

CENTER FOR DEVELOPMENT POLICIES

IDEAS DEPO

ANNUAL REPORT

2018

Skopje, February 2019



In the course of the past year, the team of IDEAS DePo was focused on two main pillars of activities:

A. Implementation of the USAID funded Program – **Modernizing Inspection Authorities (MIA)** and undertaking appropriate activities for quality implementation of the USAID Award

B. Realization of activities defined in the Subcontract for the USAID Regional Economic Growth (REG) Project (referred to hereinafter as the “REG”) with SEGURA Consulting LLC:

- **Trade facilitation Assistance to Macedonia**

IDEAS DePo continuously worked towards strengthening the organization’s internal structure and capacity, in addition to seeking funding opportunities, with the following key activities:

- IDEAS DePo selected new, more appropriate offices for efficient and effective functioning of the organization. To this end, appropriate changes and entries in the Central Registry of Macedonia were made.
- In line with USAID reporting and audit requirements, IDEAS DePo selected an audit firm in a transparent process, according to USAID and IDEAS DePo procedures and guidelines. The audit was performed for the period September 2016 – December 2017

A. Implementation of the USAID funded Program – Modernizing Inspection Authorities (MIA)

Following the first, politically turbulent year, of implementation, MIA was able to mitigate greater risks and setbacks and systematically plan the Project’s activities for the upcoming period. To this end, in order to professionally and timely set the Program implementation environment and organization, IDEAS DePo addressed several issues, among which: 1) Organization of MIA Project work and working premises, 2) Further internal strengthening of the MIA Program team with clear responsibilities and reporting requirements, 3) Extensive consultations with the relevant beneficiaries and counterparts, 4) Planning of the specific activities in the following period and preparation of an appropriate Work Plan, 5) intensified implementation of Work Plan activities and 6) Consultations with USAID AOR and other USAID representatives, including other USAID Projects in order to ensure understanding of the Project goals and procedures as well as to explore possible mutual cooperation and assistance, accordingly. Within the next quarter of implementation, IDEAS DePo has made significant and substantial progress towards effective implementation of the MIA Program through intensive communication with counterparts and undertaking substantial activities, such as: 1) Development and approval of Scopes of Work for specific activities in line with the Work Plan; 2) Conducting transparent procurement and selection procedures for appropriate implementation of envisaged activities; 3) Engagement of experts and other resources for implementation of activities; 4) Consultations with relevant beneficiaries and counterparts, 5) Consultations with USAID AOR and other USAID

representatives, including other USAID Projects in order to communicate activities and Project goals and procedures as well as to explore possible mutual cooperation and assistance, accordingly. The third quarter of Year 2 Project implementation brought intensive communication with counterparts, having in mind the analytical approach requested by the ministry of Information Society and Administration and the Inspections Council in order to comprehensively scan the current status and state of the inspection system and produce strategic documents aimed at high-level reforms of the system. The main activities undertaken in implementation of the MIA program, as well as in reaffirming IDEAS DePo implementing status were: 1) Development and approval of Scopes of Work for specific activities in line with the Work Plan; 2) Conducting transparent procurement and selection procedures for appropriate implementation of envisaged activities; 3) Engagement of experts and other resources for implementation of activities; 4) Consultations with relevant beneficiaries and counterparts, 5) Consultations with USAID AOR and other USAID representatives, including other USAID Projects in order to communicate activities and Project goals and procedures as well as to explore possible mutual cooperation and assistance, accordingly. The final quarter of the reporting period was primarily dedicated to: 1) Finalization of the main analysis and discussions for next steps towards streamlining the inspection system, especially with the Ministry of Information Society and Administration (MISA) and the Inspections Council (IC); 2) discussions and planning of new, specific activities that arose as a logical requirement based on the analyses findings; 3) Engagement of experts and other resources for implementation of activities; 4) Conducting the procedure for financial audit; 5) Consultations with relevant beneficiaries and counterparts, 6) development of a Work Plan for the third year of the MIA Project; 7) Consultations with USAID AOR and other USAID representatives, including other USAID Projects in order to communicate activities and Project goals and procedures as well as to explore possible mutual cooperation and assistance.

In reference to the above, the following are some of the key events, activities and accomplishments that marked the implementation of the MIA Program in the reporting period:

- (1) Initial Functional Analysis (FA) of inspection authorities – first phase
- (2) Horizontal Functional Analysis of inspection authorities
- (3) In-depth Functional Analysis (FA) of State Market Inspectorate
- (4) Assisting the Working Groups for drafting new Laws (Law on Inspection Supervision and Law on Administrative Inspection)
- (5) Second Assessment of the Business Environment in Macedonia – Report development
- (6) Company Survey on inspection related issues
- (7) Guideline for inspection supervision on the Law on Minimum Wage
- (8) Guidance for internal organization and systematization of posts within inspection authorities
- (9) Delivered 39 training days with 10 training topics to 1.193 inspectors in all inspection authorities
- (10) Training Needs Assessment for general and specific training needs (State Administrative Inspectorate, State Labor Inspectorate, State Market Inspectorate and Inspections Council)
- (11) Methodology for self-training needs assessment in inspection authorities

- (12) Training on methodology for conducting FA for all inspection authorities
- (13) Analysis on ICT current status in inspection authorities
- (14) MIA Year III Work Plan development
- (15) Fine-tuning of the Functional Analysis of the inspection authorities, based on feedback received by Project partners
- (16) Conducting and supporting in-depth functional analysis and internal reorganization of inspectorates
- (17) Providing input for the Regulatory Impact Assessment for the proposed Law on Inspection Supervision
- (18) Organization of Public Debates on the new draft Law on Inspection Supervision
- (19) Organization of Trainings on specific subjects for selected inspectorates
- (20) Preparation of strategic documents for development of a pilot software on e-inspections

With the institutionalization of MIA's cooperation with the counterparts and establishment of good communication channels with the institutions, especially the Project counterparts' inclusion in the development of the Work Plan for the third year, MIA is looking forward to an intensive period of implementation of activities that are agreed with the government and have a high level of commitment on their side.

At the same time, IDEAS DePo made additional improvements of its procedures and guidelines in order to be even more responsive to USAID requirements.

There were no issues of any kind in regard to implementation of envisaged activity both in essence and in regard to time limitations.

For more details on the implemented activities please refer to the quarterly and annual report(s) IDEAS DePo submits to USAID on implementation of the MIA Program.

B. Realization of activities defined in the Subcontracts for the USAID Regional Economic Growth (REG) Project with SEGURA Consulting LLC

- (1) On February 22, 2018 REG organized a Trade Facilitation Workshop for the members of the three chambers in Macedonia. The main objectives of the workshop were to increase the awareness of importers and exporters regarding the scope and content of the WTO Agreement on Trade Facilitation and CEFTA Additional Protocol 5 on Trade Facilitation, to inform them of the creation of the NTFC and to present the findings of the Survey on Barriers in Cross-Border Trade in Macedonia. The workshop was attended by around 60 representatives of Macedonian companies engaged in foreign trade.
- (2) On March 29, 2018, Macedonian National Trade Facilitation Committee held its first meeting. The meeting was chaired by Biljana Dodevska, State Advisor at the Ministry of Economy and was attended by 23 representatives of 20 public institutions and private sector organizations involved in cross-border trade. At the meeting, REG Trade Facilitation Lead delivered two presentations – on the substance of WTO TFA and the progress of its implementation in Macedonia and on the next steps that need to be taken

to enable efficient and effective operation of the NTFC. The Chair presented to the members the pace of future activities for drafting and adoption of the Rules of Procedure and the establishment of the key working groups.

- (3) Upon request by the Customs Administration, REG contracted an expert from Croatian Customs to carry out an Analysis of the Regime of Import and Export Licenses in Macedonia and come up with recommendations for its improvement in line with the EU best practices. The expert visited Macedonia in the period March 19 – 23, 2018. During his visit, he held separate meetings with various departments from the Customs Administration, the key border agencies in Macedonia and the most relevant chambers and business associations and visited Tabanovce, the largest border crossing at the border with Serbia to observe the applicable border procedures. Based on the information collected during the visit on the procedures relating to the use of licenses in cross-border trade, the expert will prepare a report and recommendations for reforming of the licensing regime in line with the EU practice.
- (4) In consultations with Macedonian Customs Administration, REG defined a set of activities for supporting the implementation of the Authorized Economic Operator - AEO Program in Macedonia. As a first implementation step, REG started to work on designing AEO posters and brochures that will be used for promoting the AEO concept and benefits to Macedonian companies.
- (5) Based on the information collected during the visit to Macedonia on March 19 – 23, 2018, the consultants from Croatian Customs prepared and supported to REG and Macedonian Customs a report and recommendations for reforming of the Macedonian licensing regime in line with the EU practice. Immediately thereafter, Macedonian Customs has initiated an establishment of a working group within the NTFC that will work on implementing the expert recommendations.
- (6) REG drafted the Rules and Procedures for the operation of the National Trade Facilitation Committee in Macedonia. The draft document was submitted to the NTFC members for comments and is expected to be adopted at the next meeting of the Committee.
- (7) In consultations with the Macedonian Customs, REG drafted the terms of reference and identified the expert who will carry out the analysis and review of the Single Window for Export-Import Licenses and Quotas – EXIM.
- (8) Completed the design and printing of the AEO promotion materials and organized the high-level event for the launch of the Authorized Economic Operator Program in Macedonia. The event took place on June 22, 2018 in Skopje and was attended by more than 100 representatives of export/import companies, public institutions involved in foreign trade and donor organizations.
- (9) REG completed the process of updating the WCO HS Explanatory Notes in Macedonia which was carried out upon request by the Macedonian Customs Administration.
- (10) REG contracted the consultant for the analysis and review of the Single Window for Export-Import Licenses and Quotas – EXIM. He carried out a review of the applicable legislation, held meetings with representatives of the Customs Administration, key institutions that issue licenses through EXIM and the private sector and is currently finalizing the report with findings and recommendations. Once completed, the report will be presented to all relevant institutions.

- (11) DePo have been contacted this morning by our main counterpart at the Customs Administration with a request to support an event that they are organizing in cooperation with the World Customs Organization (WCO). REG supported the organization of a training delivered by the World Customs Organization (WCO) for the top executives in the Customs Administration. Its main objective was to improve their management skills and thus contribute to the efficiency and effectiveness of the overall customs operations. The training took place on September 7 – 9, 2018 in Ohrid. Participants were the members of the Board of Managers of the Customs Administration (heads of all Customs departments and the regional Customs offices from the whole country). Trainers and presenters were two experts from the World Customs Administration.
- (12) As part of the initiative for promoting the implementation of the Authorized Economic Operator Program, REG organized the second AEO event on September 17, 2018 in Strumica. Participants at the event were around 90 companies dealing with international trade, transport, freight forwarding and logistics from the Eastern and Southern regions of Macedonia. They were informed about the benefits of the AEO status and the procedure and criteria for obtaining AEO authorization.
- (13) In cooperation with the Ministry of Economy, REG developed the agenda and contacted the relevant speakers for the second meeting of the National Trade Facilitation Committee. The meeting is scheduled to take place on October 22, 2018.
- (14) REG finalized the report that analyzes and reviews the operation of the Single Window for Export-Import Licenses and Quotas – EXIM and offers recommendations for improvement. The report was submitted to the Customs Administration and they have started to work on the implementation of some of the recommendations. This process is also being supported by REG – its consultant is currently working on developing a concept paper analyzing the options for electronic payment of fees applicable to EXIM licenses.
- (15) On October 22, 2018 the National Trade Facilitation Committee held its second meeting. REG assisted the Ministry of Economy to organize the Meeting by developing the agenda in coordination with the key NTFC members, contacting the speakers and drafting the minutes for the meeting.
- (16) With the last regional event held in Ohrid on October 29, 2018 REG completed the first group of activities for promotion of the AEO concept to Macedonian companies. The distribution of promotion materials prepared by REG and the organization of three events that helped the Customs Administration spread the information on the benefits of the AEO status have increased the interest of many companies – some of them are still studying the criteria they have to fulfil, while others have already submitted a formal applications. One of them, EVROPA Candy Factory was presented with the first AEO authorization at the ceremony organized by the Prime Minister on January 10, 2019.
- (17) On November 27, 2018 the Government of Macedonia revised the Decision for establishment of the Trade Facilitation Enquiry Point in Macedonia by incorporating the provisions regulating its operation and the process of provision of operation, drafted by REG.
- (18) In the course of the quarter, REG started consultations with key counterparts relating to the activities that can potentially be implemented to support trade facilitation

reforms in Macedonia during the period of no-cost extension.

In the year of 2018, with strong effort of the IDEAS DePo Team and USAID assistance, IDEAS DePo further confirmed it has the necessary level of human resources and expertise to be seriously considered and engaged in implementation of elaborate and complex activities and Projects.

All our obligations regarding financials and contents, towards our distinguished clients, USAID and SEGURA Consulting LLC, were confirmed to have been realized in full, to the satisfaction of our partners.

We now continue to work on new projects while taking care of adequate realization of the ones we already have signed with our partners.

I also submit the IDEAS DePo Annual Financial Statement for 2017, pursuant to the IDEAS DePo Charter, for review and approval by the relevant IDEAS DePo managing and supervision bodies.

Executive Director,



Aleksandar Shahov