



# *NEWSLETTER*

## *2022*



Dear reader,

The year 2022, much like 2021 was a challenging year, not only due to the post pandemic recovery, but also due to the energy crisis, and years-long political crisis, requiring efforts for restoration of democratic standards and values in North Macedonia.

The post COVID-19 pandemic sent shockwaves through the world and triggered yet another global economic crisis. The crisis led to a geopolitical instability and conflicts which remains the most-cited risk to global economic growth, coupled with inflation.

Our work at the Center for Economic Analysis - CEA is to thoroughly inform the public about the risks that exist in the Macedonian economy. We are particularly focused on the risks to public finances, whose intensity and likelihood of occurrence are enhanced over a long period of time covering the rule of several Macedonian governments.

Through its engagement, CEA worked on increasing awareness for the need of public participation, improved efficiency of the public sector, and contributed toward a more competent and credible civil society and more competitive business environment. The high levels of air pollution, limited water management and waste management capacities, uncontrolled construction, and other environmental challenges prompted us to open new chapters in which we strive to contribute with economic analyses and empirical research in order to protect the environment and contribute to green transition.

In the coming 2023 CEA will continue to question government policies and inform debates through rigorous research and analyses on important developmental issues, with a strong emphasis on the green transition, socio-economic problems and more efficient and effective public finance.

We invite you to look through the palette of our work in the past year.

CEA Team

### Achievements & challenges in 2022:

- ⇒ Initiating dialogue on key economic topics and policies;
- ⇒ Contributing to increased fiscal transparency & accountability on both national & local level with active participation.
- ⇒ Contributing to the promotion of tax responsibility and tax morale of the citizens and the authorities in North Macedonia.
- ⇒ Providing quality analyses and recommendations relevant for improved public policies;
- ⇒ Contribution to the research in the area of green transition of the country and WB region to turn the current environmentally unsustainable global situation into a new sustainable paradigm

### Highlights from 2022:

- ⇒ Building tax morale by motivating and promoting active and responsible citizenship and local governments that are more accountable.
- ⇒ Urging for increased budget and fiscal transparency, accountability and public participation especially on a local level.
- ⇒ Emphasizing the need for local governments to establish sustainable and inclusive social and local economic development by increasing their own revenues and increasing external funding.
- ⇒ Alerting the lack and irresponsibility of the competent institutions to monitor the work of legal entities that manage different areas of the environment.
- ⇒ Building an enabling environment through debates and working meetings with environmental stakeholders in order to contribute to green transition.
- ⇒ Building regional and international partnerships

⇒ *Good Governance & public finance*

## Partnering in USAID – STRENGTHENING RESOURCE MOBILIZATION ACTIVITY

USAID's Strengthening Resource Mobilization Activity is a 5-year project, assisting North Macedonia's municipalities to raise and independently manage the resources necessary to fund services demanded by its citizens.

CEA as one of the several implementing partners of DT Global is contributing to the Project: Strengthening Resource Mobilization Activity. The project goals are to build the capacity of North Macedonia's sub-national governments to generate, access, and effectively manage revenues to fund services and programs benefiting their citizens, by

- 1) enhanced quality of municipal tax and fee collection systems;
- 2) increased municipal capacity to access external resources from the national government, international organizations, capital markets, and banks;
- 3) improved the ability of municipalities to plan, manage, and implement public sector revenues in compliance with national regulations;
- 4) advancing the decentralization process.

The project is designed to collaborate directly with all 81 municipalities to build capacity and improve local government functions to bring greater accountability and decision-making responsibilities closer to citizens.

Up until 2022, 36 partner municipalities increased the taxpayers' awareness and tax morale by providing relevant information to the wide audience on paying property tax and how the municipalities are investing these funds to improve the lives of their citizens

More details and activities within the project can be found [here](#).



20

понеделник  
20ти Јуни 2022 година

Ден на Даночна  
слобода

Денот на даночна слобода е симболичен датум во годината кога просечен даночен обврзник престанува да "работи" за да ги пополни државниот трезор и почнува да заработува за себе.

Претставува сооднос на вкупните приходи од даноци и придонеси и вредноста на бруто домашниот производ во дадена година, изразен во број на денови. [1,2,3,4]



# МОЈОТ ДАНОК, ЗА МОЈАТА ОПШТИНА!

До подобри општини, со навремено подмирување данок на имот



USAID'S  
STRENGTHENING RESOURCE  
MOBILIZATION ACTIVITY



⇒ *Good Governance & public finance*

## ASYMMETRIC DECENTRALIZATION: POLICY BRIEF FOR POLICYMAKERS OPTIONS FOR THE REPUBLIC OF NORTH MACEDONIA

A policy brief was prepared for public policy makers by CEA, on **ASYMMETRIC DECENTRALIZATION: OPTIONS FOR THE REPUBLIC OF NORTH MACEDONIA**, within the framework of the USAID project on Strengthening Resources Mobilization Activity.

There is a disparity in the RNM regarding LSGU capacity in many areas, such as fiscal capacity, human resources and knowledge, and quality of service delivery. The challenges are particularly severe in rural, underdeveloped LSGUs where the capacity is limited, and the number of administrative staff is insufficient. This results in part from transferred competencies that are resource-intensive and symmetrical to all LSGUs regardless of the preconditions and their potential to deliver the quality and scope of services to citizens.

As the GoNM is considering expanding the transferred competencies to LSGUs, the document offers timely options on asymmetric administrative decentralization that the Ministry of Local Self-government (MLSG) requires. It will help inform the MLSG and the GoNM about possible options for designing asymmetric decentralization.

The asymmetry can be in the territorial organization and/or the expenditure assignments to the LSGUs. Although asymmetric decentralization offers options for both territorial organization and competencies, this report focuses on options related to the competencies. We briefly illustrate territorial organization of the LSGUs but offer more detail on options for the asymmetric expenditure assignments. Read more in the policy brief, [here](#).

**Round table:** The USAID's Strengthening Resource Mobilization Activity organized its first expert roundtable discussion on advancing the decentralization process in the Republic of North Macedonia focused on asymmetric decentralization as a concept that addresses the challenges in financing and administration of the local self-government and ensures equal access to public services for all citizens. The event hosted over 40 participants from academia, central government (Ministry of Finance and Ministry of Local Self Government) representatives, Association of LSGUs, members of the parliamentary committee for local government, donor stakeholders, representatives of few NGOs and Project's team staff. The main goal achieved was to open an expert debate related to the new wave of decentralization in North Macedonia by opening a window for asymmetric approaches to transferred local competencies in North Macedonia.



## ⇒ Good Governance & public finance

### Why improved fiscal transparency?

Fiscal transparency in developing countries could make civil society groups more efficient and bring positive development results. Budgets are the most powerful tool to meet the needs and priorities of the state and its citizens.

In the previous couple of years, in addition to the regular monitoring of fiscal transparency at the national level and local level, CEA established a methodology for monitoring of the municipal s' tax transparency.

### Open Budget Survey

CEA continues to be a partner with the world renowned International Budget Partnership-IBP in the process of implementing the [Open Budget Survey for Macedonia](#). In that line, CEA monitored the government openness for the 2021.

According to a [recent study](#) by the International Budget Partnership, the general conclusion is that North Macedonia has decreased the availability of budget information by: Failing to publish the Pre-Budget Statement online in a timely manner. See more [here](#).

### Municipal Fiscal Transparency

This year again, CEA has prepared a detail analysis on the fiscal transparency in North Macedonia with special focus on budget and tax transparency. The analysis, can be found [here](#).

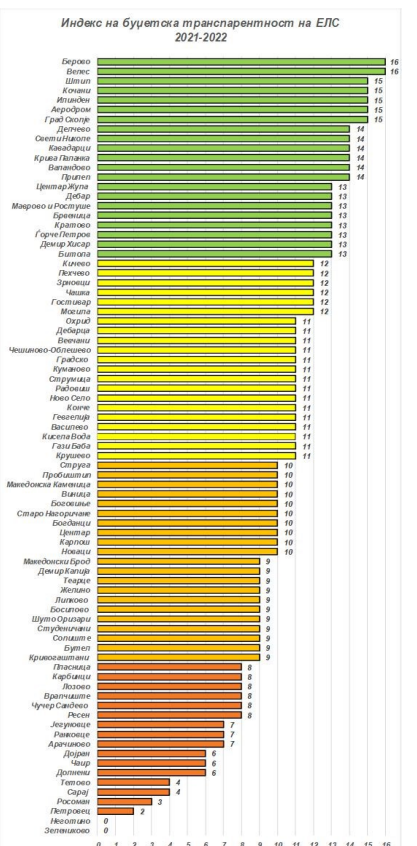
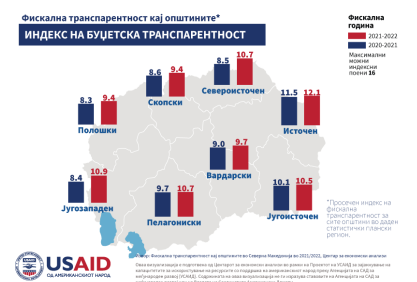
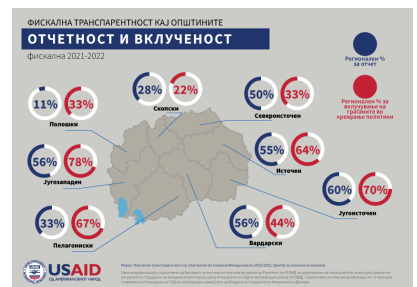
### Budget transparency of the municipalities in North Macedonia

Fiscal transparency on a local level is as important as it is at the national level. From this aspect, CEA several years in a row measured the index of budget transparency on a local level. The general information is that the LSGU notice an improvement on the index of availability of budget documents in [2021-2022](#) compared to other fiscal years ([2014-2015](#); [2016-2017](#); [2017-2018](#); [2019-2020](#); [2020-2021](#)).

In an era of digitalization and openness as well as the opportunities offered by modern technology, the availability of documents including budget information needs to be easy and timely, in order to fulfill the right of citizens to receive relevant information. So one of the most relevant indicators of fiscal transparency of municipalities is the availability of budget documents on their official websites as platforms that are available.

### Tax transparency of the municipalities in North Macedonia

In 2021, CEA established a methodology and started monitoring the [tax transparency index](#). Tax transparency or the availability of information related to the taxation process, local tax collection and tax spending is part of the fiscal transparency and accountability of local governments. The intensity of tax transparency of LSGUs in North Macedonia for [2021/2022](#) also shows an improvement, but with considerable room for significant improvement in regularity and completeness in disclosure and availability of documents related to local taxes.





⇒ *Good Governance & public finance*

## Training on fiscal transparency for the municipal staff

CEA through the USAID's Strengthening Resource Mobilization Activity organized and delivered training on Transparency in public finances: fiscal, budget and tax transparency intended for persons who are responsible for mediating public information from the LSGUs in North Macedonia.

The specific aim of the training session was to emphasize the importance of the fiscal, budget and tax transparency at local level in North Macedonia. The base of the training was the Manual for municipal administration on TRANSPARENCY IN PUBLIC FINANCES: FISCAL, BUDGETARY AND TAX TRANSPARENCY, 5 presentations and exercises.

The training was organized into 5 modules: Module 1: Good governance; Module 2: Fiscal transparency; Module 3: Budget transparency; Module 4: Tax transparency and Module 5: Practical use and exercises.



## Project: Assessing & Streamlining the Potentials of the Open Balkan Initiative

In late 2022, CEA started the implementation of the one-year project supported by the Open Society Foundations with the aim of assessing and streamlining the potential of the Initiative Open Balkan. An independent pool of experts from the six WB countries are going to diagnose and investigate the bottlenecks for cooperation and coordination among the Open Balkan countries with the aim to add value to the already demonstrated political will for the Open Balkan initiative, for more structured, priority-focused, and systematic development.

We have so far produced two analyses on the process alignment with the other ongoing process and acquis as well as the economic effects of the initiative. You can find the analyses below:

- 1) **OPEN BALKAN, BERLIN PROCESS AND EU'S ACQUIS:** Rapid analysis within the assessing and streamlining potentials of the Open Balkan Initiative;
- 2) **ECONOMIC EFFECTS OF THE OPEN BALKAN INITIATIVE:** Rapid analysis within the assessing and streamlining potentials of the Open Balkan Initiative.

More about the project and future plans can be [found here](#).



## ⇒ Digitalized services



### MAKE IT EASY - Establishment of the first crowdfunding platform for civic initiatives in North Macedonia

CEA together with the Association for Digital Innovations and Transformations HAB Skopje, the Food Bank and the Association of Young Doctors and Trainees implemented the project MAKE IT EASY - Establishment of the first crowdfunding platform for civic initiatives in North Macedonia., supported by Civica Mobilitas

[eCrowd.mk](https://ecrowd.mk) is a completely safe and reliable service, which is an intermediary between civic organizations that collect donations and donors (citizens and companies).

The main idea of the service is to improve the culture of donating in North Macedonia by providing easy digital tools.

This platform has a goal to help civil society organizations become less dependent on foreign funds and more skilled in collecting funds from citizens.

Биди дел од промените.  
Сега е лесно, Донирај!

eCrowd - Прва краудфандинг платформа во Македонија за граѓанските организации.  
Донирај за организацијата чија работа ти се допаѓа или поддржи некои од тековните краудфандинг кампањи!

Откриј проекти →

## ⇒ Green Transition

### Green Force Twinning Project

CEA is partner in implementing an EU Horizon 2020 supported project.

[GreenFORCE](#) is a project funded by the EU Horizon 2020 program, with the goal of promoting excellence in scientific research and innovation related to the "green transition" in the Western Balkans region.

The project is led by Co-PLAN (Albania), CEA (North Macedonia), and UB GEF (Serbia), and also involves partnerships with POLITICO (Italy) and Nordregio (Sweden). Through this 36 month project, the partner organizations aim to improve their research profile, strengthen the research and management capabilities of their staff, and facilitate convergence between Western Balkans and EU research capacities.

The ultimate aim is to promote institutional learning and ensure that research and research management practices are institutionalized within the recipient organizations.



Green  
FORCE



## ⇒ *Initiating Dialogue - EU Integration and Networking*



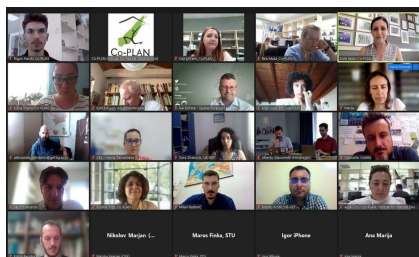
### 5th Annual Workshop of TG-WeB, the Western Balkans Network on Territorial Governance

On the 26-27 May, 2022, [CEA](#) participated in the 5<sup>th</sup> Annual Workshop of the TG-WeB – the Western Balkans Network on Territorial Governance on the subject of Pathways towards Cohesion: Challenges, Trends, Gaps and Policy Recommendations on the WB-EU cohesion.



WESTERN BALKAN NETWORK  
ON TERRITORIAL GOVERNANCE

[Western Balkan Network on Territorial Governance](#) is established to serve as a platform aimed at bringing forward the research on territorial governance in the Western Balkan (WB) countries bringing together research and policy-influencing forces from the region. In more specific terms, the network will work on undertaking pioneering research and policy advocacy across the region, to enhance the domestic territorial governance and impact in a 'unique voice' the EU integration of the WB countries from a TG perspective. In so doing, the network aims to strengthen the WB-EU partnerships at the level of academia, researchers' community, and civic society for dealing with territorial development in the WB in a combined EU-domestic bottom-up fashion.



### CEA took part in the Webinar: Direction of decentralization in Eastern Europe&Central Asia

CEA's team presented at the webinar organized by the Local Public Sector Alliance. The session was focused on the Financial linkages between local budgets and businesses for local economic development, held on November 10, 2022

[Webinar: Direction of decentralization in Eastern Europe and Central Asia – Decentralization Net](#)



### 1st and 2nd regional co-design workshops for Green Transition in the Western Balkans

Two workshops for various stakeholders from the WB region were organized by the GreenForce Team. The aim of the 1st workshop was to support conceptualization of Green Transition in the Western Balkans, from a policy, social-economic, spatial, scientific and technological point of view. The 2nd workshop was aimed at catalyzing discussions on green transition research, for proposed **3 country specific research** case studies for Albania, North Macedonia and Serbia. The discussion was essential in the process of developing a sound, realistic assessment of societal and economic costs and benefits for transitioning to climate-neutral ecosystems, reduced pollution and enhanced energy performance in the Western Balkans.

To follow our progress in the period to come visit:  
<https://greenforcetwinning.net/>



CEA, via its staff is a member of the COST Action CA20123 “Intergovernmental Coordination from Local to European Governance” (IGCOORD). [IGCOORD](#) aims at connecting different strands of research to provide systematic and comparable insights in the institutions, mechanisms and processes of inter-governmental coordination in the horizontal and in the vertical direction, across levels of government, policy sectors and territorial units.

CEA participated and presented a research on the **Impact of Behavior Nudges for Tax** among the Municipalities in the Republic of North Macedonia, on the International Belgrade Contemporary Financial Management Conference. We will continue to collaborate with the other IGCOORD researchers on joint efforts for common research subjects.

### ⇒ *Future activities*

In the forthcoming 2023 CEA will continue towards achieving of its goals for improving the environment and contributing to more efficient economic development following its mission

In the coming period CEA will:

- ⇒ Continue monitoring the fiscal transparency on a national and local level.
- ⇒ Continue monitoring the tax transparency on a local level.
- ⇒ Continue with CEA's team capacity building through different activities and projects.
- ⇒ Continue research and analyses on current economic topics.
- ⇒ Continue working on the new environmental chapter where CEA contributes with its expertise as well as build the capacities.



### [CEA's Internship Program](#)—a rewarding & valuable experience

Three dimensions available:

- ⇒ knowledge building,
  - ⇒ policy research and writing and
  - ⇒ communication and team work experience.
- It offers knowledge of economics, computer science, political science etc., but it also provides a significant amount of new skills and abilities.

## CEA TEAM



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[www.mkbudget.org](http://www.mkbudget.org)

[www.mkbudget.org/calculator/main](http://www.mkbudget.org/calculator/main)

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

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