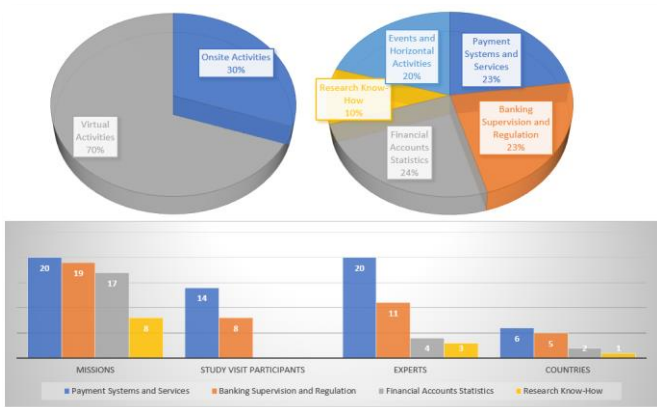
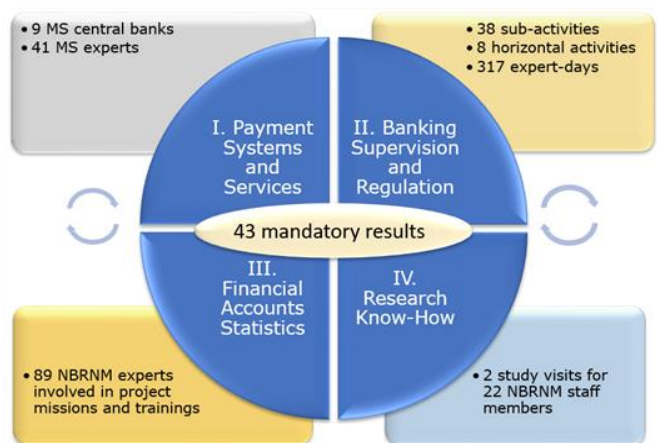
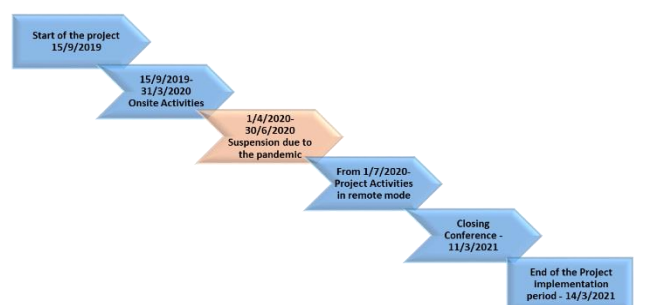


"Strengthening the institutional capacity of the National Bank of the Republic of North Macedonia in the process of its accession to the ESCB"

- ❖ Project implementation period finished on 14th of March 2021
- ❖ Activities in the last project quarter - 15 December 2020 to 14 March 2021

PROJECT IMPLEMENTATION FINISHED

This twinning implementation was successfully completed by reaching the project's overall and specific objectives as well as the mandatory results in its four components, as shown in picture below. Implementing partner institutions were the Deutsche Bundesbank and the Croatian National Bank, with the support of other EU central banks. The EU funding for this 18-month project was 600.000 EUR.



6th Project Quarter Activities

In the last project quarter, from 15 December 2020 to 14 March 2021 (project months 16-18), **nine virtual expert missions** and **one virtual study visit** were successfully organized and conducted. Completed activities include the sixth and seventh Project Steering Committee meetings, the Wrap-Up and Sustainability Workshop and the Project Closing Conference. All these activities led to successful completion of the project and reaching the overall and specific objectives as well as specific mandatory results. Completed activities and sub-activities per component are presented below.

Component 1. PAYMENT SYSTEMS AND SERVICES

In the last quarter of the project, **two virtual expert missions** and **one virtual study visit** were conducted.

Within the second activity of this component **"Further alignment with payment services policy framework in the NBRNM with EU Directives and Regulations in the field of payment services"** experts from the Croatian National Bank presented IT applications for fee comparison of the most representative payment services. The Croatian payment services market is quite similar to the one in North Macedonia so the relevant Croatian experience with the Payment Accounts Directive implementation was of great help, especially because of the specific situations and services offered on both of the markets. This mission also included the public presentation of the Croatian experience to payment services providers, payment system operators, universities, and financial regulatory institutions.

During the mission within the activity **"Capacity enhancement in business and IT issues related to Real-Time Gross Settlement Systems (RTGS), particularly TARGET2 and TIPS, and implemented ISO20022 in payment systems in Europe"** experts from the Bank of Lithuania conducted a virtual mission on the topic "Financial market infrastructures - operational, oversight, regulatory and development role of the Bank of Lithuania". They analyzed the access to the service for settlement in TARGET2 and processing instant payments in TIPS, presented the experience in the management of the retail payment system CENTROLINK and its connection with other financial market infrastructures operating in the SEPA area and discussed organizational issues having the

operational, oversight, regulatory and development role in the payment systems concentrated in the same department and institution.

Within the same activity, a **virtual study visit** to the Deutsche Bundesbank was performed in which 14 NBRNM staff members gained knowledge shared by experts from the Bundesbank who presented the organization of operational activities in TARGET2 and TIPS. Covered topics related to adoption of ISO 20022 such as mapping of MT and MX standards, organization of development and testing phase for ISO 20022 migration and risk management issues with regard to adoption of the new payment messages standard.

Component 2. BANKING REGULATION AND SUPERVISION

In the last quarter of the project **four virtual missions** were conducted under this component.

Within the first activity in this component, **"Development of internal guidelines for ILAAP assessment and its integration in the SREP"**, **two virtual missions** took place, one by the experts from Deutsche Bundesbank and De Nederlandsche Bank and one by the Croatian National Bank experts. During the combined mission of DBB and DNB, experts presented the results of their analysis for anonymised ILAAP reports and exchanged views with colleagues from NBRNM on the interpretation and evaluation of the results. Croatian experts presented, explained and discussed Croatian regulatory framework for ILAAP assessment, the process of ILAAP assessment with practical examples and its integration in the SREP.

Under the third activity **"Development of conditions for improved collection of claims, improved NPL management and resolution and improved overall risk management in banks"**, **two virtual missions** were conducted by experts from the Croatian National Bank in which they concluded the work on this topic. Final review of the draft legislation was made, weakest areas for improvement were identified and suggestions for improvement were agreed. The last mission included a review of the regulation on credit risk management, enabling its further enhancement by guidelines for banks for sale of credit exposures and a public presentation/workshop of a solution and best practices related to the sale of credit exposures in Croatia as well as those incorporated in recent EU legislation.

Component 3. FINANCIAL ACCOUNTS STATISTICS

In the last project quarter, **two final virtual missions** were conducted by experts from the Croatian National Bank and the National Bank of Romania. They focused on the remaining IT and methodological issues for FA compilation as well as on different issues not previously covered. The mission encompassed final remarks on the overall process of compilation of financial accounts data and proposals for future development. Lastly, the experts analyzed and discussed the achieved benchmarks (mandatory results) that together with the proposed follow-up actions were incorporated in the final report.

Component 4. KNOW – HOW IN POLICY ANALYSIS

During the sixth project quarter, a **closing virtual mission** was conducted in this component by the expert from the National Bank of Romania. It included the review of the current state of the research paper and finalizing the paper with recommendations for the application of the research paper's conclusions. Additionally, the presentation for the NBRNM Researchers Club Visibility Event was prepared.

VISIBILITY EVENTS AND ACTIONS

In this last project quarter, one visibility event for each component as well as the Closing Conference of the project were performed. Due to the pandemic, all the events took place online. In C1, fee comparison website for customers was presented by the experts from the Croatian National Bank on 18 December 2020. In C2, NBRNM experts presented new ILAAP methodology and experts from the Croatian National Bank presented the Croatian experience with the sale of NPLs as well as new EU regulation in this area to bank representatives on 26 February 2021. NBRNM experts presented the latest data on the financial accounts, as well as the improvement achieved in the course of the EU-supported twinning project for the students and professors of the Faculty of Economics, State Statistical Office, and the Ministry of Finance on 4 March 2021. Within C4, NBRNM experts presented the research paper "A DSGE model with partial euroization: the case of the Macedonian economy" at the Researcher's Club Event on 5 March 2021. For all the events, press releases on the NBRNM website were published.



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Project Closing Conference

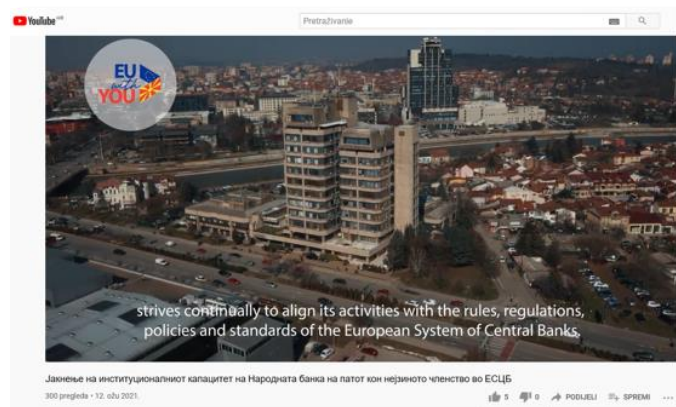


The Conference with 62 guests (not counting the NBRNM staff) was held on 11 March 2021, as an online videoconference. It presented the overall project flow and achieved results for all the stakeholders as well for the public through press release.

Key speeches were given by NBRNM's Governor, Ms Anita Angelovska Bezhoska, EU Delegation Ambassador Mr David Geer, Republic of Croatia's Ambassador Ms Nives Tiganj, Croatian National Bank's Governor Mr Boris Vujčić, Member of the Executive Board of Deutsche Bundesbank Mr Burkhard Balz and the Deputy Head of Mission in the Embassy of the Federal Republic of Germany Mr Otto Graf. After the welcome addresses, Project Leaders, RTA and Component Leaders from both MS and BC presented the project details and concrete results.

Furthermore, a Project Video/Film was scripted, filmed, produced and shared with the public on the same day when Press Release for the Closing conference was published (12 March 2021). It can be seen on the link below, on NBRNM's YouTube channel, but also directly through NBRNM's website, Facebook and Twitter Accounts:

<https://www.youtube.com/watch?v=SvBdDsrHMe0&t=6s>



Additional visibility of the project was achieved through an extensive and detailed article (10 pages) on the project which was published in the April 2021 issue of Macedonian monthly business magazine "Economy and Business". Article gives different views on the project and presents project results.



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