



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

**PLAN OF ACTIVITIES
OF THE NATIONAL BANK OF THE REPUBLIC OF MACEDONIA FOR 2017**

December 2016

Pursuant to Article 47, paragraph 1, item 9 of the Law on the National Bank of the Republic of Macedonia (Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15 and 6/16) and Article 54 paragraph 1 indent 3 of the Strategic and Operational Planning Regulation Reg. No. 02-15/I-1/2016 of 28 January 2016, the National Bank of the Republic of Macedonia Council adopted the following

**Plan of Activities
of the National Bank of the Republic of Macedonia for 2017**

1. Primary goal of the Plan of Activities of the National Bank of the Republic of Macedonia for 2017 (hereinafter: Plan of Activities) is to ensure optimal targeting of available resources to priority areas, to strengthen all work capacities, to improve the quality of operations, and to monitor and evaluate the results and effectiveness of the measures and activities taken.

2. The Plan of Activities includes program activities to achieve the strategic objectives set in the Strategic Plan of the National Bank of the Republic of Macedonia for 2017-2019, SP No. 02-15/VII-1/2016 of 26 May 2016.

3. Program activities include one or more functionally related workflows and projects whose performance rests with one or more organizational units with a common objective - clearly defined responsibilities, deadlines and resources.

4. The program activities include those related to the monetary policy, supervision, banking regulation and financial stability, financial markets, foreign reserves management, research development, publications and management of banknotes and coins, payment systems, statistics, as well as other activities that support the primary functions of the National Bank of the Republic of Macedonia (hereinafter: National Bank) such as finance and accounting, information technology and corporate governance.

The Plan of Activities includes activities aimed at harmonization of the legal, organizational and resource requirements of the National Bank in the process of accession to the European Central Bank and the European System of Central Banks, which is consistent with the recommendations contained in the Needs Analysis Programme for the

National Bank of the Republic of Macedonia, approved by the Steering Committee of the IPA project.

In 2017, we mark 25 years of the monetary independence of the Republic of Macedonia. This anniversary will be celebrated through several celebratory events organized by the National Bank.

5. The Plan of Activities contains 129 program activities, of which 106 are regular work processes carried out throughout the year and that directly ensure the implementation of the strategic objectives of the National Bank.

The Plan of Activities also includes 23 projects that introduce changes in the operations such as increasing efficiency, quality, transparency and reliability, compliance with the new legal requirements, European regulations, international standards and the IMF requirements.

6. The program activities shall be distributed by a strategic goal and to the responsible departments as follows:

Strategic objective 1 - Maintaining price stability through a stable exchange rate of the denar against the euro.

Area: Monetary policy

Program activities:

- Preparing macroeconomic forecasts.
- Making analyzes of the sustainability of public and external debt, balanced real exchange rate and monetary transmission used when making monetary policy decisions.
- Conducting surveys.
- Developing ad hoc analyses.
- Producing regular reports.
- Regular conducting of monetary operations and maintaining balance in the foreign exchange market.
- Active promotion of denar savings.

Responsible department: Monetary Policy and Research Department and Financial Market Operations Department

Strategic objective 2 - Maintaining stable and reliable banking system as the main prerequisite for financial stability and sustainable economic growth of the country.

Area: Supervision, Banking Regulation and Financial Stability

Program activities:

- Drafting and adopting regulations in the area of banking operations and bank supervision.
- Analyzing and monitoring banking and financial system developments.
- Regular off-site activities.
- Revision of the internal risk assessment methodology and the aggregate bank risk profile.
- Revision of the content of the off-site supervision reports (risk profile and financial analysis).
- Revision of the need for harmonization of internal on-site and off-site risk assessment procedures.
- Further development of the internal methodology for assessing banks' internal capital and capital supplements/needs of individual banks by the National Bank.
- Conducting regular on-site examinations.
- Revision of risk assessment procedures.
- Revision of the existing business continuity standards.
- Strengthening supervisors' capacity for supervision of payment institutions.
- Cooperation with international institutions to strengthen anti-money laundering capacities.

Responsible department: Financial Stability and Banking Regulations Department, Off-Site and Licensing Department, and On-Site Department

Strategic objective 3 - Efficient foreign reserves management of the Republic of Macedonia optimally balancing the safety, liquidity and return on investment principles.

Area: Foreign reserves management

Program activities:

- Risk management.
- Efficient monitoring and analyzing of investment positions.
- Foreign reserves management of the Republic of Macedonia.

Responsible department: Financial Market Operations Department

Strategic objective 4 - Support of the domestic financial markets development.

Area: Domestic financial markets.

Program activities:

- Participating and supporting the domestic financial markets development.

Responsible department: Financial Market Operations Department

Strategic objective 5 - Increasing the efficiency of banknotes and coins supply and processing system and increasing the quality and functionality of currency in circulation.

Area: Banknotes and coins issuance and management.

Program activities:

- Supplying banks and cash centers with banknotes and coins.
- Controlling the implementation of cash operations standards and criteria in banks and cash centers.
- Manufacturing/purchasing banknotes and coins, coin blanks, commemorative coins and collector coins.
- Establishing a new modern cash management concept.
- Activities for the needs of the National Bank, government institutions and administrative bodies.

Responsible department: Cash Management Department

Strategic objective 6 - Maintaining the highest level of reliability, stability and efficiency of domestic payment systems and providing conditions for cross-border payment systems connectivity.

Area: Payment systems.

Program activities:

- Improving the MIPS performance for cross-border payments in euro via TARGET2.
- Implementing new regulations that transpose EU directives in the area of payment services under the 2015-2016 IPA project.
- Analyzing the EU Payment Accounts Directive.
- International payment operations on behalf of the government and administrative bodies.
- Processing and settling transactions related to foreign reserves management and to monetary policy implementation, monitoring and supporting the settlement of transactions on OTC markets.
- Oversight of payment systems.

- Support to MIPS participants and processing of forced payment orders.
- Organizing the Tenth Conference on Payment and Securities Settlement Systems.

Responsible department: Payment Systems Department

Strategic objective 7 -Development of research in the crucial areas for the efficient attainment of the National Bank objectives.

Area: Research.

Program activities:

- Preparing working papers and conducting other research activities.
- Organizing the annual conference of the National Bank.

Responsible department: Chief Economist, Monetary Policy and Research Department and Financial Market Operations Department

Strategic objective 8 -Providing quality statistical data consistent with international and European statistical standards, taking into account the reporting burden and their effective, timely and easy dissemination to users.

Area: Statistics.

Program activities:

- Processing and disclosure of foreign trade data for internal use for preparing and publishing reports on the exchange rate and the real effective exchange rate.
- Reports on balance of payments, international reserves and foreign exchange liquidity.
- Reports on direct investments.
- Reports on external debt, external claims and net external debt.
- Reports on the international investment position of the Republic of Macedonia
- Establishing a system for managing, storing, processing and handling statistics, establishing a data warehouse.
- Submission of data on macroeconomic indicators of the Republic of Macedonia to BIS
- Submission of data on the National Summary Data Page to the IMF.
- Activities for uniform sectorization of institutional units nationwide.
- Securities statistics.
- Establishing financial accounts statistics for financial transactions and balances, according to SNA 2008 and ESA 2010.
- Preparation of monetary surveys.

- Project for introducing integrated data reporting system by the National Bank, banks, savings houses, for statistical and supervisory purposes.
- Reports on weighted interest rates of banks and savings houses on received deposits and granted loans.
- Reports on assets and liabilities of financial institutions.
- Receipt and processing of data on foreign direct investment in the Republic of Macedonia and abroad.
- Receipt and processing of data on short-term claims and liabilities based on commercial operations with nonresidents.
- Receipt and processing of data on the financial results of the connected entities from foreign investment.
- Calculation of movements of foreign direct and portfolio investments in the Republic of Macedonia and abroad.
- Receipt and processing of data on external debt and external claims.
- Records of international credit operations.
- Receipt and processing of international payment operations data of authorized banks.
- Receipt and processing of data from international monthly transaction reports.
- Tool for analyzing statistical data and statistical web portal for external users of data.
- Accession to the SDDS plus standard for dissemination of data to the IMF.
- Compilation of Statistical Research Program for 2018-2022.
- Preparation of reports using domestic payment operations data.

Responsible department: Statistics Department and Payment Systems Department

Statistical objective 9 - Preparation of the National Bank for joining and membership in the European System of Central Banks.

Area: Preparation of the National Bank for joining the European System of Central Banks.

Program activities:

- Management of IPA-financed projects.
- Activities related to the process of accession of the NBRM to the European System of Central Banks.
- Coordination of projects related to the technical cooperation between the NBRM and other central banks and international institutions.

Responsible department: Governor's Office and other NBRM organizational units

Strategic objective 10 - Following the trends in central banking, strengthening the resilience to the changes imposed by the environment, effective risk management in all operating segments, ensuring business continuity and information security, improving the transparency and social responsibility of the institution.

Area: Finance, Accounting and Control Department.

Program activities:

- Recording foreign exchange transactions.
- Recording transactions with banknotes and coins and other valuables.
- Recording of monetary instruments and deposit operations in denars.
- Liquidation of accounting documents for procurement of goods, services and works and payments on other grounds, recording and collection of claims (outgoing invoices) and calculation of VAT liabilities.
- Treasury operations, payments based on Labor Agreement and calculating personal income tax.
- Calculation and recording of wages, wage contributions and fees.
- Financial reporting.
- Planning.
- Integrated accounting system.

Area: Internal audit

Program activities:

- Planning and preparation of annual and three-year audit work program.
- Auditing.
- External evaluation of the performance of the Internal Audit Department by De Nederlandsche Bank.

Area: Strategic planning, risk management, ensuring business continuity and information security, and data protection.

Program activities:

- Ensuring business continuity in the National Bank.
- Control of the compliance with data protection regulations in the National Bank.
- Tracking of recorded incidents.
- Periodic review of the compliance with data protection regulations and internal regulations for information security.
- Strategic planning
- Operating risk management in the National Bank.

Area: Legal operations

Program activities:

- Compliance.
- Preparation and compliance of laws, general, individual legal acts, as well as update of the register of regulations of the National Bank.
- Preparation of the National Bank Council sessions.
- Drafting legal documents, lawsuits, response to appeals and extraordinary legal remedies.
- Providing legal opinions, advices and trainings.

Area: International relations.

Program activities:

- Monitoring and coordination of obligations arising from the National Bank membership in international financial institutions.

Area: Public relations.

Program activities:

- Public communication.
- Development of the educational function of the National Bank aimed at raising the level of financial literacy among the public.
- Organizing, coordinating and performing protocol activities in the National Bank.
- Organizing business trips.

Area: Publications.

Program activities:

- Improving Internet and Intranet portals of the National Bank.
- Issuing collector coins.

Area: Human resources management

Program activities:

- Professional trainings and development of employees.
- Setting appropriate organization and systematization.
- Ensuring employee engagement.
- Exercising employment rights and obligations.
- Internal website to promote the activities of employees.

Area: Information technology

Program activities:

- Making changes to the IT system.
- Security management through compliance with international standards and internal regulation and control of the activities of employees.
- Preparation and upgrading of applications.

- Regular IT activities.
- Ensuring business continuity.
- Maintaining the IT infrastructure.
- Providing IT services.
- Maintaining applications.

Area: Public procurements.

Program activities:

- Preparation and implementation of public procurement procedures.
- Monitoring of public procurement contracts, and receipt, recording and control of invoices and other accounting documents.
- Participation in the implementation of the project for construction of new building of the National Bank.

Area: Technical maintenance, security and archive.

Program activities:

- Office operations.
- Archive operations.
- Physical security and firefighting.
- Maintenance of facilities.
- Providing transport services.
- DMS development.

Area: Museum.

Program activities:

- Purchase of numismatic material.
- Preparation of museum documentation.
- Conservation of numismatic material and other conservation lab activities.
- Physical handling of items in the numismatic collection, their secure storage, access to offices and safety in the conservation lab.
- Museum education and safety measures during the visit of the permanent museum exhibition at the National Bank.
- Organization of guest exhibition from Ljubljana.

Area: Library and Archive.

Program activities:

- Purchase and maintenance of the library of the National Bank.
- Sharing information with the National Bank staff through Intranet portal.
- Digitalization of archival material of historical significance arising from the NBRM operations.

Responsible department: Departments of Finance, Accounting and Control, IT, Legal, Governor's Office, Technical Maintenance, Security and Archive, Human Resources Management, Museum, Library and Archive, Internal Audit and Governor's advisors.

7. The Plan of Activities requires part of the work processes and projects to be implemented in cooperation with other organizational units - service providers, particularly those related to the delivery of projects in the field of information technology, cooperation in the delivery of IPA projects and organizing events related to the operations of the National Bank.

8. Information technology projects are assigned to the respective organizational units and are presented in Annex 1 to this Plan of Activities.

9. Two major events will be organized in 2017 on the occasion of the Annual Conference of the National Bank and the Tenth Conference on Payment Systems and Securities Settlement. These projects will be implemented by the Governor's Office and the Payment Systems Departments, in cooperation with the Public Procurement Department and the Technical Maintenance, Security and Archive Department.

10. The Plan of Activities includes testing of business continuity of 23 work processes, to enable evaluation of the sustainability of the plans and consideration of any difficulties that might arise during implementation.

11. An integral part of this Plan of Activities is the revised balance sheet for the current and the next three years, including any financial consequences of its implementation, presented in Annex 2.

12. The Plan of Activities will be implemented within one calendar year, from 1 January to 31 December 2017.

13. The Plan of Activities shall enter into force on the date of adoption.

PA No. 02-15/XIV-1/2016
15 December 2016
Skopje

Dimitar Bogov
Governor
and Chairman of the National Bank of
the Republic of Macedonia Council

Annex 1

IT projects

Organizational unit	Name of IT project
ST (Statistics)	<p>ST1 Automation of part of the internal analytical foreign trade spreadsheets.</p> <p>ST2 Automation of part of the reports to the World Bank.</p> <p>ST4 Upgrade of the application software for claims and liabilities arising from commercial operations with nonresidents.</p> <p>ST5 Upgrade of the application software for recording international credit operations.</p> <p>ST8 Creating a single statistical database.</p> <p>ST10 Automation of the revised regular monetary data set according to the new statistical standards of the IMF.</p> <p>ST11 Further harmonization of interest rates statistics with the requirements of the EU and the IMF.</p> <p>ST13 Establishing new sources within the statistics of securities.</p> <p>ST14 Preparing to join the Republic of Macedonia to the IMF's SDDS plus standard.</p> <p>ST15 Activities of implementing the ISIDORA project (preparation of monetary data set required by the ECB, and the new ESA 2010 requirements).</p> <p>ST16 Introducing a tool for internal analysis of statistical data and statistical web portal for external users of data.</p>
PS (Payment Systems)	<p>PS1 Upgrade of e-banking application.</p> <p>PS2 Payment statistics for off-site oversight of payment systems.</p> <p>PS3 Upgrade of the application for submission of payment statistics.</p> <p>PS4 Electronic submission and processing of enforcement orders (e-enforcement).</p>
VSL (Off-Site and Licensing)	<p>VSL1 Preparation of Off-Site and Licensing report template.</p> <p>VSL2 Preparation of comparative portfolio reports.</p> <p>VSL5 Preparation of comparative report on entities that executed money transfer transactions.</p>
TR (Cash Management)	<p>TR1 Supplementing the Cash Management application.</p> <p>TR2 Development of a new Expertise and Records of Unfit Banknotes module.</p>

Organizational unit	Name of IT project
FB (Financial Stability and Banking Regulations)	FB1 Generation of reports from EriKlient application on banks' exposure limits. FB2 Harmonization of the forms of time series cases and their aggregation in EriKlient application by changing the regulation. FB6 Compliance with amendments and supplementing the newly approved loan report.
FP (Financial Market Operations)	FP1 CB bill and government securities reports FP2 Distribution of interest rate risk FP3 Compliance with the best risk monitoring practices
FSK (Finance, Accounting and Control)	FSK1 Integrated accounting system FSK2 New planning software FSK3 Developing a new solution for calculation of wage and personal income tax FSK4 Business trips and accounting records
IT (Information Technology)	IT1 Adjustment of the IT Service Desk IT2 Conversion of part of Access to .Net applications
BA (Library and Archive)	BA1 Application for digital historical archive
TS (On-Site Supervision)	TS1 Application for on-site supervision