

Annex 3: Selected results achieved in the period 2018-2021

Priority 1: Improved Fiscal Framework

Provisions that define fiscal rules and provisions for establishment and functioning of the Fiscal Council are set out in the Draft Budget Law, being in parliamentary procedure, for adoption. The adoption of the Law will create conditions for initiating activities for the establishment of the Fiscal Council and compliance with the determined fiscal rules, which will provide for strengthening the transparency and the accountability in conducting fiscal policy.

A complete design model with Python programming language and SQL tool as regards fiscal projections for tax and customs revenues, has been developed. A complete DWH database has been developed. Tax revenue projecting is carried out by using the tax elasticity approach in accordance with the IMF and World Bank recommendations.

The simulation of customs revenues is performed with the help of two data science tools (SQL Server which created the data warehouse and Power BI - for data visualization), which provide for consistent and robust data that take into account several years of regular import, not being based on only one year and enabling the detection of the most important changes from the customs rate change.

In the field of statistics, SSO continues with the activities for further alignment with the EU Standards in the field of macro-economic statistics, aimed at achieving increased data availability for better GDP forecasting.

Priority 2: Revenue mobilization

As of January 1st 2018, the new electronic system of the PRO e-Personal tax <https://e-pdd.ujp.gov.mk> is operational, through which is provided service for the taxpayers for preparation and submission of electronic calculations for income and tax.

Pre-populated Annual Tax Return was introduced and issued by the PRO, within the PROs new electronic system e-Personal tax <https://e-pdd.ujp.gov.mk>. which facilitates the accessibility and the opportunities for electronic filing by the citizens and legal entities - income payers and reduction of taxpayers compliance costs. The process of confirming / correcting the Annual tax returns for 2018, 2019 and 2020 has been completed. With this reform, the citizens are freed from the administrative procedures and the long wait at the tax counters.

The IT equipment for strengthening the capacity of the Public Revenue Office – Contact Centre/Call Centre” has been fully purchased, which enables measurement of the services, especially the waiting time for using the services of the Center, as well as expanding the scope and facilitating the access to information for the taxpayers.

It was established new user friendly environment of the PRO Contact Centre, taxpayers have access to new and improved tax services developed / implemented within the projects:

- specialized website <http://kontaktcentar.ujp.gov.mk>;

- electronic system "Schedule a meeting" for scheduling an appointment with tax agents in the PROs Contact Centre via Internet <http://kontaktcentar.ujp.gov.mk/Избери-услуга/преглед-на-услуга> or phone Info Centre for consultation regarding specific tax questions/issues;
- electronic Knowledge Base "Informa" <http://kontaktcentar.ujp.gov.mk/Избери-услуга/преглед-на-услуга> that provides easy and quick access to tax information on all questions and answers from tax practice;
- the operational capacities for providing tax services in the smaller settlements have been strengthened by procurement of the two new Mobile Tax Counters, thus increasing the total number of PRO mobile tax counters to a total of 5 (five) serving the municipalities where there is no financial justification for establishing permanent PRO offices http://www.ujp.gov.mk/mk/otvoreni_povici/pogledni/391

The RES system has been successfully implemented in the PRO. Risk Evaluation System implies a systemic structured process that enables identification, assessment, ranking and quantification of risks in the area of tax control.

Modelled Business Processes (BPM2) were delivered as well as a technical specification for the hardware and software for the new integrated IT system and quality control. -Additionally, new ITIS modules for e-commerce and e-invoices are being developed, as, as well as data warehouse and business intelligence tools for risk management, compliance, and fact-based decision making, in order to complete the IT system.

The IT system hall in the PRO - General Directorate Skopje is functional and put in operation.

PRO continuously strengthens the operational and administrative capacities for implementation of the national legislation, IT services and the improved procedures in the part of VAT refund, collection of taxes, exchange of data between tax administrations, modernization of the PRO, professional and ethical standards of employees (code of conduct), audit methods, e-commerce, procedures for access to public information as well as BEPS.

For the needs of the Customs Administration, specific type of equipment for enhanced customs control which will significantly help in the fight against fraud and illicit trade in goods was procured. Also, equipment was also procured to ensure continuity of business processes in the Customs Administration and data storage through consolidation of ICT systems and establishment of a joint Data Center in case of crisis and natural disasters ("Disaster Recovery Center").

Priority 3: Planning and budgeting

A completely new Draft Budget Law has been prepared, adopted by the Government in January 2021, in order to provide a framework for implementing sound, predictable and sustainable fiscal policy and increasing the budget discipline and accountability. Under the new legal solution, fiscal policy is expected to be focused on consolidating public expenditures, by gradually reducing the deficit level, as well as redesigning the public expenditures via scaled-up infrastructure investments. Additionally, through performance-based budgeting, the efficiency and effectiveness of public expenditures

should be improved by linking public sector expenditures with the results achieved. Draft Budget Law is in parliamentary procedure.

Fiscal Sustainability and Economic Growth Support Plan was adopted: policies, recommendations, measures and indicators, adopted in October 2021, being aimed at fiscal consolidation, i.e. efficient and sustainable reduction of the fiscal deficit through a combination of measures on the revenue and the expenditure side of the Budget.

Action Plan for Implementation of Public Investment Management Assessment (PIMA) Recommendations was adopted by the Government of the Republic of North Macedonia in December 2020. It is prepared based on PIMA recommendations implemented in January 2020.

In the field of statistics, implementation of the activities aimed at developing capacities for compilation of EDP notification tables, continued.

Priority 4: Budget execution

Functional and technical documentation has been prepared for a new modern integrated financial management information system (IFMIS), which should provide for improving the efficiency of business processes and ensuring the interconnection between the fragmented IT systems used in public finance. Foundations for establishment of a new organizational unit in charge of project implementation, has been laid.

Amendments to the Law on Public Debt were adopted, geared towards increasing transparency, harmonization with international practices and greater credibility between international institutions and investors. Public Debt Management Strategy has been adopted as a separate document, the contents of which has been improved by introducing an analytical tool designed to improve the decision-making process related to budget financing.

To the end of prudent public finance management, a Rulebook on the Manner of Performing the Analysis of the Data Submitted by the Public Debt Holder, the Application and the Evaluation of the Financial Indicators, was adopted in August 2020.

New Law on Public Procurement, which is aligned with the new 2014 public procurement directives, was adopted in January 2019. According to the main indicators, the LPP has a high degree of compliance with EU legislation, and an average number of bids per procedure in 2021 is 3.3 (the set target is 3 for 2021).

Law on Public Procurement in the field of defence and security, was adopted in August 2019.

Afterwards, all respective bylaws deriving from the Law on Public Procurement and the Law on Public Procurement in the field of defence and security, were adopted and published.

Comprehensive Draft Strategy for Development of Public Procurement System 2022-2026 has been prepared together with Action Implementation Plan.

Electronic System for Public Procurement (ESPP) is upgraded with many functionalities, such as development of a module for reports, pertaining to integrity with performance indicators as regards

the public procurement and (anticorruption) red flags, development of module for e-appeals, module for publishing concluded contracts. Additionally, new platform for electronic market of small- value procurement is developed, which starting from October 2021, is available for economic operators who can attach their e-catalogs to the system for those products envisaged therein, whereby it is planned for the E-market platform to be operational for implementation of small-value procurement, as well as the Contracting Authorities starting from 1st January 2022.

As regards the occurrence of COVID-19 crisis, and for the purpose of to increasing the transparency and access to the data on public procurement contracts related to COVID-19, a new tool for easier indication of COVID-19- related public contracts was introduced on ESPP in 2020.

Upon the entry into force of the new Law on Public Procurement, the filing of a complaint is by electronic means, while at the same time, the economic operators have access to the entire file of the procedures, thus increasing transparency and facilitating the access to legal protection.

New, upgraded and redesigned WEB page was created on SAC, wherein, the bases of solutions were incorporated and new modules for their search were added, thus enabling a fast, efficient and accessible system for searching the decisions and legal positions, contributing to increased accessibility to legal protection in public procurement, concessions and public private partnership for all stakeholders.

System for improvement of the electronic archive and the system for legal protection of public procurement, as well as the introduction of a complete electronic system for interoperability are being tested. The entire appeal procedure, in addition to the other proceedings before the SAC, in the course of 2022, will be conducted electronically, including an electronic session.

Improving the operations of SAC, increasing transparency and improving the decision-making process in accordance with the Public Procurement Law, contributed to greater trust in SAC, as well as reduced number of accepted lawsuits filed in front of the Administrative Court by economic operators against the SAC decisions.

Draft Law on Public – Private Partnership has been prepared, in order to establish effective system for public-private partnership and concessions and legislation in accordance with the European Legislation (Directive 2014/23/EU on the award of concession contracts).

In parallel with the preparation of the legislation in the past period, the process of developing the technical specifications for the establishment of the Single Electronic PPP system was also finalized, with modules needed to ensure the implementation of the overall procedure for awarding contracts related to establishment of a public-private partnership from the announcement until the conclusion of the contract, which will generate Register of Concluded Contracts.

Compilation of Table 801 (in accordance with ESA 2010 Transmission Program) and Table 25 were compiled on experimental bases for 2017 and 2018. The tables were sent to the Eurostat under IPA 2017 MBP. Sent tables are consistent with Table 2, Table 9 and NTL (National Tax List), Table 25 and EDP Notification Tables.

Priority 5: Transparent Government Reporting

Starting from the second half of 2017, with respect to Ministry of Finance activities, most of the focus was placed on improving transparency in the public finance management by creating additional information and quality information that will be easy to use and accessible to the wider public.

- The new additional data on budget execution data were provided on the MoF web site as: reports on budget execution by budget users on a monthly basis; reports on budget execution by municipalities on a quarterly basis; quarterly report on the execution of the general government budget; semi-annual report on execution of the Budget of the Republic of North Macedonia;
 - Additional high-quality data and analyses in the Draft Budget and the Fiscal Strategy (additional coverage of fiscal data tables, wider scope of the narrative part, new tables and charts for the local government budget, section on fiscal risks, additional data on components financed by IPA funds, data on public enterprises and state-owned companies; section on the public debt management policy, alternative borrowing strategies, comparative analysis of projections with data from the Revised Fiscal Strategy, as well as comparison with the projections of other domestic and international institutions);
 - General government data on Budget Execution for first time are published in the IMF's GFS Yearbook for the period 2013-2020 according to GFSM 2014 Methodology and continuously;
 - Announced arrears of the public entities are available on the website of the Ministry of Finance on quarterly basis, from May 2017;
 - Fiscal transparency evaluation was conducted by IMF;
 - Stock of deposits was published, as a part of the Annual Budget Execution Report;
 - Stock flow adjustment tables published, explaining the factors that influence the change in the stock of debt, within the Annual Public Debt Management Report;
 - In October 2020, Ministry of Finance started, as a regular practice, publishing the execution of the local government budget (fiscal table for local government) on a quarterly basis;
 - In October 2020, Ministry of Finance started, as a regular practice, publishing data on revenues and expenditures of public enterprises and state-owned enterprises by enterprise on a quarterly basis.
 - In February 2021, Ministry of Finance launched a new tool for transparency on the website of the Ministry of Finance: Fiscal Counter (daily data for cumulative performance of revenues, expenditures, capital expenditures and general government debt).
 - In April 2021, Ministry of Finance published Tax Compliance Calendar on its website, a new tool on transparency and increased certainty of the business climate in the country. All envisaged changes in the tax regulations, to be undertaken by the end of the year, are contained in the Calendar. The goal is to inform the business community, as well as the general public, for them to be able to plan their activities more efficiently and more effectively throughout the year.
- I. New web portals for increased transparency

- Citizens' Budget <http://budget.finance.gov.mk/>;
- In November 2019, Ministry of Finance launched the new portal "Open Finance " open.finance.gov.mk, which is aimed at providing the public with an insight into the data, available in the Treasury System within the Ministry of Finance, as regards the realization of transactions of all budget users;
- New tool was introduced for monitoring the execution of capital expenditures by budget users, execution in relation to Budget projections, <https://kapitalni-rashodi.finance.gov.mk/?lang=english>;
- Additionally, Ministry of Finance, in February 2020, upgraded the Open Finance Portal with data on public debt, presenting data on the public debt, its trends by years, repayment, projected disbursements throughout the current year and its financing;
- In June 2020, Open Finance Open Finance Portal was broaden with data on the municipal transactions;
- In December 2020, the new web site of the Ministry of Finance was launched.

II. Legal changes that increase transparency

- legal changes, introducing an obligation for all budget users and public enterprises to publish their final accounts on their websites and make them available to the public;
- obligation for budget users and public enterprises to publish all public procurement contracts and annexes to the electronic public procurement system;
- transparency related to public debt data has been improved under the amendments to the Law on Public Debt, as of May 2019, by including the non-guaranteed debt of public enterprises in the definition of public debt.

Priority 6: Internal Control

Draft Law on Public Financial Control System in the Public Sector has been prepared the purpose of which is defining a framework for a modern, appropriate and effective internal financial control system in the public sector, including financial management and control, internal audit and central coordination and harmonization.

In January 2021, the Draft Law was submitted to the Parliament, for adoption. The first reading on the Draft Law took place in May 2021 and a second reading of the law is expected to be scheduled.

A novelty in the law is that all public sector entities are obliged to implement key financial processes exclusively on the basis of internal acts (regulations, guidelines, etc.) prepared on the basis of the relevant laws and their bylaws, what is also introduced is a new managerial accountability system, new ways and criteria for establishing internal audit, new way of reporting on financial management and control and internal audit.

Most of the bylaws have been prepared or are in the final stage of preparation. The bylaws and methodological tools will contribute to the efficient implementation of the Law.

For the purpose of continuous implementation of national certification of internal auditors in the public sector, draft versions of the Rulebook and materials/textbooks for conducting training and

examand a program for obtaining a certificate for certified internal auditor, have been prepared. An assessment and analysis of the possible ways of organizing the Academy of Public Finance was conducted. It will be established as a department in the Ministry of Finance.

Public Finance Academy will provide continuous education of the public administration in the field of public finance quality and fast services to citizens and businesses.

In general, all realized activities significantly contribute to the establishment of a sound financial management and control system.

Priority 7: External Control and Parliamentary Oversight

The State Audit Office has taken on significant activities for increasing transparency and accountability¹ by focusing on communication with stakeholders (media, news agencies, daily and weekly newspapers, journalists, broadcasters, televisions, cable operators, internet portals, civil society organizations and institutions) through press releases and answering questions. Continuous and timely communication with approximately 380 external stakeholders was also strengthened by SAO website announcements on final audit reports, press releases and audit report abstracts on key shortcomings identified with the audit, as well as information on SAO operation.

Important aspects of the audit process were improved with the adoption of the following acts:

- new Rulebook on the manner of performing state audit (Official Gazette of RNM, no. 264 from 5.11.2020),
- amendments to the Regularity Audit Manual for ensuring full implementation of ISSAIs in the audit process,
- Procedure for the manner of operation of the Expert Body of the State Audit Office, and
- Public Procurement Audit Program, in line with the new Public Procurement Law.

SAO institutional capacities were strengthened by increasing the number of employees, as well as by continuous professional development and training of auditors in accordance with SAO Annual Plan for continuous professional development.

Draft Memorandum of Cooperation between the Assembly of the Republic of North Macedonia and the State Audit Office was prepared and presented with the aim of improving cooperation with the Assembly for reviewing and acting upon final audit reports and thus for strengthening parliamentary oversight over public funds.

¹ https://dzt.mk/sites/default/files/2020-09/Komunikaciska_strategija_2020_2023.pdf

Priority Measure	Activity	2017				2018				2019				2020				2021			
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV

P1 Improved Fiscal Framework

P1M1 Formulation, adoption and implementation of fiscal rules

P1M1A1	Designing of fiscal rule and adoption of the fiscal rule legislation					→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→
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P1M2 Strengthening forecasting

P1M2A1	Reorganization of organisation structure and responsibilities in charge of revenues projections					✓	✓	✓	✓												
P1M2A2	Strengthening capacities for the tax revenue planning									→	→	→	→	→	→	→	→	→	→	→	→
P1M2A3	Creating procedures and operational framework for modelling related to tax revenue projections												X	→	→	→	→	→	→	→	→
P1M2A4	Further development of macroeconomic model							X	X	X	X	X	X	✓	✓	✓	✓				

P1M3 Increased data availability for better forecasting of GDP

P1M3A1	To continue harmonisation of the statistical methodologies in the area of business and social statistics (monthly and quarterly), providing timely and accurate data for compiling quarterly national accounts									→	→	→	→	→	→	→	→	→	→	→	→
P1M3A2	Exploring the usage of administrative and other data sources in the field of business and social statistics									→	→	→	→	→	→	→	→	→	→	→	→
P1M3A3	Delineation of Gross Capital Formation									→	→	→	→	→	→	→	→	→	→	→	→
P1M3A4	Strengthening the human capacities that will bear the burden of the activities planned									X	X	X	X	X	X	X	X	X	X	X	X
P1M3A5	ESA 2010 Transmission									→	→	→	→	→	→	→	→	→	→	→	→

P2 Revenue Mobilization

P2M1 Improved revenue legislation framework, harmonized with the EU acquis

P2M1A1	Harmonisation of tax and customs legislation in line with relevant EU acquis and best practices									X	X	X	→	→	→	→	→	→	→	→	→
P2M1A2	Amendments in order to support effective tax collection, prevention of tax evasion and fight against tax avoidance									this activity will be realised as part of the P2M1A1											

P2M2 Improved tax and customs services and procedures

P2M2A1	Implementation of the project activities foreseen in the PROs Modernisation Programme (including reengineering of business processes, new Tax Integrated IT system)	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→
P2M2A2	Strengthening operational capacities of CARM to increase the quality of controls and responses and introducing further simplification of procedures	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→
P2M2A3	Introducing enhanced models and methods to strengthen the control system to prevent, detect and fight against customs frauds and illegal trafficking of goods while facilitating the trade					→	→	→	→	→	→	→	→	→	→	→	→	→	→	→	→

P4M6A5	Calculation of quarterly General Government Accounts											X	X	X	X	→	→	→	→	✓	✓	✓	✓	
P4M6A6	To make quarterly General Government Accounts available for users											X	X	X	X	X	X	X	X	X	X	X	X	X

P4M7 Strengthening statistical services

P4M7A1	Development of the textual content of statistical releases and other publications in ways that would facilitate and foster their use by a broader range of users																							
P4M7A2	Development of interactive data visualisation tools and applications in order to promote a quick and easy-understandable overview of the presented statistics																							
P4M7A3	Strengthened capacity on using standard IT tools for data processing of survey data											→	→	→	→	→	→	→	→	→	→	→	→	
P4M7A4	Technical assistance for defining the business requirements of different parts of the re-engineered IT system for statistical production											→	→	→	→	✓	✓	✓	✓					
P4M7A5	Outsourced software development of IT system, maintenance and support													X	X	X	X	→	→	→	→	→	→	
P4M7A6	Acts on organisation and systematisation that will support the re-engineered production environment														✓	←	←	←	←					
P4M7A7	Upgrading of the IT infrastructure (hardware and software) and putting the new IT system into production, maintenance and support													X	✓	✓	✓							
P4M7A8	Strengthening the human capacities (number of staff and skills) that will bear the burden of the activities planned																			X	X	X	X	

P5 Transparent Government Reporting

P5M1 Improved transparency trough government reporting

P5M1A1	Development and implementation of transparency standards for PFM reporting-Publishing additional data on the MoF website					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
P5M1A2	Publishing of Citizen's Budget Portals for increased fiscal transparency				✓				✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

P6 Internal Control

P6M1 Improved PIC (FMC and IA) legislation and methodological framework

P6M1A1	Preparing the new PIC legislation																				→	→	→	→
P6M1A2	Promoting the concept of public internal control system to the managers of the entities of the central and local level																				X	X	X	X

P6M2 Strengthened administrative capacities on central and local level on FMC and IA

P6M2A1	Establishing system of continuous training and on the job training																				X	X	X	X
P6M2A2	Establishing system for supervision of IA and FMC units																				X	X	X	X

P7 External Control and Parliamentary Oversight

P7M1 Improved strategic planning and external audit process in line with the ISSAIs

P7M1A1	Development and implementation of Strategic Plan of SAO																				→	→	→	→
P7M1A2	Assessment of institutional and human resources capacity of SAO in order to maintain high quality of audits, in accordance with the relevant legal framework																				→	→	→	→
P7M1A3	Improved administrative capacity for performance audit																				→	→	→	→

P7M2 Improved scrutiny over the budget by the Parliament

P7M2A1	Analysis of existing legal and institutional framework in regard to mutual cooperation between SAO and Parliament benchmarked to SAO-Parliament cooperation best practices in EU					→	→	→	→	✓	←	←	←							→	→	→	✓
P7M2A2	Training Needs Assessment (TNA) carried out and Training Plan elaborated for members of Parliament					X	X	X	X	X	✓	✓	✓	→	→	→	→	✓			→	✓	

-  original plan
-  extended
-  on time
-  started earlier than original plan
-  cancelled
-  not started
-  moved backwards
-  ongoing
-  realised

Realised:	Ongoing:	Not started:
31	32	8
44%	45%	11%