

I. RESULTS FRAMEWORK AND MONITORING

COUNTRY: North Macedonia Building Effective, Transparent and Accountable Public Financial Management Institutions Project

Project Development Objectives(s)

To strengthen the efficiency, transparency and sustainability of public expenditure and increase the effectiveness of revenue administration.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Strengthening the efficiency of public expenditure			
Reduction in general government arrears as a percent of total general government expenditures (Text)		8.9 percent	5.9 percent
Strengthening the transparency of public expenditure			
Increased comprehensiveness of publicly published general government reporting that includes critical extra-budgetary funds in line with the new OBL (Text)		Budget planning and annual budget execution reports do not cover all institutions that should be part of the central government.	Additional 6 regulatory agencies, 4 independent and other entities that are central governments entities and 10 PEs which are classified as central government entities included as part of the budget preparation and execution reports through the new IFMIS.
Strengthening the sustainability of public expenditure			
Climate change considerations integrated into project screening (Text)		Climate considerations not contemplated in project screening	80 percent of new projects have been screened for climate change mitigation or adaptation considerations
Increased effectiveness of revenue administration			
Reduction in VAT compliance gap (Text)		22 percent of VTTL	19 percent of VTTL

Indicator Name	PBC	Baseline	End Target
Increased percentage of VAT refund requests processed within 30 days (Text)		7.56 percent	15 percent

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Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Component 1. Supporting Public Expenditure Management Reforms						
New IFMIS is operational and supports budget planning, execution and reporting functions for all central government entities (Text)		No IFMIS	New IFMIS developed; MDS and DRC available, with system reports on availability and downtime, and training of central and local IFMIS users	IFMIS has gone live after being piloted in at least 3 ministries	IFMIS is used in the preparation and execution of the central government budget.	At least 90 percent of all ministries, departments and agencies (MDAs) are actively using the IFMIS based on monitoring logs At least 95 percent of payments processed through the IFMIS
Reduction of the required time for the processing of payments through the IFMIS and Treasury Single Account interface (Text)		No IFMIS; 30 days for entities to submit the invoice to the Treasury +1 for payment processing by the Treasury	30 days for entities to submit the invoice to the Treasury +1 for payment processing by the Treasury	30 days for entities to submit the invoice to the Treasury +1 for payment processing by the Treasury	On average, 15 days for entities to submit invoices to Treasury +1 day for payment processing by Treasury	5 days for entities to submit invoices to Treasury +1 day for payment processing by Treasury
Annual budget, including climate and gender tagging, prepared through the IFMIS and climate and gender expenditures monitored (Text)		Budget prepared through fragmented systems, and climate and gender expenditures not easily identifiable in budget	Program-based budgeting regulations and guidelines, including climate and gender tags developed	IFMIS operational, including program-based budgeting classifications and climate and gender tags	Budget circular includes guidance on how to identify gender and climate expenditure and 2025 budget prepared through the IFMIS system and includes climate and	Program based budgeting is fully supported through the IFMIS, and climate and gender expenditures reported upon

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
					gender tagged activities;	
Open Budget Index Score (transparency) increased (Text)		41 out 100 (2019)	55 out of 100 (2023)			66 out of 100 (2025)
Use of systematic tool for monitoring and responding to citizen feedback on PFM policy decisions and strategic investment projects. (Text)		Government engaged in consultations on new laws and regulations, but no systematic consultations on budget process	Establishment of a feedback tool for PFM policy decisions and strategic investment projects as a part of the shared Government platform (yes/no)	Public informed about the communication/feedback channel (yes/no)		Annual report on the Government's response to citizen feedback published.
Increased frequency of SAMIS generated reporting on state aid in consultation with the CPC (Text)		SAMIS does not exist; reports on state aid are not published	New SAMIS developed and pilot tested; Hosting platform established.	SAMIS has gone live	Monthly reports generated by the SAMIS	Monthly reports generated by the SAMIS
Implementation of PIM guidelines and manuals including procedures for integrating climate considerations into the project management cycle through the new PIM module of the IFMIS (Text)		No dedicated guidelines or standard criteria for the identification, appraisal, prioritization and selection of investment projects	Adoption of manuals and guidelines, and creation of the PIM Unit	Dissemination of PIM manuals and guidelines among relevant institutions	Capacity building on new PIM guidelines carried out and PIM module included in the IFMIS	Application in 25 percent of entities
Component 2. Strengthening Tax Administration Practices and Systems in PRO						
Increased domestic revenue collections of VAT coming from voluntary compliance initiatives (Text)		90.59 percent	Implementation of compliance improvement plan	92.5 percent		95 percent
Improved rate of tax payment on time (VAT) (Text)		Rate on number of timely payments - 60% (2021) Rate on amount of timely	Rate on number of timely payments - 65% (2022) Rate on amount of timely	Rate on number of timely payments - 70% (2023) Rate on amount of timely	Rate on number of timely payments - 80% (2024) Rate on amount of timely	Rate on number of timely payments - 90% (2025) Rate on amount of timely

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
		payments - 70% (2021)	payments - 75% (2022)	payments - 80% (2023)	payments - 85% (2024)	payments - 90% (2025)
Enhanced ITIS Operational (Text)		The current IT IS does not have the functionalities supported by the project	New data warehouse and BI tools developed and linked with the ITIS to support decision support, performance monitoring, risk management and reporting needs			Improved availability of the MDS and DRC
Component 3. Supporting Change Management, Donor Coordination and Project Management						
Change management and communication plans are adopted and implemented (Text)		None	Change management and communication needs assessment reports completed and validated.	Change management and communication plans for MoF and PRO drafted and approved.	At least 2 stakeholder engagement activities completed for MoF and PRO.	80 percent of agreed upon change management and communication plan activities in MoF and PRO completed.
Learning toolkit for new processes and competencies is developed, disseminated and users have given feedback (Text)		No learning toolkit	Learning toolkit assessment report for MoF and PRO completed.	40% of planned toolkit activities are delivered and feedback collected in MOF and PRO.	80% of toolkit activities are delivered and feedback collected in MOF and PRO.	Knowledge product of lessons learned from the toolkit activities is developed and disseminated in MoF and PRO

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Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Reduction in general government arrears as a percent of total general government expenditures	General government arrears/Total general government expenditures*100	Annual	Ministry of Finance website	Information downloaded from website	OBL Reform Unit
Increased comprehensiveness of publicly published general government reporting that includes critical extra-budgetary funds in line with the new OBL	Additional number of institutions	Annual	Budget Reports on MOF Website	Information downloaded from the website	OBL Reform Unit
Climate change considerations integrated into project screening	Percent of newly approved public investment projects which were screened for climate change mitigation or adaptation considerations	Annual	PIM module of IFMIS	Reports generated by PIM module of IFMIS	OBL Reform Unit
Reduction in VAT compliance gap	The indicator measures improvement in the effectiveness of tax collection.	Baseline; at mid-term review; in last year of project	PRO data on VAT collection; National Accounts data	Data obtained from PRO and National Statistical Office	PRO Reform Team
Increased percentage of VAT refund requests processed within 30 days	The indicator measures improvement in the effectiveness of tax collection	Baseline; at mid-term review; in last year of project	PRO data	Data obtained from PRO reports	PRO Reform Team

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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
New IFMIS is operational and supports budget planning, execution and reporting functions for all central government entities	Indicator tracks IFMIS implementation and use through the specified milestones	Annual	IFMIS implementation reports, and IFMIS generated reports after going live.	Review of reports on IFMIS implementation, system generated reports following system launch	OBL Reform Unit
Reduction of the required time for the processing of payments through the IFMIS and Treasury Single Account interface	Actual processing times	Annual	MOF Reports. IFMIS reports after going live.	Review of MOF/IFMIS reports	OBL Reform Unit
Annual budget, including climate and gender tagging, prepared through the IFMIS and climate and gender expenditures monitored	Indicator tracks development of program-based budgeting (including climate and gender tagging) as facilitated by the OBL and IFMIS	Annual	IFMIS implementation reports, budget circulars; IFMIS generated reports after going live.	Review of IFMIS implementation reports, budget circulars, IFMIS generated reports.	OBL Reform Unit
Open Budget Index Score (transparency) increased	Headline Open Budget Index Score	Bi-annual	International Budget Partnership website	Collected from International Budget Partnership report	OBL Reform Unit
Use of systematic tool for monitoring and responding to citizen feedback on PFM policy decisions and strategic investment projects.	Indicator tracks development and effective use of a systematic tool for monitoring and responding to citizen	Annual	Feedback tool for PFM policy decisions, Annual report	Review of feedback tool for PFM policy decisions, Annual report on citizen feedback	OBL Reform Unit

	feedback on PFM policy decisions and strategic investment projects		on citizen feedback		
Increased frequency of SAMIS generated reporting on state aid in consultation with the CPC	Measures frequency of reporting on state aid	Annual	CPC Reports; SAMIS generated reports (after launch)	Review of CPC Reports; SAMIS generated reports (after launch)	CPC
Implementation of PIM guidelines and manuals including procedures for integrating climate considerations into the project management cycle through the new PIM module of the IFMIS	Indicator tracks progress in the adoption and use of PIM guidelines and manuals across government entities	Annual	Approved guidelines, dissemination and capacity building materials, IFMIS generated reports (after launch)	Review of associated materials, IFMIS generated reports	OBL Reform Unit
Increased domestic revenue collections of VAT coming from voluntary compliance initiatives	Indicator tracks improvement in voluntary compliance related to VAT	Baseline; at mid-term review; in last year of project	PRO data	Data obtained from PRO reports	PRO Reform Team
Improved rate of tax payment on time (VAT)	Indicator tracks improvement in voluntary compliance related to VAT	Annual	PRO data	Data obtained from PRO reports	PRO Reform Team
Enhanced ITIS Operational	Indicator tracks improvements in the usage of IT tools for effective revenue administration	Baseline; at mid-term review; in last year of project	PRO data	Data obtained from PRO reports	PRO Reform Team
Change management and communication plans are adopted and implemented	Indicator tracks development and adoption of change	Annual	Change management	Review of change management and	OBL Reform Unit, PRO Reform Team

	management plans associated with key areas of project reforms		and communication plans, event agendas, implementation reports.	communication plans, event agendas, implementation reports.	
Learning toolkit for new processes and competencies is developed, disseminated and users have given feedback	Indicator tracks development of learning toolkit on new processes and areas linked to key reform areas, and progress in the toolkit's implementation.	Annual	Reports on toolkit activity implementation	Review of implementation reports	OBL Reform Unit, PRO Reform Team

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