

FINANCE **THINK**
OUT OF THE BOX



HR EXCELLENCE IN RESEARCH



ANNUAL REPORT 2019

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



HR EXCELLENCE IN RESEARCH

13.9%
increased impact

at least 5

laws or practices changed based on our work

18.4%
institutional growth

36.6%
institutional growth per full-time employee

108.7%

increase of impact factor of Finance Think Policy Studies

Dear readers

2019 has been productive yet turbulent year. The increasing needs for evidence and policy advice – hence apparently expanding civic space – have been faced by diverting of donors' strategies towards direct contribution to the policymaking and reform process with government institutions. Hence, the CSO sector was compelled to apply coping strategies. Fortunately, Finance Think maintained its position sufficiently stable through extended exploration of its competitive advantage - delivering credible findings and policy recommendations, based on data and research evidence and by employing cutting-edge methodologies. The steady state we achieved earlier continued over 2019. While our financial envelope steadily expanded over 2019, a most important milestone for us has been the thematic expansion of the institute in at least three major dimensions: the analysis of the para-fiscal changes, the grand exploration of social services at municipal level and the design of alternative touristic routes as vehicles for the local economic development. Moreover, our portfolio of self-sustained business activities expanded to represent about 10% of the overall portfolio.

Our research and factographic analyses continued to be a credible 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: we commenced the year with a joint work with the Ministry of Finance to design Guidelines for the inclusion of physical persons into the VAT system; while our findings and recommendations steadily contributed to a set of policy moves related to the progressive income taxation, the minimum wage and the pension reform.

We continued enriching our visual creativity, 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, tour guides and local agencies 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 professionally. Our team participated in a variety of domestic and international events, most notably the Annual meetings of the International Monetary Fund and the World Bank in Washington DC, as well prestigious research conferences as the one organized by the ILO in Bangkok, Thailand. A set of courses, of which those securing continuous training on the workplace contributed to the productivity of our employees, which further strengthened the team's efficiency and structure.

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 North 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 discrimination.

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.
- The policies and procedures of Finance Think are transparent.

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 researchers are focused on their research for the good of the mankind and for expanding the

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 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 researchers are aligned with the strategic objectives that guide the research environment

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



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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.

Natasha Pavikjevik - Stojmenovska

Social Policy Analyst

Natasha joined Finance Think in September 2016. She is a graduated Social Worker from the Ss. Cyril and Methodius University, at the Institute for Social Work and Social Policy “Mother Theresa” in Skopje. Her areas of interest include: the social security system of Macedonia, social work in the community, social diversity and issues related to equal opportunities. In Finance Think, Natasha works on issues related to vulnerable populations, including current social policies in North Macedonia.



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.



Sandra Sokolenko-Todoroska

Organizational & 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 FISCASST 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”.



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. Bojana continued her career in the National Bank of the Republic of North Macedonia.

2. Projects

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

POVERTY, EMPLOYMENT AND SKILLS

FISCAL TRANSPARENCY AND ACCOUNTABILITY

GENDER AND INCOME INEQUALITIES

SOCIAL ENTREPRENEURSHIP AND WOMAN

COMPETITIVENESS AND EU ACCESSION

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:

3600 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 project is founded on the realization 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 2019, interviews and focus groups were conducted, in order to understand the satisfaction of the locals with received social services, and to hear their ideas for improving the existing or introducing new social services. Based on these qualitative approaches, a policy study and brief were prepared, giving specific recommendation to national and local policymakers for the necessity of social services' improvement. At the end, the project findings were presented at a round table organized in April 2019, in Prilep.

Donor: Foundation Open Society Macedonia and Eurothink

Duration: November 2018 – April 2019



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.

The following projects have been implemented:

“My money, my responsibility”: Participative budgeting in the municipalities in North 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 flayers, etc.).

Achievements: During June 2019 a public lectures “Me and the budget of my municipality – Make your voice heard” were organized in the municipalities included in the project, in order to present the basics of budgeting process and the necessity for involvement of all stakeholder, in the process of local budgeting. In October, a Regional Forum was organized, aiming to present the good practices of the municipalities where Pilot TownHall meetings were held during 2018, in terms of involving the citizens in the creation of the annual municipal budget and to raise awareness of the importance of the participatory budgeting process in improving the quality of the municipal budget, but also to begin preparations for the 2019 TownHall meetings. The 2019 TownHall Meetings were organized in eight municipalities (Krushevo, Krivogshani, Prilep, Rosoman, Kavadarci, Staro Nagorichane, Kriva Palanka and Gjorche Petrov) where local citizens had opportunity to meet the municipalities’ budget and discuss their ideas and projects that should be realized according to their needs and priorities.

Donor: USAID – Civic Engagement Project

Duration: May 2017 - May 2020

Analysis of parafiscal charges in North Macedonia

The objective of the project is to provide analysis of the parafiscal charges for SMEs in North Macedonia, by reviewing the Catalogue of public services and conduct of survey among SMEs.

Achievements: A desk review of the existing parafiscal charges and an online survey among SMEs was conducted in 2019, and the results and findings were presented into policy study and brief that were promoted during a round table organized in December 2019.

Donor: Ministry of Economy

Duration: September 2019 – January 2020

Roma-responsive budgeting in North Macedonia

The aim of the project is to pilot the Roma responsive budgeting guidelines through building capacities of civil servants, selecting budget programs and applying guidelines, resulting in two Roma responsive budgeting submissions to the 2020 budget.

Activities: The project goal was fulfilled thorough the implementation of the following activities:

1. Providing capacity-building training on Roma-responsive budgeting to public authorities
2. Selecting budget programs for application of the guidelines for Roma responsive budgeting
3. Mentoring the application of the guidelines into the selected budget programs
4. Devising recommendations for improving the Roma responsive budgeting process



Achievements: All envisaged activities were implemented during 2019. In May, a 2-day training on Roma-responsive budgeting was delivered to 20 civil servants. Then, two budget programs were selected, for application of the Roma-responsive budgeting Guidelines. The mentoring process includes guidance/assistance to the government officials to apply the Roma responsive budgeting guidelines on the selected budget programs, resulting in Roma responsive budget submissions for 2020, for both selected budget programs.

Donor: Regional Cooperation Council

Duration: April – June 2019

Good or bad tax? Reforming Macedonian personal income tax

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 behavior 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' behavior
3. Devising policy recommendations
4. Advocacy and awareness activities

Achievements: In 2019, using a MK-MOD simulation model, a quantitative impact of the income tax reform on the economy was estimated, while through interviews and focus groups, we have analyzed the impact on the stakeholders' behavior. The results and recommendations for improving the tax reform were given in a policy study, which was presented at the round table organized in June 2019.

Donor: Analytica Think Tank

Duration: December 2018 – June 2019





2.3 Gender and income inequalities

Beyond income inequalities in North Macedonia

The aim of the project is to provide an overview of inequalities in North Macedonia beyond income, i.e. inequalities in opportunities in four critical areas: education, healthcare, labor market and justice.

Donor: UNDP

Duration: December 2019 – January 2020

Gender equality at the workplace: Monitoring at the local level

The main objective of the project is to promote and encourage gender equality and non-discrimination in hiring and in the workplace. The short-term goals of the project include: 1) assessing employers' attitudes to gender inequality and discrimination in hiring and in the workplace and the mechanisms for their prevention and protection; 2) to examine the experiences of workers in relation to gender inequality and discrimination and to assess whether they are reduced to isolated cases or systematically occurring; 3) to help policymakers make informed decisions based on evidence, data and recommendations; 4) to encourage social dialogue between key stakeholders (workers, employers and policymakers); 5) to raise public awareness of the regulatory framework for protection against gender inequality and discrimination in hiring and in the workplace.

Activities: The project goal will be achieved through the following activities:

1. Analysis of the scope and attitudes of employers to prevent and protect against gender inequality and discrimination in employment and in the workplace
2. Analyzing the experiences of local people with gender inequality and / or discrimination in the workplace
3. Creating recommendations for policy makers
4. Encouraging social dialogue on the topic of the project
5. Organizing a local project advocacy campaign

Achievements: In 2019, a desk review on the existing experience with gender (in) equality at the workplace was conducted.

Donor: Foundation Open Society

Duration: November 2019 – May 2020

2.4 Competitiveness and EU accession

Common country analysis – economic and social trends

The aim of the project is to synthesize existing knowledge in the area of economic, social and development trends and policies in North Macedonia, identify the most lagging population groups in terms of a set of development indicators, identify short- and medium-term risks, as well as knowledge and data gaps, all in the context of sustainable development goals.

Donor: Office of the UN Resident Coordinator

Duration: November 2019 – March 2020

Institutional know-how transfer to support (swift) Europeanization of North Macedonia

The objective of the project is to elevate Finance Think at a new international / European level of development to be able to secure streamlining of the European economic values and dynamics into the national economy, as well to be able to robustly engage with EU actors relevant in this domain.

Activities: Following project's grand objective, the specific tasks are positioned around three pillars:

1. Teaming up / twinning with relevant EU-based peers, as well approaching to relevant EU-level economic policy actors, so as to learn how a think tank may engage in the Europeanization processes in its own country, as well to lay grounds for future cooperation with Western peers in joint initiatives;
2. Further strengthening of FT's research capacity, by learning from EU-based peers and transposition of their best practices into internal regulations;
3. Elevating FT's communication and advocacy capacity to communicate at the international level.

Donor: Open Society Foundations – Berlin Office

Duration: November 2019 – April 2021

Sustainable economic growth through promotion of alternative touristic attractions

The main goal of the project is to improve local economic development by promoting developed alternative tourist attractions.

The indirect expected benefits include development of new local brands and unconventional tourist attractions for the regions that in the long term will strengthen regions as touristic destinations, attract more tourists, and thus increase revenues and promote local traditional values as a key to reducing poverty and to inclusive economic growth.

Donor: US Embassy

Period: September – December 2019



Capacity and innovation of tourism services for sustainable local economic growth – New approach through development of alternative tourist attractions

The overall goal of the project is to improve local economic development by building capacities of local stakeholders involved in the supply chain, increasing quality of services and development, launching and selling alternative tourist attractions. The indirect expected benefits include the development of new local brands and unconventional tourist attractions for the regions that in the long term will strengthen regions as tourist destinations, attract more tourists, and thus increase revenues and promote local traditional values as a key to reducing poverty and inclusive economic growth.

Activities:

1. Improving skills and strengthening the capacities of local stakeholders (tourism service providers, business sector, non-governmental organizations) for: communication, service delivery, service culture / behavior, leadership in tourism, branding, promotion and tourism guidance;
2. Developing alternative tourist attractions that promote traditional culture and environmental aspects of municipalities;
3. Launch and promotion of developed alternative tourist attractions in five destinations, and
4. Developing a large network of links between local, regional and national stakeholders.

Achievements: All envisaged activities were conducted in 2019, resulting in launch of 12 alternative touristic trails and their promotion through the event “Days of Macedonian alternative tourism” and many visual products.

Donor: Local and Regional Competitiveness Project (LRCP) (World Bank & EU)

Duration: April – December 2019

2.5 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: In 2019, a 6-month mentoring process was conducted, where MNCs were in a role of mentors and dSMEs in a role of mentees, in order to transfer knowledge and skills for entering the value chain supply. Also, the interface web platform www.kompanii.mk was built, and many visual products were produced in order to reinforce the partnership between domestic and multinational companies and increase public awareness about the benefits of the mutual cooperation. The final results of the project were presented at an Economic Forum organized in November 2019.

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.

Summer school “Data analysis for public policy”

The main objective of the summer school is to provide knowledge, skills and advice on Data Analysis to be utilized in public policy analysis and evaluation by advanced undergraduate students, master’s students, PhD candidates and young scholars in economics. The summer school’s theme is “**Data Analysis for Public Policy**”. The summer school focused on building quantitative skills in the following domains:

- Basic regression and assumptions underlying the classical linear regression model
- Diagnostic testing
- Introduction to data analysis with Stata (basic commands, visualizations, cross-tabulations)
- Application of the regression basics to calculation of the gender pay gap
- Selection in econometrics: Heckman model
- Selection in econometrics: Repeated imputations (simulation exercise)
- Oaxaca-Blinder decomposition
- Quintile regression
- Introduction to Data Analysis Using R
- Mixed Linear Models

The summer school was organized in July 2019, in Sarajevo, Bosnia and Herzegovina, where the participants had the opportunity to workout learnt knowledge directly in Stata and R, guided by prominent regional scholars, including interactive and dynamic discussions.

Donor: Western Balkans Fund

Partners: School of Business and Economics at the University of Sarajevo and the Research Center at the University of Belgrade

Operationalization of the Monitoring and Evaluation Strategy 2018-2020 and establishing a system for assessing the performance and efficiency of employees

The overall goal of the project is to further strengthen the capacities of Finance Think for transparent and accountable governance.

The specific objectives of the project include:

- to advance the monitoring and evaluation process in Finance Think, through the operationalization of the Strategy for ME 2018-2020, and
- to define and establish a process of assessment of the performance and efficiency of the employees in the institute.

Donor: Macedonian Center for International Cooperation

Duration: July 2018 – December 2019





www.kompanii.mk

ONLINE WEB PLATFORM FOR BRIDGING THE GAPS
BETWEEN DOMESTIC SMALL AND MEDIUM ENTERPRISES
AND MULTINATIONAL COMPANIES IN THE COUNTRY



FINCETHINK

hr

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 32 editions, four of which in 2019.

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 2019:

- 1. Highly educated but low paid: youth employment in North Macedonia, Serbia and Montenegro*
- 2. Will the social pension reduce the poverty of the elderly?*
- 3. Social services at the local level: Experiences from the municipalities of Prilep and Dolneni*
- 4. Progressive income tax: Much ado about nothing?*
- 5. Municipalities and Citizens: Together for a Better Budget*
- 6. Is there a potential for the domestic SMEs to link with the MNCs in North Macedonia?*
- 7. Is it time to rationalize parafiscal charges?*

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 North Macedonia. Four editions have been published over 2019:

- 1. FT Comment no. 27 on the Concluding statement of the IMF Consultation on Article IV – 2019, 18 November 2019*
- 2. FT Comment no. 26 on the Draft Budget of the Republic of North Macedonia for 2020, 12 November 2019*
- 3. FT Comment no. 25 on the economic part of the European Commission Progress Report on the Republic of North Macedonia, May 29, 2019*
- 4. FT Comment no. 24 on the treatment of young people in the Operational Plan for Active Programs and Measures for Employment and Services in the Labor Market for 2019, 13. February 2019*

FT Opinion is a condensed and swift reaction to the moves of the daily economic policy and trends. In 2019, 4 opinions of the FT experts were published:

- 1. FT Opinion 37 on the numbers of GDP and unemployment*
- 2. FT Opinion 38 on the announcement for increasing the minimum wage*
- 3. FT Opinion 39 on the change of the key economic policymaker*
- 4. FT Opinion 40 for the proposed increase of the minimum wage*

4.2 Research and policy publications

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

1. Tumanoska, D. (2019) The Validity of Okun's Law in North Macedonia. Business and Economic Research, 9(2), p.160-168.

Policy studies. During 2019, the following policy studies were published:

1. Analysis of youth underemployment in North Macedonia, Montenegro and Serbia - Blagica Petreski, Jorge Davalos, Ivan Vchkov, Despina Tumanoska, Tereza Kochovska

2. Analysis of the provision of social services at the local level: Results from the monitoring of the municipalities of Prilep and Dolneni – Bojana Josifovska, Marjan Petreski

3. Good or bad tax? Assessing the early effects of the progressive and higher personal income tax in North Macedonia – Despina Tumansoka, Bojana Josifovska, Marjan Petreski

4. Impact evaluation of the program for training and mentoring of domestic small and medium-sized enterprises to include in the value chains of multinational companies operating in North Macedonia - Simon Miloskeski, Blagica Petreski, Despina Tumanoska, Tereza Kochovska, Besnik Mustafa

5. Exploratory analysis of parafiscal charges for the small and medium-sized enterprises in North Macedonia – Blagica Petreski, Marjan Petreski

Other publications: In 2019, a **Training manual for soft skills** was prepared and disseminated to the representatives of domestic SMEs who attended the soft skills training. Also, a **brochure** for promotion of the companies that have their own profile at the web platform www.kompanii.mk was prepared and disseminated at the Economic Forum.

4.3 Visualizations

Graphs and info-graphs. During 2019, economists of Finance Think produced 39 graphs and 13 info-graphs on the following topics:

1. The effects of Law proposal for wages subsidizing
2. The value created by the public administration
3. The wage spiral
4. Annual return of the Added Value Tax
5. The gap between the minimum consumption basket and the average net-wage
6. Roma and education in North Macedonia
7. Which social services are available to me?
8. Social (in)justice in North Macedonia: Education for all
9. Social (in)justice in North Macedonia: Available cash
10. Law cooperation between domestic and multinational companies
11. Access of domestic SMEs to multinational companies
12. Connect with your ideal partner
13. How much they cooperate and what multinational companies procure from domestic SMEs?

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 2019, we prepared 6 editions of this product, which visually, through a conversation between two or more people, highlights important information related to current economic topics:

1. What covers the economy?
2. The big business starts small
3. What I get from the progressive taxation?
4. Labor day
5. My McJob
6. Under which conditions I receive minimum wage?

Videos. Nine videos were produced in 2019 and can be found on the FT YouTube channel:

1. Youth and underemployment
2. Online B2B platform
3. Be informed, be active in the budgeting process
4. Me and my municipality' budget
5. 5 videos from promotion of the regions in Macedonia as adventure tourism destinations

Web platforms. As a result of the already implemented projects, the following web platforms were built and/or upgraded during 2019:

1. www.kompanii.mk – Web platform with extensive database of domestic and multinational companies that can present themselves and their demand and supply of goods and services.
2. www.adventuretrails.mk – Web platform for promotion of the country as an adventure tourism destination
3. 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”.
4. www.edplako.mk – Web platform that assesses the fair wage and its aim is to reduce the gender wage gap in Macedonia.
5. www.sledigiparite.mk – Web platform that provides information about the budgets of the 15 biggest municipalities in Macedonia.
6. www.vrabotime.mk – Web platform that provides information related to the project “Promoting active inclusion of disadvantaged persons excluded of the labor market”.
7. www.doznaki.mk - This site contains data, research and links on remittances and migration in the Western Balkan countries.
8. <http://grupacivitax.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 Balkans and many others. The cooperation with local media was additionally strengthened during 2019.

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 2019, the website has been visited by 26,515 visitors, or on average, 73 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 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 2019, the team wrote a blog post “Limited but quality social services in municipalities of Prilep and Dolneni”.

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 21,571 Facebook friends at the end of 2019, an increase of 3.7% compared to the end of 2018
- During 2019, more than 1,000 information pieces, 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 2019, Finance Think's timeline was visited by over 14,500 visitors, which is equal to, on average, 45 visits per day, an increase of 15% compared to the previous year
- The average daily reach of the profile posts was 1,598, excluding the sponsored posts, which is about 6% decline over the previous year
- The average daily clicks on any of our content is 244



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@FinanceThink

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4.6

Create Post



Write a post...



Photo/Video



Get Messages



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Hau

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. In 2019, the following economic forums were organized:

1. “Municipalities and citizens: Together for a better budget” was held on 29 October 2019, where the Minister for local self-government and Majors of the municipalities of Krushevo, Kriva Palanka and Gyorche Petrov shared their experience with participatory budgeting application, as a process toward creating local budgets according citizens’ needs. During the forum, the results of the conducted analysis on the Town Hall meetings organized in 2019, were promoted by Finance Think.

2. “Vision for greater cooperation between the domestic SMEs and MNCs in the country” was held on 27 November 2019, as a final event within the project “Bridging the gaps between domestic SMEs and MNCs operating in the country. The forum was divided in two panels: 1) Policymakers talked about the measures and programs for steering the cooperation between domestic SMEs and MNCs, and 2) Representatives of companies included in the project activities shared their experience of the mentoring program. During the forum, the results of the conducted Impact Analysis of the project were presented.

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 2019, the following round tables were organized:

- **“Parafiscal charges: How much burden do they represent for the business sector”**. Finance Think, in cooperation with the Ministry of Economy, organized this panel debate on 25 December, where the Minister of Economy, representatives of the Economic Chambers (Mr. Nebi Hodza and Ms. Danela Arsovska), shared experiences regarding the parafiscal charges and ideas for their rationalization. During the event, Finance Think presented the results of the conducted research on the topic.

- **“Progressive income tax: Much ado about nothing?”**. This panel debate was organized on 13 June, within the framework of the project “Good or bad tax? Reforming Macedonian personal income tax” in order to present the research results and shared experiences for the impact of the progressive tax implementation, with the key stakeholders, like the ICT industry which was represented by Ms. Aneta Pesheva, the President of MASIT.
- **“Quality social services: Needs vs. Opportunities”** was organized on 08 May in Prilep, in order to present the findings of the conducted monitoring of the social services delivery in municipalities of Prilep and Dolneni. The main speakers of the event were Mr. Igor Antevski from the Ministry of Labor and Social Policy and Mr. Zhivko Siljanoski, Director of the Center for Social Work Prilep, as well as representatives of the targeted Municipalities.
- **“Highly-educated but low-paid: Youth employment”**. This panel debate was organized on 7 March, within PEP’s funded project “Youth underemployment in Macedonia, Serbia and Montenegro”. During the event, the results of the research were presented by Blagica Petreski, while the Minister of Labor and Social Policy, Ms. Mila Carovska and Ms. Daniela Zapini from ILO talked about Governments’ attitude toward this issue.



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 2019, Finance Think organized six workshops:

- **Training on Roma-responsive budgeting** – a one-day training was delivered to representatives of Roma CSOs to increase their skills for monitoring and influencing the Roma-responsive budgeting process, on 5 October.
- **Training on Communication skills** – in June 2019, three-day training was delivered to representatives of tourism providers.
- **Training on Sales & promotion skills** - in July 2019, three-day training was delivered to representatives of tourism providers.
- **Training on Leadership skills and building local brands** - in September 2019, three-day training was delivered to representatives of tourism providers.
- **Mapping on alternative touristic destinations** – in the period 17-21 June 2019, a 5-day workshop with tourism providers was organized, to map the potential attractions and destinations that can be transformed in adventure tourism offer.
- **Training on Roma-responsive budgeting** – two-day training on Roma-responsive budgeting was delivered to representatives of public institutions and civil servants that deal with Roma issues, 20-21 May.

6.4 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 9 January, a press conference “**Individuals in the VAT system**” was organized jointly with the Ministry of Finance and CIVITAX group, to present the “Guideline for better informing of the physical persons for the VAT system”.



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 continuously fed the public discourse.

Finance Think's recommendations that the Government should pass a bylaw 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 late 2018, after a period of silence on the issue. A working group was formed within the Ministry of Finance, chaired by Finance Think, which, in January 2019 published Guidelines 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.

According to the social risk assessment conducted by Finance Think in 2019, the need for expanding the social services that will meet the needs of the elderly and early intervention services for people with disabilities has been found the most important and requires urgent intervention in order to more easily handle the risks to which these categories of persons are exposed. The Ministry of Labor and Social Policy published a Call to the local self-governments for development and improvement of the quality of the social services in the local communities, according to the needs of the citizens and increasing access to social services, where priority is given to the social services given at home of the elderly people: personal assistance and help and care at home, as well as services directed toward persons with disabilities for their daily care at daily centers and/or services for support living.


According to our findings within the project "Bridging the gaps between domestic SMEs and multinational companies operating in the country" and the recommendations that the Government should engage in elevating the soft

skills and technological preparedness of the domestic enterprises in order to assist in effectuating their attempts to engage in the supply chains of the multinational companies, the Ministry of Economy, for the first time announced a measure for increasing the competitiveness of domestic companies, especially for procuring, implementation, certification and training on standardization.


The position of Finance Think that the introduced progressive personal income tax produced plausible results for inequality in the country, which are however infinitesimally small and potentially without any significance, as well that the context in which the progressive income tax has been enacted may have delivered very high (political) price, incomparably higher than the economic benefits, was strengthened by the findings from the analysis conducted by the Ministry of Finance, that resulted in 'freezing' the tax reform until 2023. In this line, our positions pertinent to the minimum wage, social reform, pension reform and other relevant policy issues have been maintained vivid over 2019, hence representing a constructive pressure for both policymakers and the policy debate.

Likewise, Finance Think had an impact on the local policies. The recommendation that the local communities have to follow the participatory budgeting process resulted in introduction of the process in eight municipalities in the country, during the preparation of the local budgets for 2020.

A number of other issues, part of a long-term, and part of daily interest, were part of the debate in 2019. 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 respective articulation in policies.



Неодамнешната студија од Finance Think за парафискалните давачки е цитирана во најновата Програма за економски реформи 2020-2022




Republic of North Macedonia

ECONOMIC REFORM PROGRAMME

2020-2022

January 2020



Republic of North Macedonia
Ministry of Finance

	procurement and contracting cycle. The bylaws are adopted.	
	Measure 12: Development of a National E-Services Portal	Stage of reform implementation (1-5)
Activities planned for 2019	1. Launch and promotion of the National E-Services Portal	5
	2. Quantitative and qualitative analysis of the data entered in the catalogue	1
	3. Para-fiscal changes analysis of the services in the Catalogue, with recommendations	3
	4. Continue entering data on services from remaining laws in the Catalogue of services and maintain the up-to-date data in the Catalogue	4
	5. Development and adoptions of the bylaws on the respective regulatory acts.	3
	6. Development of new electronic services.	4
	7. Improvement of the National Portal with the Single Sign On functionality.	5
	8. Upgrade the portal with the possibility for legal persons' profiles and enable them as e users	0
Description of implementation and explanation if partial or no implementation	1. In December 2019, the National E-Services Portal was launched. In order to inform the public about the availability and advantages of the portal, promotional materials have been prepared and a promotional campaign has been launched.	
	2. Quantitative and qualitative analysis of the data entered in the catalogue is foreseen for 2020.	
	3. Within the Catalogue of Services maintained by MISA, data on over 1,200 services have been entered and 707 are approved and published on the National E-Services Portal. Within the data for all services, the values of fees and administrative fees for services for individuals and legal entities have been entered. This data is used by the Ministry of Economy to perform an Exploratory Analysis of Parafiscal Fees for MSMEs. The analysis of parafiscal charges for MSMEs has been prepared by Finance think for the needs of the ME, in order to make an exploratory analysis of the scope and burden of parafiscal charges for MSMEs. The analysis is the first of its kind, provides a general overview of the situation and the basis for in-depth data collection and analysis, and is a good basis for designing a registry of parafiscal charges. The analysis was promoted at an event in December 2019.	
	4. Data on all services from the initially selected 50 + 140 laws were entered by 2019. The process of filling the Catalogue is structured in three main phases: data entry for an identified service, verification of data by competent authorities and final approval by MISA. Data on more than 1200 services have been entered so far, and during 2019 707 of them were verified, approved and published on the Portal.	
	5. The bylaws are prepared and are in the consultation phase prior to their adoption	
	6. This activity is a continuous process and is foreseen to continue in 2020.	
	7. The Single Sign On functionality is developed, integrated with the portal and functional for individuals. The integration is done with the Public Revenue Office system of natural persons.	
	8. The National Portal provides information on all services (based on the Catalogue of Services) and e-services for citizens only, and the next steps will be to develop the necessary functionalities that will enable legal entities to use the Portal. This upgrade is expected to be realised in 2020.	
	Measure 13: Reducing the informal economy	Stage of reform implementation (1-5)
	analysis of the system for monitoring the informal economy	1

7.2 Changes in target groups

In order to exhibit direct impact on target groups, Finance Think undertook field activities and initiatives with its target groups/stakeholders. In 2019, our main target group were domestic small and medium-sized enterprises, whose representatives were included in the mentoring process acting as mentees, mentored by multinational companies operating in the country. The model proved as an effective tool for increasing the capacity and information for standardization and licensing, elevating innovation and R&D capacity, and fostering implementation of new technologies. Its impact was evaluated using advanced econometric technique that proved that the mentoring process has had positive impact and possessed the potential to increase the opportunities for these enterprises entering the value chain supply of the multinational companies.

The second target group were tourism providers and representatives of the tourism sector, who were embedded with skills and knowledge for communication, promotion, sales, leadership and building local brands. Three-day training on soft-skills improvement was delivered to more than 100 representatives of the tourism sector.

Finally, during 2019 Finance Think worked with persons who service Roma citizens, like civil servants from the public institutions and representatives of Roma CSOs. In order to increase their knowledge on Roma-responsive budgeting, we have conducted two workshops where participants gained new knowledge and skills for categorization of the budget programs, policy content compliance analysis, budget analysis and budget execution evaluation, in order to raise their capability to monitor and conduct Roma-responsive budgeting process.

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 a variety of 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 cooperation with several local media.

Generally, Finance Think's work continues to lead the 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 2019 increased by 13.9% compared to the previous 2018, while the increase compared to 2017 amounted to 28.2%. However, compared to the previous year, a notable and favorable change is observed: while the amount of publications, visualizations and events declined – hence apparently reducing their separate impact, the impact achieved through the media appearances continued increasing, particularly media citations. This suggests that a reduced amount of publications, events and visualizations exert higher impact than before. This is a trend which commenced in 2018 and continued over 2019, testifying the robustness and credibility the institute attained over years. 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 2019 compared to 2018		
	2018	2019	Immediate target groups	Policymakers	Public discourse	Immediate target groups	Policymakers	Public discourse
PUBLICATIONS	45	27	0	6.8	5.8	0.0%	-38.3%	-40.7%
Macroeconomic monitor	4	4	0	4	8			
Graphometrix	1	0	0	4	10			
Policy briefs	8	7	0	10	6			
FT Comment	4	4	0	8	4			
FT Opinion	10	4	0	10	10			
Articles	1	0	0	5	8			
Quality of Life	2	1	0	5	2			
Policy studies	10	5	0	10	4			
Books	4	0	0	4	2			
Others	1	2	0	8	4			
VISUALIZATIONS	78	77	4.4	6.5	8.3	12.3%	10.5%	-1.6%
Graphs	48	39	2	2	10			
Infographs	11	13	4	6	10			
Videos	3	6	4	6	10			
GIF	4	9	10	6	10			
Web platforms	5	2	8	6	10			
Let's chat economics	7	8	4	2	8			
EVENTS	35	31	4.6	8.4	6.0	-0.5%	-10.0%	-26.6%
Economic forums	1	2	2	8	10			
Round tables	7	4	1	10	10			
Workshops	8	6	10	4	0			
Direct meetings with policymakers and/or target groups	12	14	10	10	0			
Number of changed regulations	7	5	0	10	10			
MEDIA APPEARANCES	266	344	3.0	6.5	9.5	26.2%	26.1%	28.2%
Number of media statements	102	38	2	4	10			
Number of media citations	151	296	2	4	10			
Interviews and media participations	12	9	4	10	10			
Blogs	1	1	4	8	8			
Press conferences	1	1	0	6	10			
						17.6%	7.5%	16.3%
						13.9%		

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	2018 Realization	2019 Realization
Objective 1: 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	11	10
	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	32	55
	1.3 Strengthened quality review process	Number of internal and external reviews conducted	10 internal 3-4 external	18 10	15 10
Short term outcomes	Increased number of FT research publications (policy studies, journal articles, books/ manuals)	Number of research publications	10	14	7
	Increased number of the FT regular publications (Macro-monitor, Graphometrix, FT Comments, Briefs etc.)	Number of regular publications	30	27	21
	Increased number of the FT visual publications (graphs, infographs, GIFs, videos etc.)	Number of visual publications	60	78	77
	FT publications: <ul style="list-style-type: none"> • are source of information • credible 	% of persons who responded “to some or to a large extent”	70%	100%	97%

	Increased number of external experts, who participated in FT projects	Number of experts	10	12	10
	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	15	8
	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	11 4	11 4
	Generated new data	Number of data-collecting instruments applied (survey, focus-groups, interviews etc.)	5	8	25
	Increased amount of web resources (data, evidence, research, regulations)	Number of web platforms maintained	5	7	8

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)					
Long term outcomes	2.1. Increased uptake of research results by policymakers	<p>Number of FT key policy recommendations put in the pipeline by the government</p> <p>An issue is added on policymakers' agendas</p> <p>An issue is discussed, or framed differently due to the institute's work</p>	NA	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 7.1 for further details.	The issues of physical persons in the VAT system, measures undertaken to support companies in the process of standardization (particularly, announcing a subsidy for introduction of a production standard), proliferation of social services at municipal level, all have been framed based on FT's work. See section 7.1 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, regrant)	70%	92%	95%

	2.4. Increased debate on economic policies and reforms	Number of media appearances and citations Number of events	150 20	253 35	334 34
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	20.911	21.571
			Twitter followers, 100	317	336
			FB post engagement, 20.000 weekly (average)	16.176	17.801
			FB posts, 5 weekly	9	9
			FB page views, 1.000 monthly (average)	1.166	1.620
			LinkedIn posts, 2 per week	2	<1
		% of FT products published in popular media (even shortly)	50%	90%	90%

	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)	7	10 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	85%	85%
	Increased number of media appearances	Number of media appearances (statements, interviews, expert opinions...)	50	114	47
	Increased number of citation of research/ advocacy publications in media	Number of media citations	100	151	296
	FT publications: <ul style="list-style-type: none"> raise awareness spark debate 	% of persons who responded "to some or to a large extent"	40%	88%	91%
	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 7.3 and 7.4 for further details on this.

Objective 3: 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	6	8
	3.2 Financial sustainability of FT	Improved financial sustainability (strengthened fundraising)	Application approval rate (>25%)	30%	22%
		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%	88%	80%
	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.

	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	7.4	7.6
	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%	94%	95%
	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	All internal stakeholders participated in such activities. During 2018, FT did not organize such activities for external stakeholders.	All internal stakeholders participated in such activities. During 2019, 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	50%	100%
		Hiring new employees	NA	3	4, to replace outgoing staff
		Number of adopted best practices of leading foreign think tanks after employees participate in experience projects	1	1	2
	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	7	6

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 form 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, UNCTAD 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 2019, Finance Think became a member of the regional network “The future of the welfare state” which aims to improve the social dimension of the European integration in the Western Balkans.

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 (CI-TRADIS), 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 Tour de NGOs & Think Tanks

In order to exchange practices and ideas, as well to spur networking, Finance Think conducts on-site visits of NGOs, institutes, think tanks and other institutions, from time to time. In November 2019, Finance Think's team visited two economic institutes in Croatia: Institute of Public Finance and Economic Institute Zagreb.

8.4 Consultative processes

During 2019, 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 2020 Draft Budget organized by the Ministry of Finance and at the parliamentary debate on proposed laws on social protection, child protection, and social security for the elderly.



9. Awards

Tereza Kochovska, an Independent Economic Analyst in Finance Think has been awarded the Young Researcher Prize of the Year in the field of Macroeconomics by the National Bank of the Republic of Macedonia in May 2019. The awarded research paper was “Interplay between reservation wage and unemployment duration: Evidence from Macedonia”.

10. Investing in internal capacity

In the past year, Finance Think has been continuously investing 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.

10.1 Conferences attended

Representatives of Finance Think participated at the following conferences:

- *“Western Balkans Policy Analysis Laboratory” – 21 – 25 October, Montenegro*
- *UNU-WIDER Development Conference “Transforming economies- for better jobs” – 11 – 13 September, Thailand*
- *2nd IZA/World Bank/NJD Conference on job and development: Improving jobs outcomes in developing countries – 6-7 June, Washington, USA*
- *National Bank of North Macedonia Researchers’ Club – 31 May, North Macedonia*
- *14th UACS Annual International Conference on European Integration, Skopje - 16 May, North Macedonia*

10.2 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. The team attended the following workshops:

- *Workshop on improving accountability of CSOs – 30 October, North Macedonia*
- *Training on financial management and transparency – 29 – 31 May, North Macedonia*

10.3 Employment and internship

In the course of 2019, 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, two persons were hired in full-time positions, as Independent Economist and Economic & Social Analyst, totaling the full-time equivalent number of employees at year-end at 6.5.



11. 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;*
- *Anti-corruption 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 2019, the internal governance was further improved through introduction of a Rulebook on employees' performance evaluation.

12. Financial statements

12.1 Balance sheet

In denars

		ASSETS	
		2018	2019
1	Denar account	4,837,161	5.032.795
2	Foreign currency account	1,804,628	4.551.020
3	Cash	233	5.444
4	Account receivables	-	3.004.896
5	Other receivables	23.714	29.221
6	Fixed assets	241.388	315.078
TOTAL ASSETS:		6.907.124	12.938.454

In denars

		LIABILITIES	
		2018	2019
1	Earmarked funds for 2020	6,650,433	8.892.745
2	Account payables	8,269	718.708
3	Other payables	7,034	5.886
4	Operational fund	241,388	315.078
5	Accured income	-	3.006.037
TOTAL LIABILITIES:		6.907.124	12.938.454

12.2 Income statement

In denars

		INCOME	
		2018	2019
1	Income from interests and exchange differences	81,677	8.410
2	Project income	12,811,595	16.187.264
3	Income from own business activity	618,525	1.192.927
4	Income from donations	-	437.884
5	Other income	291,040	28.242
6	Transferred surplus from previous year	6,898,615	6.650.433
TOTAL INCOME:		20.701.452	24.505.160

In denars

		EXPENSES	
		2018	2019
1	Expenses for fixed assets	86,119	164.889
2	Expenses for office and other materials	442,906	100.508
3	Expenses for intellectual services	4,650,104	2.802.590
4	Expenses for project partners	2,495,238	3.203.848
5	Transport and per diems	434,459	675.836
6	Bank provisions	56,115	55.394
7	Other expenses	2,444,779	4.819.572
8	Gross wages	3,219,284	3.766.502
9	Taxes	222,015	21.347
TOTAL EXPENSES:		14,051,019	15.610.486
10	Income tax	-	1.929
11	Earmarked funds for 2020	6,650,433	8.892.745
TOTAL EXPENSES AND EARMARKED FUNDS:		20,701,452	24.505.160

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. 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 immediate-

ly 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 organizations 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.

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