

CENTER FOR DEVELOPMENT POLICIES
IDEAS DEPO
ANNUAL REPORT 2021

Skopje, February 2022



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I. INTRODUCTION

In 2021, IDEAS DePo focused on finalizing the Modernizing the Inspection Authorities (MIA) Project, consolidating previous achievements and ensuring the sustainability of reforms within the inspection system. Following this, IDEAS DePo signed a Subcontract to implement the Strengthening Resource Mobilization Activity (SRMA) Project, specifically taking the lead on Objective 4, “Decentralization Process Enhanced”.

These projects reflect IDEAS DePo’s ongoing commitment to driving reforms, enhancing public sector efficiency, and supporting economic development through strategic partnerships and innovative approaches.

II. KEY PROJECTS AND ACTIVITIES

A. Modernizing the Inspection Authorities (MIA) Project - Final Year

Funded by USAID

The USAID’s Modernizing Inspections Authorities Project (MIA) (September 26, 2016 through January 25, 2021) was implemented by the Center for Development Policies IDEAS DePo (IDEAS DePo). The Project was initiated on September 25, 2016, under a USAID Cooperative Agreement Number: AID 165-A-16-00004.

The main objective of the MIA Project was to introduce a modern, business-friendly, and predictable inspection system aimed at achieving enhanced efficiency of inspection authorities and voluntary compliance through the implementation of best practices and principles into the inspection process. The Project was designed around three interrelated components:

Component 1: Streamlined legal framework of the inspection system – aimed at streamlining the legal framework governing the inspection system, increasing efficiency of inspection authorities, and enhancing business compliance with regulations.

Component 2: Improved knowledge of inspectors in specific areas – focused on enhancing the knowledge and effectiveness of inspection authorities in performing their supervision roles.

Component 3: Improved effectiveness of inspection bodies – aimed at improving the overall effectiveness and functionality of the inspection system through the implementation of an e-Gov software solution.

Key Activities and Achievements:

- Establishment of a clear and reliable legal and institutional framework for the operation of inspections through the identification and modification of inefficient,

- inconsistent, and overlapping laws and regulations.
- Introduction of modern standards and tools in legislation for efficient and competent performance of inspection authorities, including voluntary compliance approaches, risk analysis principles, and uniform checklists.
- Development of sustainable reform practices, capacities, and procedures to ensure the continuous enhancement of inspection legislation.
- Strengthening the capacity of relevant inspection authorities to plan and implement necessary training programs.
- Improvement of inspectors' skills and knowledge in critical areas of inspection supervision.
- Facilitation of international best practice exchanges and regional cooperation in inspection reforms.
- Development of a functional, comprehensive electronic system to improve the efficiency of inspection authorities through better planning, coordination, and transparency.

Additional Major Achievements:

- Legal, Institutional and Regulatory Assessment (LIRA)
- Comparative Analysis of Training Modalities
- Assessment of Court Practices in Inspection Supervision in North Macedonia
- Assessment of Existing National Software Solutions in the Region and EU Countries
- Training Needs Assessment (TNA)
- Strategic Plan for Training and Capacity Building for Inspection Authorities, including an Action Plan and Business Plan for Training Center Establishment
- Establishment of a Training Center and delivery of general training topics and specialized inspector trainings
- Support in finalizing the internal training facility for the State Market Inspectorate (SMI) and developing specific training topics for SMI inspectors
- Review and analysis of ICT infrastructure based on predefined criteria
- Concept design and technical specifications for a comprehensive e-Inspection software, development of a pilot software, and public call for further software development

Key Results:

- Finalized the legal framework for inspection supervision, aligning it with international best practices and ensuring clarity and consistency in regulatory oversight.
- Enhanced the capacity and professionalism of inspectors, resulting in more effective and efficient inspection practices.
- Developed and implemented a functional e-inspection system that improved planning, transparency, and accountability, reducing opportunities for corruption.
- Strengthened collaboration among inspection authorities and stakeholders, fostering a cohesive approach to inspection supervision and regulatory compliance.
- Established sustainable mechanisms for continuous professional development and training of inspectors, ensuring the long-term success of the reforms.
- Promoted a culture of innovation and continuous improvement within inspection authorities, enhancing their ability to adapt to evolving regulatory challenges.

B. Strengthening Resource Mobilization Activity (SRMA) Project

Funded by USAID

IDEAS DePo signed a Subcontract Agreement (#4759-001-CPFF-001) with CARDNO Emerging Markets USA, Ltd. on February 17, 2021 to implement USAID's Strengthening Resource Mobilization Activity in North Macedonia.

The SRMA Project focused on improving the financial sustainability of local governments in North Macedonia by enhancing revenue generation and fiscal management practices. IDEAS DePo, in collaboration and partnership with CARDNO, as a major subcontractor throughout the activity, is leading the implementation of Objective 4 "Decentralization Process Enhanced" supporting the MEL activity and reporting, and providing capacity building and strategic communication support across the four objectives. IDEAS DePo is contributing innovative methods and tools to support the Learning Agenda and overall achievement of the program goal of the USAID North Macedonia Strengthening Resource Mobilization Activity (SRMA) activity. IDEAS DePo is also responsible for delivering direct implementation under Objective 4 as needed and as per the adopted and approved SRMA Work and MEL Plans.

Objectives:

- Provide support to the Ministry of Finance in municipal debt management.
- Engage with the sectoral working group on local development and decentralization and donor coordination.
- Conduct a comprehensive review of the current intergovernmental capital transfer framework with policy recommendations.
- Develop scenarios on asymmetric decentralization as a new concept model that defines different categories of Local Self-Government Units (LSGUs) based on their fiscal, institutional, and human capacities.

Key Activities:

- Developed a policy paper, "Moving Forward on the Municipal Debt Management in North Macedonia," which provided comparative analysis and recommendations on improving municipal debt regulation and management.
- Provided expert support to the Ministry of Finance, resulting in amendments to the Law on Financing of LSGUs to enhance financial discipline and debt transparency.
- Conducted an analysis of intergovernmental capital transfers, identifying key challenges and proposing recommendations to improve transparency and efficiency in capital grant distribution.
- Developed policy papers on asymmetric administrative and fiscal decentralization, offering models to better align decentralization with municipal capacities.
- Delivered tailored technical assistance packages to partner municipalities, focusing on strengthening local governance and fiscal autonomy.
- Organized peer-to-peer exchange sessions and workshops to promote knowledge sharing and best practices in decentralization.
- Supported the establishment of an agency for regional and local development based on the Bulgarian FLAG model, enhancing financial support mechanisms for

• municipalities.

Key Results:

- Legislative changes based on IDEAS DePo's recommendations were accepted by the Ministry of Finance and presented to the Parliament, significantly improving municipal debt management practices.
- Strengthened the decentralization process through the introduction of asymmetric models, enhancing service delivery and governance at the local level.
- Improved the transparency and efficiency of intergovernmental capital transfers, ensuring more equitable resource allocation to municipalities.
- Positioned IDEAS DePo as a strategic partner in advancing fiscal decentralization reforms in North Macedonia.
- Fostered a culture of continuous improvement and innovation in local governance through capacity-building initiatives and strategic partnerships.

III. CONCLUSION

IDEAS DePo's achievements in 2021 underscore its commitment to advancing regulatory reforms, strengthening institutional capacities, and promoting sustainable development in North Macedonia. Through strategic partnerships and targeted interventions, the organization has made significant strides in modernizing inspection authorities, improving public sector governance, and enhancing the financial sustainability of local governments.

The successful implementation of key projects in 2021 highlights IDEAS DePo's resilience and adaptability in navigating complex challenges and driving meaningful change. The introduction of modern inspection practices, capacity-building initiatives, and digital transformation efforts have not only enhanced the effectiveness of inspection authorities but also contributed to creating a more business-friendly and transparent regulatory environment.

Looking ahead, the organization remains dedicated to building on these successes, leveraging its expertise and partnerships to continue shaping the future of governance and development in North Macedonia. By fostering collaboration, embracing innovation, and promoting sustainable practices, IDEAS DePo aims to contribute to the continued growth and prosperity of the region.

I also submit the IDEAS DePo Annual Financial Statement for 2021, pursuant to the IDEAS DePo Charter, for review and approval by the relevant IDEAS DePo managing and supervision bodies.

Executive Director,



Voislav Ilievski