

CENTER FOR DEVELOPMENT POLICIES
IDEAS DEPO
ANNUAL REPORT 2023

Skopje, February 2024



In the course of 2023, the team of IDEAS DePo was focused on two main pillars of activities:

1. Implementation of subcontract under the USAID-funded Strengthening Resource Mobilization Activity (SRMA) project with DT Global.
2. Implementation of subcontract under the USAID-funded Partnerships for Economic Growth (P4EG) project in collaboration with Palladium.

These collaborations reinforced IDEAS DePo's role as a key partner in advancing decentralization and regional economic integration in North Macedonia, while allowing the organization to expand its efforts in fostering sustainable development and enhancing municipal capacities and help Macedonian government and private sector to integrate in regional economic and trade initiatives. The main beneficiaries under the above two USAID projects are local self-government units in the Republic of North Macedonia, ZELS, Ministry of Local Self-Government, Ministry of Finance, Ministry of Economy, Ministry of Environment and Customs Administration.

I. Strengthening Resource Mobilization Activity (SRMA Project)

During the reporting year, IDEAS DePo contributed significantly to the decentralization agenda in North Macedonia as part of the implementation of Objective 4: Decentralization Process Enhanced within the USAID Strengthening Resource Mobilization Activity (SRMA). Below are the key activities and achievements under Objective 4:

Key Activities

I. Policy Development and Stakeholder Engagement:

- a. IDEAS DePo facilitated regular consultations between the Ministry of Local Self-Government (MLSG), Ministry of Finance (MoF), and local self-government units (LSGUs) to advance decentralization policies. This included active participation in workshops and strategy meetings, enabling the alignment of municipal objectives with national policy frameworks.
- b. Developed three scenarios for transforming the Bureau for Regional Development into an Agency for Regional and Local Development. The preferred scenario, focusing on enhancing municipal capacities to access EU funds, was approved by the government, marking a significant step toward improved fiscal decentralization.

2. Legislative Support:

- a. Drafted amendments to the Law on Property Taxes aimed at addressing long-standing challenges in property tax collection and assessment. These amendments provided a framework for municipalities to increase their revenue streams sustainably.
- b. Prepared a draft Law on Municipal Debt Management to enhance financial predictability and fiscal discipline, addressing critical gaps in existing regulations and ensuring compliance with international standards.

3. Capacity Building:

- - a. Delivered tailored technical assistance to municipal authorities, focusing on improving budget planning and execution. IDEAS DePo organized on-the-job training sessions and mentoring programs, enabling local governments to better engage in fiscal management and policy implementation.
 - b. Supported the development of training needs assessments, leading to the design of targeted workshops for enhancing the competencies of municipal staff in financial and administrative domains.
- 4. **Data-Driven Recommendations:**
 - a. Supported the development of evidence-based action plans for improving fiscal decentralization, aligning with the broader decentralization strategy. These recommendations were informed by comprehensive analyses and consultations with stakeholders at both local and central levels.

Key Results

- **Legislative Advancements:** The draft Law on Municipal Debt Management was well-received by stakeholders and is expected to improve financial transparency and accountability at the local level.
- **Enhanced Municipal Capacities:** Increased the readiness of municipalities to absorb and manage EU funds, positioning them as stronger stakeholders in regional development. Over 140 capacity-building activities were conducted, benefiting over 500 municipal employees.
- **Improved Collaboration:** Strengthened partnerships between municipalities and central government entities, fostering a more cohesive approach to decentralization. These efforts were underscored by the successful facilitation of public debates and consultations on key legislative proposals.

II. Partnerships for Economic Growth (P4EG)

On July 24, 2023, IDEAS DePo signed a Subcontract (0401/01-04-2023) with Palladium to implement Objective 4: Improved Regional Economic Integration as part of the USAID funded Partnerships for Economic Growth (P4EG) Activity, IDEAS DePo implemented Objective 4: Improved Regional Economic Integration and played a pivotal role in advancing regional economic integration assistance to the Macedonian government authorities, primarily the Ministry of Economy, Ministry of Environment and Customs Administration. The following activities highlight the achievements in this area:

Key Activities

- I. **Support for Trade Facilitation:**
 - a. Organized events and workshops to increase awareness of the EU Carbon Border Adjustment Mechanism (CBAM), focusing on reporting requirements

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for key sectors like iron and steel. These sessions included tailored guidance on compliance strategies for affected industries.

- b. Facilitated training sessions for North Macedonia's Customs Administration to improve financial solvency assessments for companies engaged in cross-border trade. The training enhanced the capacity of over 70 customs officials, equipping them with practical tools and methodologies.

2. Capacity Building:

- a. Delivered comprehensive training programs to strengthen the understanding and implementation of international trade practices, including the Authorized Economic Operator (AEO) program. This initiative aimed to streamline cross-border trade and reduce administrative barriers.

3. Guidelines and Tools Development:

- a. Developed practical guidelines for the uniform implementation of the Revised PEM Convention on Rules of Origin, enhancing trade facilitation. These tools were designed to ensure compliance with EU standards and improve the competitiveness of North Macedonian exports.

Key Results

- **Increased Awareness:** Reached 86 representatives from public and private sectors, deepening their understanding of CBAM's implications and requirements. This initiative significantly increased preparedness for upcoming regulatory changes.
- **Enhanced Customs Efficiency:** Trained 79 Customs Administration employees, improving their ability to assess financial solvency and facilitate trade for trusted traders. This effort contributed to a more efficient and transparent customs process.
- **Strategic Trade Support:** Provided actionable recommendations and tools to streamline trade facilitation processes, positioning North Macedonia as a more competitive player in regional markets. Key achievements included the development of a feasibility study for the Authorized Economic Operator program, which is expected to benefit exporters and importers alike.

Conclusion

IDEAS DePo's contributions under Objective 4 in both projects demonstrate a clear commitment to strengthening decentralization and regional integration processes. Through targeted activities, strategic partnerships, and capacity-building initiatives, the organization has successfully enhanced local governance structures and facilitated economic growth in North Macedonia. These achievements underscore IDEAS DePo's pivotal role in driving sustainable development and fostering economic resilience in the region.

Executive Director,



Aleksandar Shahov

