELLENCE IN RESEARCH

ANNUAL REPORT

2018



**Finance Think is the only research institute in Macedonia that acquired the HR Excellence in Research logo, which is a form of accreditation by the European Commission.**



**Our policy studies have become part of the world's largest economic literature base Ideas/Repec**

**12.5%**

increased impact

**at least 5**

laws or practices changed based on our work

**6.4%**

institutional growth per full-time employee





# Dear readers

*Since its inception in 2012, Finance Think has been focused on delivering credible findings and policy recommendations, based on data and research evidence and by employing cutting-edge methodologies. In 2018, we achieved – what we call in economics – the “steady state” of the institute, i.e. its stability both in terms of delivery of highly-reliable content and of financial sustainability. Without doubt, our research and factographic analyses have been a source for designing economic and social policies and for feeding the public discourse. Most notably, few of our policy designs and recommendations have been accepted and embedded in public economic policies: the pension reform suggested by one of our policy studies has been enacted – in a milder form – in the amended Law on social security contributons; our recommendations related to VAT for physical persons found their way in the jointly prepared guide; while our proposed design of the minimum guaranteed income scheme presented a base for the reform of the social assistance system in its entirety.*

*In 2018, we continued to be innovative and creative. Thematic creativity resulted in deep investigation of a variety of issues like the European Pillar of Social Rights, budgetary spending on children, minimum wage increase through the lenses of employers and employees, the linkages between foreign direct investment and domestic SMEs and many others. The visual creativity has been enriched, in many visual products, with the fourth dimension of time, hence resulting in moving pictures and videos which have quite higher potential to grasp attention. Our field work has been active with various stakeholders: foreign investors, domestic SMEs, young economists, economic journalists and many others, in direction of upgrading their skills and/or creating environment in which they could seize the potential of their cooperation.*

*We also grew institutionally. 2018 marked an indispensable qualitative growth of the institute. Several processes – particularly the ones of monitoring and evaluation and creating system for assessing employees' results – elevated the work at a new level, which along the personal growth of the employees, significantly increased our internal cohesion and productivity.*

*We continue this path, during the year that is in front of us.*

*Enjoy reading this Annual Report.*

*With respect,*



**Blagica Petreski, CEO**

# About Finance Think



HR EXCELLENCE IN RESEARCH

Finance Think is a non-profit institute for economic research and policies, founded in 2012, with the aim to enhance the impact of economic and social trends and policies on citizens in Macedonia and the Western Balkans region.

## PROGRAM AREAS

In order to achieve our mission and vision, the focus of work is on six program areas:

- Poverty, employment and skills
- Fiscal transparency and accountability
- Gender and income inequalities
- Social entrepreneurship and women
- Migration and remittances
- Sectoral economic policies

## PRINCIPLES AND VALUES

Finance Think is guided by these principles and values:

### Outreach and Inclusiveness

- The results and findings of Finance Think's work are disseminated in a way that can be understood by the non-specialists, and thus lead to better public understanding of the economy, policies and reforms.
- The products of Finance Think are cutting-edge and innovative.
- The think tank provides cooperative and nurtured professional environment, recognition of all employees as professionals, and does not perform any kind of dis-

crimination.

### Transparency and Efficiency

- Finance Think manages its operations in a cost-efficient manner, and focuses on outcomes and impact. It gratefully recognizes the support it receives and is keen on delivering value-for-money in the pursuit of its mission.

ers 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, collaborative and peer-reviewed.

*The mission of the institute is accomplished through economic research, advice and recommendations to the economic policies and steering critical debate about economic processes.*

- The policies and procedures of Finance Think are transparent.
- The internal and external evaluation of the activities of Finance Think is permanent and transparent.

### Research Application, Quality and Ethics

- The research agenda is linked and integrated with the mission of the think tank, and the research-

- 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

**Our Vision**  
**To steer economic thinking for increased wellbeing tomorrow**







## Contents

<b>1. THE ECONOMIC TEAM</b> .....	7
<b>2. PROJECTS</b> .....	10
2.1. POVERTY, EMPLOYMENT AND SKILLS.....	11
<b>360o monitoring of the provision of social services at local level: Experiences from municipalities of Prilep and Dolneni</b> .....	12
2.2. FISCAL TRANSPARENCY AND ACCOUNTABILITY.....	16
<b>Active civic engagement in design and monitoring of the local budget and public procurement</b> .....	16
<b>FISCAS+ : Fiscal transparency and accountability improves policies in quality of life, education and health</b> .....	17
2.3. GENDER AND INCOME INEQUALITIES.....	20
<b>Good or bad tax? Reforming Macedonian personal income tax</b> .....	20
2.4. SECTORAL ECONOMIC POLICIES.....	21
<b>Bridging the gap between multinational companies and domestic SMEs in Macedonia</b> .....	21
<b>3. ORGANIZATIONAL DEVELOPMENT</b> .....	22
<b>Increasing evidence-based and data-driven economic debate in Macedonia</b> .....	22
<b>Advocacy for evidence-based economic policymaking and ignition of the critical economic debate in Macedonia</b> .....	23
<b>4. ANALYTICAL AND RESEARCH PUBLICATIONS AS A FORM OF ADVOCACY</b> .....	25
4.1. REGULAR PUBLICATIONS .....	25
4.2. RESEARCH AND POLICY PUBLICATIONS.....	27
4.3. VISUALIZATIONS.....	29
<b>5. OTHER FORMS OF ADVOCACY AND COMMUNICATION</b> .....	31
5.1. MEDIA.....	31
5.2. WEB SITE.....	31
5.3. BLOG PLATFORMS.....	31
5.4. SOCIAL MEDIA.....	32
<b>6. SPARKING PUBLIC DEBATE</b> .....	33
6.1. ECONOMIC FORUMS.....	33
6.2. ROUND TABLES.....	33
6.3. WORKSHOPS.....	35
6.4. ANNUAL PANEL DEBATE.....	36
6.5. PRESS CONFERENCES.....	36
<b>7. IMPACT AND EVALUATION</b> .....	38
7.1. CHANGES IN POLICIES.....	38
7.2. CHANGES IN TARGET GROUPS.....	40
7.3. CHANGES IN THE PUBLIC DISCOURS.....	41
7.4. QUALITATIVE AND QUANTITATIVE EVALUATION.....	41
<b>Table 1: Quantitative measurement of the total impact</b> .....	42
<b>Table 2: Evaluation of achievement of Finance Think's objectives</b> .....	43
<b>8. NETWORK AND COOPERATION</b> .....	48
8.1. MEMBERSHIPS.....	48
8.2. MEMORANDA OF UNDERSTANDING.....	48
8.3. CONSULTATIVE PROCESSES.....	48
<b>9. INVESTING IN INTERNAL CAPACITY</b> .....	49
9.1. STUDY VISITS.....	49
9.2. CONFERENCES ATTENDED.....	50
9.3. WORKSHOPS.....	50
9.4. EMPLOYMENT AND INTERNSHIP.....	50
<b>10. REGULATORY FRAMEWORK</b> .....	51
<b>11 FINANCIAL STATEMENTS</b> .....	53
11.1. BALANCE SHEET.....	53
11.2. INCOME STATEMENT.....	54
<b>ANNEX: ANTI-CORRUPTION POLICY AND PRINCIPLES</b> .....	55

# 1. Our team



**Blagica Petreski**  
Chief Economist (Chief Executive Officer)

Blagica is the founder, Chief Economist (CEO) of Finance Think. Her research interest involves an array of development topics like poverty, unemployment, gender inequalities, social entrepreneurship for women. She is a committed advocate for better economic policies as well actively engaged in shaping the public debate on economic issues in the country and the region. She has a PhD in Economics from the University Ss. Cyril and Methodius in Skopje, which included research stays at CERGE-EI Prague and the Slovak Academy of Sciences. She is also an alumnus of Young Transatlantic Innovative Leaders Initiative. Blagica received the Award for a Young Researcher of the year granted by the National Bank of Macedonia, as well the Award for best paper on risks and insurance by the Insurance Supervision Agency. Published widely, including 7 papers in prominent peer-reviewed journals listed on the Web of Science.



**Despina Tumanoska**  
Program Coordinator

Despina is the founder, a member of the Executive Board and a Program Coordinator at FT. Her research interest involves issues like macroeconomic policies, unemployment, sectoral economic policies, applied econometrics and the like. Despina is actively engaged in the public debate on current economic topics. She is a PhD candidate in Economics and an MSc graduate from the University American College Skopje. In 2012, she won the Annual award for Young Researcher conferred by the National Bank of the Republic of Macedonia. She actively publishes, including 3 papers in journals indexed on the Web of Science.



**Tereza Kocovska**  
Independent Economic Analyst

Tereza is an Independent Economic Analyst at Finance Think. Previously, she was in charge of all organizational and administrative matters, budget-financial matters at Finance Think, part of which she still performs. She is a PhD candidate in Economics and a Master's graduate in Finance at the University American College Skopje. Her field of research includes labor market, monetary policies and applied econometrics. She joined Finance Think in 2015.

## Bojana Gjuroska

### Visualization & Public Image Specialist

Bojana Gjuroska joined Finance Think in September 2018 as Visualization and Public Image Specialist. She has a Bachelor Degree in Industrial Design from the Faculty of Mechanical Engineering in Skopje at the University Cyril and Methodius in Skopje. As a Visualization and Public Image Specialist at Finance Think she skills in using a variety of packages such as InDesign, Illustrator, Acrobat and Dreamweaver. Other areas of her interest include photography and videography.



## Bojana Josifovska

### Junior Economic Analyst

Bojana joined Finance Think in December 2018. She holds a MSc degree in Finance from King's College London, where she graduated with a Distinction and was awarded a 'Best Dissertation Award' for her program. She also holds a BSc in Financial Management from Ss. Cyril and Methodius University Skopje. Bojana has a wide interest in economic and financial research, including macroeconomics, fiscal budgeting, financial asset markets, data analysis and econometric modeling. She has worked on projects measuring banking competition and collusion, mergers and acquisitions in mid-capped public companies and budget analyses of Macedonian municipalities.



## Sandra Sokolenko-Todoroska

### Organisational & Administrative Associate

Sandra Sokolenko Todoroska joined Finance Think's team in May 2018 as an Organizational and Administrative Associate. She is a M.Sc. in Law at the University American College Skopje, and graduated from the Law Faculty "Justinianus Primus" from the University "St. Cyril and Methodius" in Skopje. For a small part of her time, she also works on collecting primary data from areas that include macroeconomic policies, social protection, health care, education, unemployment and the like.



## Blagoj Gjelevski

### Economic Analyst

Blagoj joined Finance Think in June 2017 as a field coordinator of the FISCAS network. He has a Master degree in Political Management, from the University Cyril and Methodius in Skopje. Blagoj is a Founder of the NGO Kvantum Prima from Kavadarci. Other areas of his interest include statistics, data analysis, and web design. Blagoj was a scholarship student of the Konrad Adenauer Foundation. He is inventor of the "Priority Ranking Model" (Mathematical Model for DSS (Decision Support Software)) registered at the Macedonian Authors' Agency under the mark "mk 1074".







## Milosh Gjuroski

### Visualization & Public Image Specialist

Milosh is responsible for the outlook of Finance Think in any occasion. He is a master's graduate in Industrial design and marketing from the Faculty of Mechanical Engineering at the Ss. Cyril and Methodius University in Skopje. His professional experience and education are a combination of design and marketing/business administration. He received a Golden medal at the international competition for innovation Econova 2011, while winning the second place at the international Eco Chair Competition 2013 for the product Cardbord Chair. Milosh joined Finance Think's team in September 2016.



## Ivan Vchkov

### Economic Analyst

Ivan was a member of Finance Think's team between October 2015 and December 2018. Ivan worked on issues related to fiscal transparency, participative budgeting, remittances and the gender wage gap. He graduated from the University of Oulu, Finland in the field of Finance and from University of Wales Institute, Cardiff in the field of Agribusiness management. He is a member of the Finnish Association of Business School Graduates. Ivan continued his professional career in UN Women.



## Iva Trajkovska

### Economic Analyst I

Iva Trajkovska was a member of Finance Think's from April 2018 until January 2019 as Economic analyst working on issues of diagnostics of and remedies for the gap between foreign and domestic companies in Macedonia. Afterwards, she continued her career in Grant Thornton. She is a graduate in MSc International Business and Finance from Hult Business School (2017) and BBA Finance from the University American College Skopje (2014). Iva also holds two specializations: in Finance and Banking at UACS (2015) and in Finance at London School of Business and Finance (2017). Iva has been involved in projects with Unilever for developing business models for social impact and with Virgin Money for creating new model of student loans in the UK to decrease the UK government debt.



## 2. Projects

Finance Think's projects are divided in six research programs:

POVERTY, EMPLOYMENT AND SKILLS

FISCAL TRANSPARENCY AND ACCOUNTABILITY

GENDER AND INCOME INEQUALITIES

SOCIAL ENTREPRENEURSHIP AND WOMEN

MIGRATION AND REMITTANCES

SECTORAL ECONOMIC POLICIES



## 2.1 Poverty, employment and skills

**This research program refers to an array of development topics related to the quality of life of citizens and includes but is not limited to issues such as poverty, minimum wage, participation in the labor market, unemployment, informal economy, productivity, social protection, and the like.**

Within this program, the following projects have been implemented:

### Analysis of youth underemployment in Macedonia, Montenegro and Serbia

**The objective** of the study is to describe underemployment and investigate its effect on personal wellbeing in the three countries. Special reference to gender will be made. By so doing, it opts to bring the issue to policymakers' agenda and formulate ideas for policies tackling underemployment.

**Activities:** During 2018, the following activities have been conducted:

1. Project team member participated at a study visit at University of Laval, Canada.
2. The research study was completed and submitted for publication.

**Donor:** Partnership for Economic Policies

**Duration:** 2017-2019





## 360o monitoring of the provision of social services at local level: Experiences from municipalities of Prilep and Dolneni

**The overall goal** of the project is to improve the delivery of social services at the local level by increasing the capacities of local stakeholders and involving citizens in this process in the municipalities of Prilep and Dolneni.

**Activities:** The aim of the project will be completed through the implementation of the following activities:

1. Analysis and monitoring of the provision of social services at the local level
2. Analysis of the satisfaction of the local population with the received social services
3. Creating recommendations for policy makers and organizations / associations
4. Advocacy activities

**Achievements:** In 2018, a desk analysis of the existing laws, by-laws, guidelines, practices has been conducted, which gave insight into the competencies of the local public institutions and their discretion in the delivery of social services to the local population

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

**Duration:** November 2018 – April 2019

## Analysis of resources allocated for child-related policies and programs in the budget of the Republic of Macedonia

**The objective** of this project proposal is to provide a comprehensive overview of the policies and programs related to children, in Macedonia, and their allocated financial resources by the Government of the Republic of Macedonia, in two mutually-reinforcing programmatic domains: quality of life (social policies) and education.

**Activities:** The project is founded on the following activities:

1. Analysis of the policies and programs related to children
2. Analysis of the financial resources related to children
3. Advocacy activities

**Achievements:** In 2018, all activities have been completed, resulting in preparation of two evidence-based policy studies that were presented at the final event where main speakers were the Minister of health and the Minister of labor and social policy.

**Donor:** UNICEF

**Duration:** June – December 2018





## Social pillar of the European Integration of Western Balkans

This Project intends to initiate policy platform dealing with the welfare state issues to strengthen cohesion, stability and growth in the Western Balkans and its sustainable European perspectives. The specific objective is to support effective regional advocacy on issues of critical importance for the welfare state area, through long-term regional cooperation and learning from EU experience, as preconditions for inclusive evidence-based policy making.

**Activities:** Desk research, composed of:

1. Data collection on proposed indicators by the European Pillar of Social Rights
2. Assessing the level of harmonization of regional welfare state policies with the European Pillar of Social Rights
3. Organization of round table

**Achievements:** Policy Study on the topic: "Assessing the level of harmonization of regional welfare state policies with the European Pillar of Social Rights" has been written.. The Policy Study is designed and published online - <http://www.financethink.mk/wp-content/uploads/2018/10/Policy-study-18.pdf>

Finance Think organized a Roundtable Discussion on the topic: Assess the level of harmonization of regional welfare state policies with the European Pillar of Social Rights, on 26 September 2018 in Hotel Marriott Skopje. The round table brought together experts, representatives from public authorities, international organizations, embassies, academia and think tanks.

**Donor:** European Fund for the Balkans

**Duration:** January – December 2018

**Partners:** Center for Social Policy – Belgrade, Qendra Economic Social Analytics – Tirana

## Regulatory impact analysis: The effects of changing the Minimum Wage Act

The overall goal of the project is an ex-post assessment of the impact of the changes in the Minimum Wage Act on the system (the economy) and the main stakeholders (workers and employers).

**Activities:** The project activities include:

1. Analysis of the impact of the changes in the Law on minimum wage on employment, budget and living standards
2. Field research on the impact and the area of abuse arising from the amendments to the Law on minimum wage
3. Creating recommendations for policy makers
4. Educating workers about their labor rights
5. Advocacy activities

**Achievements:** All project activities have been implemented during 2018. The final result of the project has been devising a policy study and policy brief, whose recommendations were presented on a direct meeting with the Minister of labor and social policy.

**Donor:** Institute for Democracy Societas Civilis and Center for Economic Analysis

**Duration:** January – December 2018



## 2.2 Fiscal transparency and accountability

**This research program covers issues like transparency, structure and effects of public spending, participative budgeting at national and local level, sustainability of the public deficit and debt, public procurement and so on.**

### “My money, my responsibility”: Participative budgeting in the municipalities in Macedonia

The **overall purpose** of the project is to enhance local-stakeholders’ practice and participation in the local budgeting process and to increase the effectiveness of the municipal-money spending.

**Activities:** The project is founded on the realization of the following activities:

1. Election of municipalities, analysis of the current situation with participatory budgeting and stakeholders and concluding memo of understanding with the selected municipalities.
2. Increasing the knowledge and skills for participatory budgeting of the stakeholders through a series of trainings and workshops.
3. Increasing the public awareness of the benefits of participatory budgeting through a series of public events (informative corners, public lectures, statements and media writing, information flyers, etc.).

**Achievements:** During 2018 trainings for participative budgeting were conducted in 10 municipalities included in the project, as well a Manual for participative budgeting was prepared and disseminated to all key stakeholders included in the budgeting process. Also, by the end of the year, local events where locals met the Major were organized in order to discuss the budget for 2019 and to steer them to prepare a budget that meets local needs at its best.

**Donor:** USAID – Civic Engagement Project

**Duration:** May 2017 - May 2020

### Active civic engagement in design and monitoring of the local budget and public procurement

The **project aims** at increasing the engagement of external stakeholders (citizens, civil society organizations and local media) in the design and monitoring of local budgets and public procurement.

**Activities:** Main project activities include:

1. Analysis of existing budget documents, practices and civic inclusion



2. Creating recommendations for policy makers
3. Capacity building for monitoring and implementing public procurement
4. Advocacy activities

**Achievements:** During 2018, the policy study and policy brief were prepared, and its findings were presented at the closing event held in Krushevo, where main speakers were the Majors of the concerned municipalities.

**Donor:** European Policy Institute

**Duration:** June 2017 - May 2018

## FISCAST+: Fiscal transparency and accountability improves policies in quality of life, education and health

The objective of the project is to address efficiency and quality of selected policies in quality of life, education and health through public debate and policy options derived from data and evidence.

**Activities:** The following activities will be delivered throughout the project implementation:

1. Mapping and selection of the most important policies in three areas of interest through desk screening of the existing policies and measures, preparing a matrix of all public policies, focus groups with citizens of three different cities and debate and working meetings with experts, in order to choose the eight most important policies that will be a subject of further analysis;
2. Research and production of results through upgrading the web platform [www.fiscast.mk](http://www.fiscast.mk) with a large database and re-granting developing studies that will be published during the project implementation;
3. Links with media outlets and development of outreach products like video, info-graphs, round tables, economic forum, journalistic stories and producing a storytelling leaflet, touching upon particular person/life;





4. Capacity building for teams and media for use of data, cost benefit analysis and policy options through workshop on building synergies in economic analysis and workshop to track progress and outreach strategy.

**Achievements:**

In March 2018, a high-level closing event was organized, where key policymakers (the Deputy Prime Minister and the Minister for finance), Mr. Marko Manotvanelli (World Bank) and Sebastian Sossa (IMF) shared their visions for the Macedonian economy. During the event, a book containing the policy studies prepared within the project was promoted, while representatives of the business sector spoke about the influence of economic policies on their work.

**Donor:** British Embassy in Skopje

**Duration:** July 2016 - March 2018







## 2.3 Gender and income inequalities

### Good or bad tax? Reforming Macedonian personal income tax

**Aim:** The overall objective of the project is to assess the effect of the announced tax reform of the personal income tax on the economy and on the behaviour of the stakeholders (employers and employees).

**Activities:** The following activities will be conducted:

1. Quantitative analysis of the impact of the tax reform on the economy
2. Qualitative analysis of the impact of the tax reform on stakeholders' behaviour
3. Devising policy recommendations
4. Advocacy and awareness activities

**Achievements:** In 2018, a foundation for conducting quantitative analysis has been established, reviewing the existing literature on the introduction of progressive taxes.

**Donor:** Analytica Think Tank

**Duration:** December 2018 – June 2019

## 2.4 Sectoral economic policies

### Bridging the gap between multinational companies and domestic SMEs in Macedonia

The main goal of the action is to establish and/or improve the links between domestic SMEs and multinational companies (MNCs) operating in Macedonia with the ultimate goal of increasing the competitiveness of the domestic business sector.

**Activities:** The implementation of the project is based on the following activities:

1. Mapping the value chain and potential barriers on the supply side.
2. Capacity building of the dSMEs for easier “self-selling” to the MNCs.
3. Strengthening the technical standards of the dSMEs for responding to the requirements of MNCs.
4. Encourage partnerships between the dSMEs and the MNCs and increase public awareness of the benefits.

**Achievements:** Through interviews with key stakeholders (domestic and multinational companies, policymakers and other institutions) the value chain barriers and potential for cooperation were mapped and reported in a policy study, promoted during the panel debate organized in November.

**Donor:** European Union

**Duration:** December 2017 - December 2019

**Partner:** Center for change management, Skopje



# 3. Organizational development

In the trajectory of its development, Finance Think implements the following projects that directly support the Institute, or support activities aimed directly at strengthening the capacity of Finance Think to pursue better policies and to guide public debate.

## Increasing evidence-based and data-driven economic debate in Macedonia

The overall goal of this action is to produce a positive social change by strengthening the economic debate in Macedonia, based on evidence from conducted research and driven by economic data. The specific objective is to train the FT constituents to engage in a robust economic debate and to propose a range of ways to encourage and pursue a critical and well-argued economic debate.

### **Activities:**

1. Capacity building of stakeholders to engage in and conduct economic debate, and skills to include data and evidence in joint causes.
2. Encouraging economic debate through organization of a round table, an economic forum, a visit to economic faculties, statements and writings in the media and preparation of visual products (graphs, infographics, videos, etc.).
3. Increasing public awareness for the need for economic debate through the preparation and publication of a manual for methods for analyzing economic data, upgrading the FT publications analytical publications, and re-targeting the dissemination of analytical publications.

### **Achievements:**

In 2018, two training on data analysis and interpretation were organized; one for analysts within governmental institutions and one for economic journalists, therefore, more than 30 persons gains skills and knowledge for evidence-based research. As a support of the data-driven research, a manual "Research tools in economics: A think tank perspective" was published.

**Donor:** Civica Mobilitas Program

**Duration:** May 2017 – July 2018



## Advocacy for evidence-based economic policymaking and ignition of the critical economic debate in Macedonia

The **overall objective** of the project is to further strengthen the organizational capacity of the Economic Research & Policy Institute "Finance Think" in supporting the economic policy decision makers to deliver credible policy decisions based on research findings, as well in igniting the debate in the society about economic processes and reforms.

**Activities:** Specific actions that will be undertaken under the umbrella of this project are:

1. Enhancing the research quality through capacity building activities for usage of Delphi method, attending JBI courses and other opportunities for strengthening the FT staff skills for research;
2. Better communication within the organization and with the public through employing a graphical designer with understanding of economic processes, to contribute to the realization of the media communication strategy and to enrich the sets for communication with static and interactive info-graphs, Organizing "Coffee with journalists" few times per year, to secure friendly and intense communication with the journalists, so as to be able to affect the discourse of the public economic debate, devising selected issues of our publications FT Opinion and FT Comment, regular publication at Facebook and Twitter accounts and participation as guest speakers at universities in Macedonia;
3. Strengthening the internal governance through constitutions of Policy Council and Supervisory Board, regular annual meetings, devising an internal M&E System, organization of retreat meetings, study visits and devising new procedures or strengthening of the current ones.

**Achievements:** During 2018, the project has been completed by hosting of a foreign expert on M&E, Ms. Olga Lyman from the New Europa Center from Kiev Ukraine, who conveyed her extensive experience on M&E in a think tank, as well an array of related institutional issues, which then led to a significant strengthening of the internal capacities of Finance Think.

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

**Duration:** 2016 - 2018



# 4. Analytical and research publications as a form of advocacy

**Based on economic analysis, research and monitoring of the economic activities, Finance Think produces different types of publications and visualizations.**

## 4.1 Regular publications

The regular publications of Finance Think include:

**Macroeconomic monitor**, regular quarterly publication that observes the Macedonian economy through numbers, with highlighted forecast component. From 2016, this publication offers a numerical forecast for the economic growth of the Macedonian economy, as well as a brief discussion of the associated risks and opportunities. There have been published 28 editions, four of which in 2018.

**Graphometrix** is regular publication that contains important current information about the national, regional and world economics, presented through graphs. There has been one edition published in 2018.

**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 at the communication platforms of the Institute.

The following issues have been published in 2018:

- 1. What is the state budget, and what is the private cost of health for children?*
- 2. How much does the state allocate for education and social protection of children?*
- 3. Do domestic and foreign companies in the country cooperate?*



4. *The higher minimum wage and the life: Are the effects positive?*
5. *Local budgets and public procurement: Experiences from the municipalities of Prilep, Krusevo and Krivogastani*
6. *The Rule of Law and the Economy: The Case of the Value Added Tax for Individuals in the Republic of Macedonia*
7. *State pensions: Urgent reforms for Pension Fund rescue*
8. *Formalizing the informal waste collectors*

**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. Four editions have been published over 2018:

1. *FT Comment no. 23 on the IMF's Report on the Fiscal Transparency Evaluation in the Republic of Macedonia, November 01, 2018*
2. *FT Comment no. 22 on the Fiscal Strategy of the Republic of Macedonia (2019-2021), May 28, 2018*
3. *FT Comment no. 21 of the "Climbing out of debt" study (Alessina, Favero and Giavazzi) in the context of the Government's intention to increase personal income tax, April 20, 2018*
4. *FT Comment no. 20 of the economic part of the European Commission Progress Report on the Republic of Macedonia, 17 April 2018.*

**FT Opinion** is a condensed and swift reaction to the moves of the daily economic policy and trends. In 2018, 10 opinions of the FT experts were published:

1. *FT Opinion number 36 (Opinion of the CIVITAX Group) on the abused funds of users of the second pension pillar*
2. *FT Opinion number 35 (Opinion of the CIVITAX Group) on the announced tax reform*
3. *FT Opinion number 34 for the poverty rate, 2017*
4. *FT Opinion number 33 for the state capital investments*
5. *FT Opinion number 32 for subsidizing the wages' increase*

6. FT Opinion number 31 (Opinion of 13 civil society organizations) regarding the imposition of an official registration for VAT for persons

7. FT Opinion number 30 on the movement of the economic indicators

8. FT Opinion number 29 on the movement of the average wage

9. FT Opinion number 28 (Opinion of 13 civil society organizations) regarding the VAT for persons

10. FT Opinion number 27 on the issued Eurobond

**Quality of life in Macedonia.** The purpose of this publication is to shed light on data for the quality of life in Macedonia. The publication is ad-hoc and is based on survey and administrative data. Each issue of the publication is thematic. In 2018, the issue No. 2 "It is hardest to live in Northeast Macedonia" was published.

## 4.2 Research and policy publications

**Journal articles.** Representatives from the Institute published articles in national and international journals:

- Petreski, B., Tumanoska, D., Davalos, J. and Petreski, M. (2018) New light on remittances-poverty-health nexus in Macedonia. *International Migration*, 56(5), p.26-41.
- Petreski, B. and Petreski, M. (2018) Does motherhood explain lower wages for females in Macedonia? *Ekonomska istrazivanja – Economic Research*. 31(1), p.352-375.

**Policy studies.** During 2018, the following policy studies were published:

**1. Analysis of the public spending on health care of children in the country** - Maja Parnardzieva-Zmejkova and Vladimir Dimkovski

**2. Analysis of the public spending on education and on social protection of children in the country** – Blagica Petreski and Marjan Petreski

**3. Bridging gaps and seizing potential: Domestic SMEs in the supply chain of multinational companies in the country** – Iva Trajkovska and Blagica Petreski

**4. Assessing the level of harmonization of regional welfare state policies with the European Pillar of Social Rights** – Blagica Petreski and Marjan Petreski

**5. Regulatory impact assessment of the changes in the Minimum Wage Law** – Marjan Petreski and Tereza Kochovska

**6. Individuals in the VAT system and the rule of law in Macedonia. With a special reference and recommendations concerning authorship contracts** – Marjan Petreski, Marjan Nikolov, Vesna Garvanlieva and Borche Smilevski

**7. Local budgets and procurements: Qualitative insights from the municipalities of Prilep, Krushevo and Krivogashtani** – Despina Tumanoska

**8. Sustainability of the pension system in Macedonia: A comprehensive analysis and reform proposal with MK-PENS – dynamic microsimulation model** – Blagica Petreski and Pavle Gacov

**9. Effects from state investments in public health care for the period 2010-2016** – Biljana Indova and Branko Adjigogov

**10. Informal sector inclusion in the sustainable waste management system as an opportunity for employment and social inclusion of vulnerable groups** – Zoran Shapurikj, Sanela Skrijelj and Blaze Josifovski

**Books and booklets** published in 2018:

**1. How to fix the future? Analysis of and proposals for selected public policies in Macedonia** – Blagica Petreski and Despina Tumanoska

**2. Research tools in economics. A think tank perspective** – Marjan Petreski

**3. My money, my responsibility: Manual for participative budgeting in the municipalities in Macedonia** – Ivan Vchkov

**4. "You have the right to..." – Regulation of workers rights** – Despina Tumanoska

**Other publications:** In 2018, a Training manual for soft skills was prepared and disseminated to the representatives of domestic SMEs who attended the soft skills training.





## 4.3 Visualizations

**Graphs and info-graphs.** During 2018, economists of Finance Think produced 48 graphs and 11 info-graphs on the following topics:

Which are the key gaps for cooperation between domestic and multinational companies?

- Recipe for survival
- The poverty governmental, the wealth personal
- How are the municipal money spent in Prilep, Krushevo and Krivogastani?
- Do you receive part of your salary in cash?
- Champions league
- What is the cause of the technological gap between domestic and multinational companies?
- Gap in standardization and implementing of certificates between domestic and multinational companies
- Budget costs for youth and children vs costs for old people
- Calendar of a municipal budget
- Bank arithmetic

Graphs are communicated through social networks, and infographics are placed on the Flickr platform and then disseminated through other channels.

**Let's chat economics!** In 2018, we prepared 3 editions of this product, which visually, through a conversation between two or more people, highlights important information related to current economic topics:

- Conditions for receiving minimum wage
- We and the EU
- Public events for budget programs

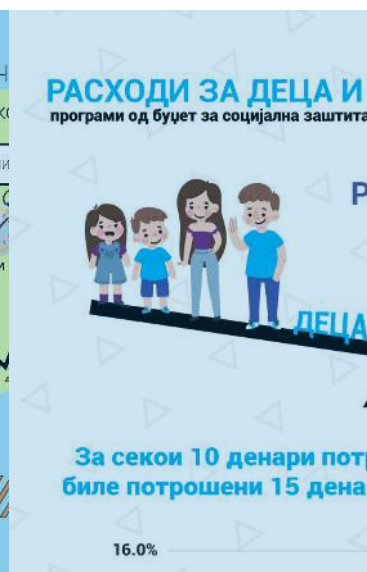
**Videos.** Four videos were produced in 2018 and can be found on the FT YouTube channel:

- Workers' rights
- The gaps between domestic and multinational companies
- My poor family
- Is the life in Macedonia cheapest?

**GIFs.** Five graphic formats related to the VAT for persons were produced and communicated through the GIPHY platform in 2018.

**Web platforms.** As a result of the already implemented projects, the following web platforms were built and/or upgraded during 2018:

- [www.odkrusevo.mk](http://www.odkrusevo.mk) - Web platform of the Association "Krushevo women", a product of the project "Empowering women in Krushevo through mini clustering for sales and promotion of traditional products".
- [www.siromastija.mk](http://www.siromastija.mk) - Web platform that connects the social programs and its beneficiaries.
- [www.edplako.mk](http://www.edplako.mk) - Web platform that assesses the fair wage and its aim 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.
- [www.vrabortime.mk](http://www.vrabortime.mk) - Web platform that provides information related to the project "Promoting active inclusion of disadvantaged persons excluded of the labor market".
- [www.doznaki.mk](http://www.doznaki.mk) - This site contains data, research and links on remittances and migration in the Western Balkan countries.
- <http://grupacivita.wixsite.com/home> - The repository web page of the Group CIVITAX.



# 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 many statements, interviews and articles, through which we continue to nurture close and continuous cooperation with the media. Representatives from Finance Think were regularly present through statements in many leading printed and electronic media like: Kapital, Telma, TV 24, Sitel, Nova Makedonija, AlsatM, Makfax, ResPublica, Al Jazeera Balkan and many others. The cooperation with local media was additionally strengthened during 2018.

## 5.2 Web site

The web site is our most widely used tool for informing the public about our research, analyzes, events, opinions, publications, participation at conferences, etc. During 2018, the website has been visited by **28,626 visitors, or on average, 78 persons per day**. The web platform is also linked to both blogs: "The blog of free-minded economic thought" and "Economic conversations - information view" and regular information on social networks: Facebook, LinkedIn and Tweeter.

## 5.3 Blog platforms

The Institute expresses its opinions for current economic topics and stirs critical debate for the economic processes through its blog platform. In 2018, the team wrote a blog post "Local budgeting – do citizens of Prilep, Krushevo and Krivogastani participate in the process?".

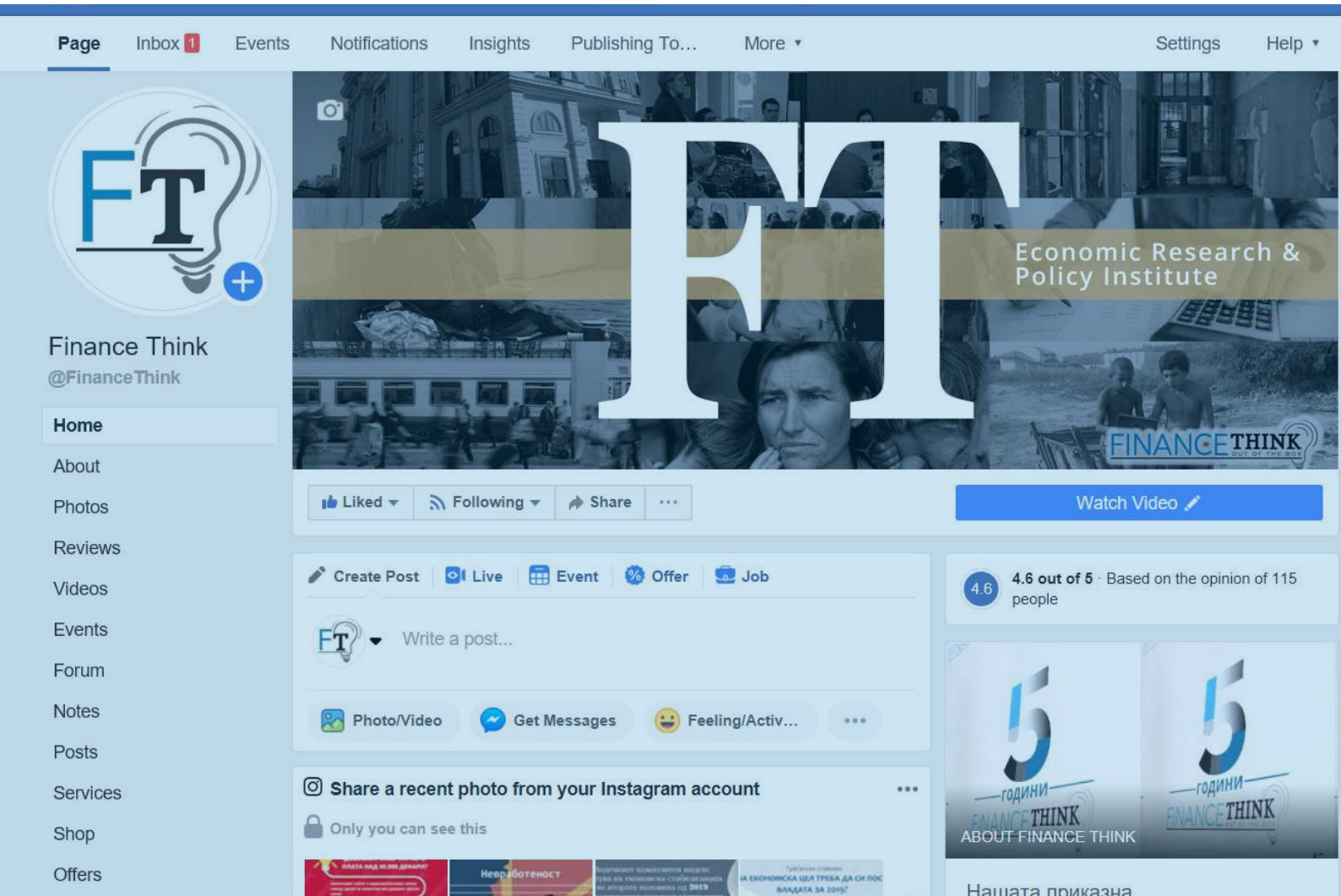


## 5.4 Social media

Finance Think actively uses the social networks Facebook, LinkedIn and Twitter.

The following statistical info is relevant for the FB profile:

- The institute had 20,911 Facebook friends at the end of 2018, an increase of 12% compared to the end of 2017
- During 2018, more than 1,000 information, links, videos, analyzes, graphs, and our views on economic issues from the country and the region were posted, which is roughly the same level maintained as in the previous year
- During 2018, Finance Think's timeline was visited by over 14,000 visitors, which is equal to, on average, 39 visits per day, roughly the same as in the previous year
- The average daily reach of the profile posts was 1.750, excluding the sponsored posts, which is about 15% decline over the previous year
- The average daily clicks on any of our content is 236



# 6. Sparking public debate

**The events are an important thread of our communication strategy and efforts to encourage a public economic debate in Macedonia.**

## 6.1 Economic forums

The objective of the economic forum, besides encouraging the public debate on the current topic, is to present a product from Finance Think, including but not limited to: book, policy study, internet platform, video product, etc. The economic forum **“The Macedonian economy between vision and dilemma: Challenges for the economic policies”** was held in March 2018, containing two panels: 1) The key policymakers (Mr. Kocho Angjushev, Deputy Prime Minister for Economic Affairs and Mr. Dragan Tevdovski, Minister of finance) and representatives of international organizations (Mr. Sebastian Sossa, IMF and Mr. Marko Mantovanelli, the World Bank) spoke about the current economic situation in the country, and 2) representatives of the business sector talked about economic policies related to their operations. During the forum, the book “How to fix the future? Analysis and recommendations for selected public policies in Macedonia” was promoted.

## 6.2 Round tables

The goal of the round tables is to encourage a critical debate on a particular topic that most often stems from ongoing research. In 2018, the following round tables were organized:

- **Megalopolis: Ideas for regional development.** Finance Think, in cooperation with University American College Skopje and Macedonian Academy of Sciences and Arts, organized this panel debate on December 19, where representatives of the Academy (Mr. Taki Fiti and Mr. Vlado Kambovski), representatives of the academic sector (Mr. Marjan Bojadziev and Mr. Izet Zekiri) and Mr. Goran Sugareski, Minister of transport and communications, shared ideas about economic policies that could lead economic development in the region, prevent migration and create middle class.
- **Minimum wage: New Law - New challenged.** This roundtable was held on December 7 in Prilep, within the framework of the project “Regulatory Impact Assessment: Effect of the changes in the Minimum Wage Act”. Tereza Kochovska presented the activities and results of the project and the other speakers discussed the opinions of the employers and employees regarding the changes in the Minimum Wage Law. Speakers at this roundtable included: Dimitar Nikoloski (Faculty of Economics, Prilep), Ire-

na Jakimovska (Regional Business Chamber) and Ljubica Dekovska (Trade Union of Macedonia).

- **Domestic SMEs – main supplies of the multinational companies.** This roundtable was held November 26 within the EU funded project “Bridging gaps between domestic SMEs and multinational companies in the country”. The main speaker of the event was the Deputy Prime Minister for Economic Affairs, Mr. Kocho Angjushev, who spoke about the efforts of the Government for connecting domestic and foreign companies, while representatives of domestic companies (Arijmetal DOO Skopje and Rade Konchar Skopje) and foreign companies (Kemet Electronics and Aptiv Services) talked about their cooperation with foreign and domestic companies.
- **Physical persons in the VAT system.** Who is for legal uncertainty? On this round table organized on October 10, the study “Physical persons in the VAT system and rule of the law in Macedonia” prepared by the CIVITAX group was promoted.
- **Where is Macedonia on the way to the EU in social achievements?** Round table organized on September 26 on which the level of harmonization of regional state welfare policies with the European pillar of social rights was discussed by Zarko Sunderic from the Center for social policy Belgrade and Iva Trajkovska from Finance Think. During the event, expert opinion from Bojana Naceva (World Bank), Aleksandar Lazovski (UNICEF) and Gordana Majnova (Ministry of health) were also presented.
- **Quality data and analysis – Basis for effective economic policies: Reality of challenge?** This round table was held on June 28 in Skopje, in order to promote evidence-based research as an important step for creating effective policies and to present the booklet “Research tools in economics: A think tank perspective”.
- **Local budgets and procurements: Experiences from the municipalities of Prilep, Krushevo and Krivogashtani.** This round table was held on May 19 in Krushevo, in order to promote the findings from the related project and to stir economic debate about local budgets. Main speakers at the event were the Majors of the Municipality of Krushevo and of the Municipality of Krivogastani and representatives from the Municipality of Prilep.



## 6.3 Workshops

The purpose of the workshops is direct transfer of skills to the immediate target groups. They are usually organized within current project activities. In 2018, Finance Think organized eight workshops:

- **Info-session on the labour rights** – an informative session organized in Prilep, to raise workers' awareness for their rights stemming from employment – November 3.
- **Training on presentation and communication skills for connecting domestic with foreign companies** - a two-day training organized for representatives of domestic small and medium-sized enterprises was organized in Skopje, on 24 and 25 October.
- **Training for promotion and presentation of products and services to potential buyers and fair exhibition** - a two-day training organized for representatives of domestic small and medium-sized enterprises was organized in Skopje, on 15 and 16 October.
- **Training on soft skills for connecting domestic and foreign companies** – training organized within the project “Bridging gaps between domestic SMEs and multinational companies” for representatives of domestic SMEs, held on 5 October.
- **Train the trainers on participative budgeting** - a workshop held on May 4, to train members of the FISCAST network to be future trainers on participative budgeting.
- **Data analysis and interpretation of results and their translation into strategies and plans** - On March 9, a workshop for analysts in government institutions was held, to enhance their skills for data analysis, a key tool for making effective economic policies.
- **Analysis and interpretation of data and findings** - a workshop designed for economic journalists was held on March 2.
- **Training on participative budgeting** – ten trainings on participative budgeting were conducted at local level in the municipalities of: Gyorche Petrov, Kavadarci, Kriva Palanka, Prilep, Krushevo, Rosoman, Kumanovo, Saraj, Negotino and Krivogashtani.

## 6.4 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 Think's birthday and convenes the Annual Assembly Meeting of the Institute. This year, on December 13, the annual panel debate **"How much does the government invest in children?"** was organized, where main speakers were the Minister of labour and social policy, Mila Carovska, the Minister of health, Venko Filipche and Benjamin Perks from UNICEF.

## 6.5 Press conferences

The purpose of press conferences is to publish a new result and/or a new finding, and based on that, advise policy-makers and/or **recommend changing a policy/law. On February 9, a press conference "State pensions: Urgent reforms for Pensions Fund rescue"** was organized to present the study "Sustainability of the pension system in Macedonia: A comprehensive analysis and reform proposal with MK-PENS – dynamic microsimulation model". The study was developed within the FISCAST+ project, supported by the British Embassy.









# 7. Impact and evaluation

**The various forms of publications, visualizations, media appearances and communication through social networks, as well as numerous events, have created the impact of Finance Think.**

## 7.1 Changes in policies

The results and conclusions of the conducted research and analyzes, translated into specific recommendations for policy changes, were disseminated to policy makers, and permanently fed the public discourse. Finance Think's cost-benefit analysis showed that the social measure "allowance for third child" generates more costs than benefits and in November 2018, the Government announced its intentions to make changes in the Law on child protection, by abolishing the article related to this allowance. The conduct of the decision has been postponed for 10 months, after it heated the political debate with strong opposing views.

Finance Think's recommendations that the Government should pass a by-law that will regulate the questions about business activity, independence in conduct of business activity, continuity of the business activity, occurrence of supply and the right to deduct VAT, all relevant for physical persons/individuals, have been welcomed by the policymakers in November 2018, after a period of silence on the issue. A working group was formed within the Ministry of Finance which produced Guideline for better informing of the physical persons for the VAT system. The Guideline is a product of a consultative and debate process between the Ministry of Finance, the Public Revenue Office and the Group Civitax and incorporates our key recommendations.

Finance Think's design and recommendations pertinent to reforming the pension system – amid the permanent worsening of the pension deficit – were channelled to the relevant laws, primarily the Law on Social Security Contributions. Changes have been made in the replacement rates, as well as the social contributions increased by a total of 0.5%. While by design the proposed reform was succinctly close to Finance Think's propositions, it did not include some elements (like announced increase of the retirement age), while other elements were implemented in a milder form, likely because the government assumed a political cost of a more rigorous changes.

Finance Think's design and recommendations pertinent to reforming the social assistance system, which were presented to the public at the end of 2017, were also accepted in the newly proposed Laws on social protection and on child protection. While the government introduced slightly modified structure of the new scheme for social assistance, the overall amount for a four-member family was set at 10.600 MKD, while Finance Think's one has

been modelled at 10.800 MKD, as an amount that produces favourable development and labor-market outcomes.

The position of Finance Think that the bracket for the higher rate of the personal income tax – in its progressive form intended by the government – was ultimately accepted. The initial proposition was that the limit for the higher rate should be set at 60.000 MKD, while after a heated debate, this was set at 90.000 MKD. Another important aspect that Finance Think advocated for is the clear intention for utilization of the extra collected funds, i.e. for their productive channeling to the poorest parts of the income distribution, so as the progressive tax to justify its introduction, i.e. to significantly contribute to reducing income inequality. Such an intention was clearly articulated by the government by announcing that these extra collected funds will be used for funding of the reform of the social assistance scheme.

The minimum wage was also a topic for discussion in the course of 2018, following up the discussions of 2016 and 2017. The political party SDSM formed a government in June 2017 with a key promise stemming from the December 2016, or even earlier, that the minimum wage will increase to 16.000 MKD. Finance Think maintained its position, based on data and evidence, that such a big step would impair job creation, may exercise equalization of wages and hence negatively affect more productive workers who see less productive ones approach them with their wage level. At the end of 2018, there has been no discussion about more significant further increases of the minimum wage, besides the adjustment which was conducted in 2018 at a level of 12.165 MKD, being far below the initial promise.

Likewise, Finance Think had an impact on the local policies. The recommendation that the local communities have to be transparent in the process of public procurements, by publication of the Plan for conducting public procurements, was implemented by the municipalities of Prilep, Krushevo and Krivogashtani.



Мила Царовска



@carovska.mila

Home

About

Posts

Photos

Videos

Like Liked

Following

Share



Мила Царовска

February 8 at 7:30 PM · 🌐

Според анализата на Finance Think, социјалната програма #ИмајТретоДете генерира повеќе трошоци од придобивки.



## ИМАЈ ТРЕТО ДЕТЕ ПРИДОБИВКИ VS ТРОШОЦИ

Родителски додаток за трето дете

**8048** денари  
и се исплата 10 години

Вкупно корисници на  
родителскиот додаток  
за трето дете:

**1898**  
2009  
ГОДИНА



**21387**  
2015  
ГОДИНА

A number of other issues, part of a long-term, and part of daily interest, were part of the debate in 2018. For most of them, Finance Think communicated its opinion and position, for which policy makers expressed appropriate appreciation, taking arguments in public debate and taking for further adequate articulation in policies.

## 7.2 Changes in target groups

In order to reach direct impact on target groups, Finance Think undertook field activities and initiatives with target groups/stakeholders. In 2018, our main target group were domestic small and medium enterprises, whose representatives were embedded with skills and knowledge for establishing business relations with the multinational companies operating in the country. A five-day training on soft-skills improvement (presentation and communication skills and promotion and presentation of products and services to potential buyers and fair exhibition) was delivered to more than 40 persons, representatives of 25 domestic SMEs.

Finance Think conducted one-day workshops for statistical analysis and interpretation of data, intended for analysts in government institutions. Participants gained new knowledge and skills for qualitative and quantitative data analysis and most important, gained skills for translation of the results into strategies and plans that should improve policies. Similarly, Finance Think worked with economic journalists who, at a one-day workshop gained skills for data analysis and interpretation into visual products understandable for the general public.

Field work was conducted with the member organizations of the FISCAS network, at the local level. During the training of trainers workshop, many local organizations gained skills for becoming trainers for participative budgeting, activity that led to organization of seven additional workshops where local stakeholders (policymakers, business sector, CSOs and citizens) met with the process of participative budgeting.



### 7.3 Changes in the public discourse

Finance Think remained a major source of information to the public and encouraging economic debate. Economists of Finance Think spoke in all major media, on economic issues. It is estimated that FT was quoted in the media, on average, 4 times a week. Almost all the key messages that the Institute attempted to convey to the public sparked the attention of the media, with several unique news reports / stories in the mainstream media.

The organization of numerous events in settlements outside Skopje contributed to the establishment of new and deepening of the old co-operation with several local media. Representatives of the Institute were guests and gave statements for several local media: TV Kiss Tetovo, TVM Ohrid, TV Tera Bitola, TV Vizija Prilep, TV RTK Kavadarci, Radio Pela, Prilep web portals Revolucioner and 10bez10 and the like.

Generally, Finance Think's work is pushing public debate forward, from subjective and without evidence, with increased introduction (and acceptance) of such elements. The inclusion of quantitative assessments and other evidence obtained through research in public debate helped maintain objectivity and balance in politically turbulent times.

### 7.4 Qualitative and quantitative evaluation

Based on our estimates of the impact of efforts on policy makers, direct target groups and public discourse, it is estimated that the targeted impact in 2018 increased 12.5% compared to the previous 2017, while the increase compared to 2016 amounted to 80.3%. The estimations suggest two key conclusions: i) the impact nears its steady state, given it is maintained, or slightly increases in 2018 compared to a year before; and ii) over time, the structure of the impact shifted from publications to media appearances, i.e. to proliferating the media exposure of existing publications and visual products (intensive margin), rather than producing more such outputs (extensive margin). Details are presented in the following table:



**Table 1: Quantitative measurement of the total impact**

	Number of...		Estimated impact (0 = no impact 10 = very high impact)			Increase in the impact in 2018 compared to 2017		
	2017	2018	Immediate target groups	Policymakers	Public discourse	Immediate target groups	Policymakers	Public discourse
<b>PUBLICATIONS</b>	<b>37</b>	<b>44</b>	<b>0</b>	<b>7.0</b>	<b>5.6</b>	<b>0.0%</b>	<b>-4.1%</b>	<b>-12.9%</b>
Macroeconomic monitor	4	4	0	4	8			
Graphometrix	3	1	0	4	10			
Policy briefs	3	8	0	10	6			
FT Comment	4	4	0	8	4			
FT Opinion	12	10	0	10	10			
Articles	2	2	0	5	2			
Quality of Life	1	1	0	5	8			
Policy studies	2	10	0	10	4			
Books	2	4	0	4	2			
Others	5	1	0	8	4			
<b>VISUALIZATIONS</b>	<b>70</b>	<b>76</b>	<b>4.6</b>	<b>6.8</b>	<b>8.1</b>	<b>-9.7%</b>	<b>-6.1%</b>	<b>2.4%</b>
Graphs	47	48	2	2	10			
Infographs	12	11	4	6	10			
Videos	4	3	10	6	10			
GIF	1	4	8	6	10			
Web platforms	6	5	4	2	8			
Let's chat economics	0	7	4	6	10			
<b>EVENTS</b>	<b>26</b>	<b>35</b>	<b>4.6</b>	<b>8.4</b>	<b>6.0</b>	<b>-23.7%</b>	<b>-8.5%</b>	<b>7.1%</b>
Economic forums	2	1	2	8	10			
Round tables	7	7	1	10	10			
Workshops	9	8	10	4	0			
Direct meetings with policymakers and/or target groups	7	12	10	10	0			
Number of changed regulations	1	7	10	4	0			
<b>MEDIA APPEARANCES</b>	<b>165</b>	<b>208</b>	<b>3.3</b>	<b>7.3</b>	<b>9.3</b>	<b>26.2%</b>	<b>26.1%</b>	<b>28.2%</b>
Number of media statements	155	102	2	4	10			
Number of media citations	.	151	2	4	10			
Interviews and media participations	3	12	4	10	10			
Blogs	7	1	4	8	8			
<b>INCREASED IMPACT BY GROUPS</b>						<b>2.3%</b>	<b>9.3%</b>	<b>17.5%</b>
<b>TOTAL INCREASE IN THE IMPACT</b>						<b>12.5%</b>		

The following table provides the achievement of the targets of the Monitoring and Evaluation Strategy 2018-2020. As it can be seen, almost all indicators are realized, and in many cases they are significantly exceeded.

**Table 2: Evaluation of achievement of Finance Think's objectives**

Objectives and outcomes	Objective	Indicator	Baseline	2017 Realization	2018 Realization
<b>Objective 1:</b> To contribute to improved economic policies and reforms through producing evidence, based on economic research and driven by economic data					
Long term outcomes	1.1. Increased supply of economic research	Number of key research results that could be articulated in a policy recommendation	3-4	5	11
	1.2 Increased capacity among stakeholders (employees, Advisory Board, experts, trained individuals and CSOs) for understanding and/or conduct of economic analysis and usage of economic data	Number of persons of stakeholders affected	25	27	32
	1.3 Strengthened quality review process	Number of internal and external reviews conducted	10 internal 3-4 external	12 4	18 10
Short term outcomes	Increased number of FT research publications (policy studies, journal articles, books/manuals)	Number of research publications	10	11	14
	Increased number of the FT regular publications (Macro-monitor, Graphometrix, FT Comments, Briefs etc.)	Number of regular publications	30	35	27
	Increased number of the FT visual publications (graphs, infographs, GIFs, videos etc.)	Number of visual publications	60	76	78
	FT publications: <ul style="list-style-type: none"> <li>are source of information</li> <li>credible</li> </ul>	% of persons who responded "to some or to a large extent"	70%	71.1%	100%
	Increased number of external experts, who participated in FT projects	Number of experts	10	17	12
	Increased number of journalists, who participated in FT projects, writing about the local and/or regional economy	Number of journalists writing about economic/social issues, based on FT's findings and products	10	14	15
	Enhanced cooperation between FT and think tanks, specifically on economic/social issues from other countries.	Number of think tanks from other countries with which FT cooperates in economic issues  Number of think tanks which FT cooperates intensively (e.g. on particular project)	10 3	12 5	11 4
	Generated new data	Number of data-collecting instruments applied (survey, focus-groups, interviews etc.)	5	6	8
	Increased amount of web resources (data, evidence, research, regulations)	Number of web platforms maintained	5	5	7



Objectives and outcomes	Objective	Indicator	Baseline	2017 Realization	2018 Realization
<b>Objective 2:</b> To increase the effect that Finance Think's products (work) have on target groups (skills), economic policymaking (policies and reforms), and society (awareness)					
Long term outcomes	2.1. Increased uptake of research results by policymakers	Number of FT key policy recommendations put in the pipeline by the government  An issue is added on policymakers' agendas  An issue is discussed, or framed differently due to the institute's work	NA	The issues of the minimum wage increase, postponing of the introduction of the progressive taxation and the intentions to introduce the guarantee minimum income have been all framed based on FT's work.	The issues of the third child allowance, physical persons in the VAT system, reform of the social assistance system, reform of the pension system, elements in the introduction of the progressive income tax, minimum wage discourse and procurement policies at local level have been all framed based on FT's work. See section 10.1 for further details.
	2.2 Increased impact of the FT's research and materials on Macedonia's economy and economic policies	Number of government moves in line with FT recommendations/ opinions/ advice	Few moves	Same as before. In addition, many other moves of smaller importance have been in line with FT recommendations.	Same as before. In addition, many other moves of smaller importance have been in line with FT recommendations.
	2.3. Increased positive impact of FT's work on immediate target groups	% of immediate target groups who expressed satisfaction with the participation in FT activity (workshop, seminar, training, re-grant)	70%	88%	92%
	2.4. Increased debate on economic policies and reforms	Number of media appearances and citations  Number of events	150  20	195  40	253  35
Short term outcomes	Growing confidence in and reach of the FT research and expert opinions on economic issues.	Number of views in social media of the FT's posts, number of FT Facebook and Twitter page followers, LinkedIn posts	FT followers, 18.500	18.704	20.911
Twitter followers, 100			129	317	
FB post engagement, 20.000 weekly (average)			21.143	16.176	
FB posts, 5 weekly			10	9	
FB page views, 1.000 monthly (average)			1.386	1.166	
LinkedIn posts, 2 per week			4	2	
% of FT products published in popular media (even shortly)			50%	90%	90%

Objectives and outcomes	Objective	Indicator	Baseline	2017 Realization	2018 Realization
Objective 2: To increase the effect that Finance Think's products (work) have on target groups (skills), economic policymaking (policies and reforms), and society (awareness)					
	The FT's public events on economic issues (economic forums, round tables, press coffees etc.) attended and positively responded by relevant government decision makers	Certain number and quality of feedbacks from decision-makers on FT's events (e.g. letters from the government with promise to use FT recommendation / adopting any official document).	3 feedbacks from officials (feedback on policy briefs or inviting for cooperation)	5	7 Numerous feedbacks were received, large part of which informal, while meeting policymakers in various occasions.
		% of FT's public events attended by government relevant decision makers (or number of experts)	70% FT's public events attended by government relevant decision makers	70%	85%
	Increased number of media appearances	Number of media appearances (statements, interviews, expert opinions...)	50	70	114
	Increased number of citation of research/advocacy publications in media	Number of media citations	100	135	151
	FT publications: <ul style="list-style-type: none"> <li>raise awareness</li> <li>spark debate</li> </ul>	% of persons who responded "to some or to a large extent"	40%	43.2%	88%
	Growing number of opinion leaders participating in the FT's public events on economic issues.	Number of opinion leaders, who take part in FT's events	N/A	The events of FT sparked wide attention, among participants and media. Key policymakers and influential persons in the public discourse attended these, mainly as speakers.	The events of FT sparked wide attention, among participants and media. Key policymakers and influential persons in the public discourse attended these, mainly as speakers. See sections 10.3 and 10.4 for further details on this.

Objectives and outcomes	Objective	Indicator	Baseline	2017 Realization	2018 Realization
<b>Objective 3:</b> To develop the institutional capacity of Finance Think, in terms of research, advocacy, funding and communication, to have a stronger impact on economic reforms and the effects economic policies have for citizens					
Long term outcomes	3.1 Increased demand for FT research materials from the government, business and international community (increased relevance of these research materials)	Request for conducting research from the government , business and international community	3 requests to conducting research from the government, business and international community	4	6
	3.2 Financial sustainability of FT	Improved financial sustainability (strengthened fundraising)	Application approval rate(>25%)	29%	30%
		Implementing auditor's recommendations	100% of recommendations are implemented	100%	100%
	3.3 Improved quality of FT materials	Stakeholders which take part in the opinion poll of FT give positive evaluation of FT's research/advocacy materials (% of those who responded "yes, to a full extent")	70%	71.1%	88%
	3.4 Increased capacity for operational and strategic planning	All operational and strategic plans are designed, their fulfillment is monitored	Yes / No	Yes	Yes
Short term outcomes	Increased demand from the government for research materials of FT or feedback, implementing more projects together with the government	Feedbacks form the government	Most of feedbacks from the government are positive	Yes	Yes. However, representative of FT faced a negative event when a key policymaker condemned particular FT product with critical view on a current policy. After a brief explanation provided, the policymaker apologized for the tone and the wrong impression.
	FT produces positive societal change	Average grade of persons who responded on a 1-9 scale (1 = fully negative, 5 = no change, 9 = fully positive)	6.5	7.6	7.4



Objectives and outcomes	Objective	Indicator	Baseline	2017 Realization	2018 Realization
<b>Objective 3:</b> To develop the institutional capacity of Finance Think, in terms of research, advocacy, funding and communication, to have a stronger impact on economic reforms and the effects economic policies have for citizens					
	FT provokes trust with stakeholders	% of persons who responded “I trust fully” or “I trust to a certain extent” on a 1-5 scale (1 = fully trustful, 3 = indifferent, 5 = fully doubtful)	80%	97.4%	94%
	Increased transparency and financial discipline by improving accounting policies as well as through annual public reporting.	Fulfillment of Audit recommendations	Audit recommendations: 100% complete	100%	100%
	Implementing of procedures aimed at ensuring quality of research materials as well assurance sufficient number of qualified analysts	Increased confidence in the FT’s research and materials	100% of research and materials are peer reviewed internally 100% of policy studies are peer-reviewed externally	100% 100%	100% 100%
	Improved procedures for strategic and operational planning and evaluation	Participation of stakeholders in planning and evaluation	80% of stakeholders participate in planning and evaluation	90%	All internal stakeholders participated in such activities.  During 2018, FT did not organize such activities for external stakeholders.
	Increased skills in FT	Increasing the skills of the current FT’s employees	50% of FT’s employees completed trainings and courses to upgrade their skills	75%	50%
		Hiring new employees	NA	None	3, to replace outgoing staff
		Number of adopted best practices of leading foreign think tanks after employees participate in experience projects	1	1	1
	Enhanced cooperation between FT and think tanks, specifically on economic/social issues from other countries.	Number of think tanks from other countries with which FT cooperates in economic issues	10	10	10
	Increased exposure to the international academic and CSO scenes, through participation at regional and international forums, conferences and networks.	Number of regional/ international forums/ conferences / similar events visited/ attended	5	8	7

## 8. Network

During the year, the Institute 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 Institute continued to take advantages of the membership in five international institutions/platforms: European charter for researchers, UNC-TAD Virtual Institute Geneva, IDAS/Repec, Global Youth Network, International Budget Partnership and CAMMIGRES – The Cambridge Migration Research Network. in order to improve the expertise in research, as well to widen the network for cooperation with global researchers.

In 2018, Finance Think and 12 other CSOs, founded the CIVITAX network which aims to raise initiatives, analyze and research, as well advocate fiscal issues, in the widest sense of the word, which concern civil society organizations, academic institutions and individuals, as well as to represent the right to legal certainty in this area as a human right.

### 8.2 Memoranda of understanding

Finance Think continued to use the benefits of the signed Memos of understanding with the following domestic and international research centers:

- *State statistical office*
- *National Bank of Macedonia*
- *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.*

### 8.3 Consultative processes

During 2018, Finance Think participated in consultative processes with the World Bank, the EU Delegation in Skopje, the United Nations Development Program - UNDP, the International Labor Organization, and so on.

In addition, we also participated in the public debate and consultative processes for the 2019 Draft Budget and in the consultations for the reform of the personal income tax proposed by the Ministry of Finance.

# 9. Investing in internal capacity

In the past year, Finance Think has continuously invested in capacity building, and actively cooperated with researchers based on a permanent and part-time contract and on the basis of practical work. The team also participated in numerous domestic and international conferences, trainings and seminars in local frameworks and internationally renowned institutions. Additionally, two employees received support for their PhD studies.

## 9.1 Study visits

During 2018, representatives of Finance Think conducted two study visits:

1) Study visit at University of Laval, Canada – in March 2018, we have conducted a 3-weeks study visit where we've working closely with mentors from the university, in the process of developing model for youth under-employment analysis within the PEP-funded project "Analysis of youth under-employment in Macedonia, Serbia and Montenegro".

2) Study visit at the Vienna Institute for International Economic Studies – in June 2018, Finance Think's representative conducted a 5-days study visit at wiiw, within a program financed by OeAD Office.

## 9.2 Conferences attended

Representatives of Finance Think participated at the following conferences:

- National conference on active employment programs, measures and services – December 14, Skopje
- Regional conference for public administration "Citizens at first place" – September 25, Belgrade
- Conference "Labour market reforms in the Western Balkans and Turkey – October 3, Montenegro
- Chatam House conference "Responses to a New Era of Global Competition" – June 22, London
- 6th Annual Conference of the Leibniz Institute for East and South east European Studies "Social Policy in East and Southeast Europe in Past and Present", 21–23 June 2018, Regensburg, Germany
- GDN's 18th Global Development Conference 'Science, Technology and Innovation for Development,' 22-23 March, 2018, New Delhi, India.

## 9.3 Workshops

The team actively participated in trainings, workshops and courses that contributed to capacity building, familiarization with the work of civil society and networking with other organizations, which later developed into fruitful cooperation. Significant workshops and research stays in 2018 include:

1. Workshop "LEARNING CIRCLE on ICT4D #5.2: HOW TO MAKE GOOD EVENT PHOTOS?" – December 26, Skopje
2. Training for Administrative and Archive Work – 15-17 October, Skopje
3. Training for Organisational development and Quality Assurance Systems in CSOs – 26-28 September, Ohrid

## 9.4 Employment and internship

In the course of 2018, two young economists had the opportunity to gain practical experience within the 3-month work as junior economic analysts at the Institute. During the year, three persons were hired in full-time positions, as Independent Economist, Visualization and Public Image Specialists and Organizational and Administrative Associate, totalling the full-time equivalent number of employees at year-end at 7.5.



# 10. Regulatory framework

Institute's work is regulated by the internal regulatory framework designed 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 Research Rulebook;
- A Rulebook for Recruiting Researchers;
- A Guide for Research Ethics and Governance;
- Anticorruption policy and principles;
- Procurement policy, principles and procedures;
- Rules and procedures for financial operations;
- Policy for flexible working conditions;
- Media Communication Strategy;
- A Rulebook and Procedure for financial operations;
- Publication and visualization procedures and formats;
- A Procedure for organization of events;
- A Procedure for usage of vacation days;
- A plan for archival signs, archival materials and storage periods, approved by the State Archive of Macedonia;

In 2018, the internal governance was further improved through introduction of the following regulatory documents:

- Rulebook for continuous professional education and specialization
- Rulebook for workplaces systematization
- FT Policy on knowledge dissemination and sharing
- Procedure for maintaining the workplace order and discipline



# 11. Financial statements

## 11.1 Balance sheet

	In denars	
ASSETS		
	2017	2018
<b>Denar account</b>	<b>5,312,303</b>	<b>4,837,161</b>
<b>Foreign currency account</b>	<b>1,660,501</b>	<b>1,804,628</b>
<b>Cash</b>	<b>-</b>	<b>233</b>
<b>Visa Card</b>	<b>41,560</b>	<b>16,714</b>
<b>Deferrals</b>	<b>12,518</b>	<b>-</b>
<b>Advanced payments</b>	<b>13,530</b>	<b>7,000</b>
<b>Fixed assets</b>	<b>431,580</b>	<b>517,780</b>
<b>Fixed assets correction</b>	<b>229,065</b>	<b>276,392</b>
<b>TOTAL ASSETS:</b>	<b>7,304,022</b>	<b>6,907,124</b>

	In denars	
LIABILITIES		
	2017	2018
<b>Earmarked funds for next year</b>	<b>6,998,839</b>	<b>6,650,433</b>
<b>Account payables</b>	<b>14,051</b>	<b>8,269</b>
<b>Other payables</b>	<b>32,379</b>	<b>7,034</b>
<b>Operational fund</b>	<b>258,753</b>	<b>241,388</b>
<b>TOTAL LIABILITIES:</b>	<b>7,304,022</b>	<b>6,907,124</b>

## 11.2 Income statement

	In denars	
INCOME		
	2017	2018
<b>Project income</b>	<b>16,726,613</b>	<b>12,811,595</b>
<b>Income from own business activity</b>	<b>372,198</b>	<b>618,525</b>
<b>Membership income</b>	-	-
<b>Interest income and positive exchange differences</b>	<b>178,5</b>	<b>81,677</b>
<b>Income from listings</b>	-	-
<b>Income from donations</b>	-	-
<b>Income from services</b>	-	-
<b>Other income</b>	-	<b>291,040</b>
<b>Transferred surplus from previous year</b>	<b>6,249,225</b>	<b>6,898,615</b>
<b>TOTAL INCOME:</b>	<b>23,351,077</b>	<b>20,701,452</b>

	In denars	
EXPENSES		
	2017	2018
<b>Gross wages</b>	<b>4,217,878</b>	<b>3,219,284</b>
<b>Taxes</b>	<b>369,915</b>	<b>222,015</b>
<b>Other expenses for employees</b>	<b>238,378</b>	<b>112,555</b>
<b>Expenses for fixed assets</b>	<b>21,370</b>	<b>86,119</b>
<b>Expenses for office and other materials</b>	<b>193,018</b>	<b>442,906</b>
<b>Expenses for intellectual services</b>	<b>5,434,663</b>	<b>4,650,104</b>
<b>Expenses for project partners</b>	<b>3,114,662</b>	<b>2,495,238</b>
<b>Transport and per diems</b>	<b>1,091,378</b>	<b>434,459</b>
<b>Bank provisions</b>	<b>56,950</b>	<b>56,115</b>
<b>Other expenses (gas, translation, insurance, accounting, marketing and other)</b>	<b>1,614,026</b>	<b>2,332,224</b>
<b>TOTAL EXPENSES:</b>	<b>16,352,238</b>	<b>14,051,019</b>
<b>Earmarked funds for next year</b>	<b>6,998,839</b>	<b>6,650,433</b>
<b>TOTAL EXPENSES AND EARMARKED FUNDS:</b>	<b>23,351,077</b>	<b>20,701,452</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.





**FINANCE THINK**  
Economic Research &  
Policy Institute



Frederick Shopen 1/2  
1000 Skopje, Macedonia



+389 2 6 156 168



[info@financethink.mk](mailto:info@financethink.mk)



[www.financethink.mk](http://www.financethink.mk)