



Republic of North Macedonia

**Ministry of Finance**

**2023 ACTION PLAN  
FOR IMPLEMENTATION OF THE  
PFM REFORM PROGRAMME**

**March 2023**

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>PILLAR I: Economic Analysis, Macroeconomic and Fiscal Framework</b>						
<b>PRIORITY 1. Revenue forecasting and reporting</b>						
<b>Priority outcomes</b>	<b>Priority indicators</b>	<b>Target FY 2023</b>		<b>Target FY 2024</b>		<b>Target FY 2025</b>
Improved reporting of tax expenditures and forecasting of tax revenues	Established practice for the preparation of a report of tax expenditures and active application of models for forecasting tax revenues	Provided trainings on tax expenditures reporting and application of deployed tax revenue models		Provided additional trainings on tax expenditures reporting, cost-benefit analysis of tax expenditures and application of tax revenue models		Prepared report on tax expenditures and active application of deployed tax revenue models
<b>MEASURE 1: Improving tax and customs reporting in accordance with the EU best practices</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>		<b>Target FY 2024</b>		<b>Target FY 2025</b>
Preparation of reports on tax expenditures in line with the EU best practices	conducted trainings for the preparation of a report on tax expenditures	At least one training on tax expenditures reporting, and preparation of a brief report as a section in the Medium-term Fiscal Strategy		Additional trainings on tax expenditures reporting and cost-benefit analysis of tax expenditures, and preparation of an extended report as a section in the Medium-term Fiscal Strategy		prepared and published tax expenditure report, as a separate document stipulated with the new OBL
<b>Deliverables in 2023:</b>	Training of the employees of the Tax Analysis Unit at the Ministry of Finance on tax expenditures reporting					
<b>ACTIVITY</b>	<b>TIMEFRAME</b>		<b>RESPONSIBLE INSTITUTION</b>	<b>OTHER INSTITUTIONS INVOLVED</b>	<b>PLANNED INPUTS</b>	
	<b>START qq/yy</b>	<b>END qq/yy</b>			<b>BUDGET</b>	<b>SOURCE</b>
Training on preparing a report on tax expenditures	Q2/23	Q4/23	MoF	PRO and CA		IMF
<b>MEASURE 2: Enhancing tax and customs modelling capacity</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>		<b>Target FY 2024</b>		<b>Target FY 2025</b>
Improving the capacity of the MoF employees for application of tax and customs models in revenue forecasting	Conducted trainings for the application of tax and customs models	Two trainings for excise modelling; continuing with the trainings for the application of PIT and CIT models		Additional trainings for modelling the fiscal impact of tax and customs policies		Additional trainings for modelling the fiscal impact of tax and customs policies
<b>Deliverables in 2023:</b>	Trainings of the employees of the Tax Analysis Unit at the Ministry of Finance on tax modelling					
<b>ACTIVITY</b>	<b>TIMEFRAME</b>		<b>RESPONSIBLE INSTITUTION</b>	<b>OTHER INSTITUTIONS</b>	<b>PLANNED INPUTS</b>	

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	START qq/yy	END qq/yy		INVOLVED	BUDGET	SOURCE
1.Training for planning revenues from excise taxes from tobacco and alcohol products	Q1/23	Q4/23	MoF	CA		World Bank
2.Training on the application of the personal income tax model	Q2/23	Q4/23	MoF	PRO		World Bank
3.Training on the application of the profit tax model	Q2/23	Q4/23	MoF	PRO		World Bank
				<b>TOTAL:</b>	0	

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<b>PILLAR I: Economic Analysis, Macroeconomic and Fiscal Framework</b>				
<b>PRIORITY 2. Economic analysis and Macroeconomic forecasting</b>				
<b>Priority outcomes</b>	<b>Priority indicators</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Assessment of the impact of certain economic policies, reforms or measures and implementation of additional economic analyses.	Impact assessment and economic analyzes published in Ministry of Finance reports.	Development of a new tool for assessing the impact of economic policies and reforms through the use of a financial programming model  - Conducted trainings	Conducted trainings and workshops on the assessment of the impact of structural policies using the macro fiscal structural model	Increased coverage of economic analyzes and impact assessment  Conducted trainings and workshops on the impact assessment of structural policies using the macro-fiscal structural model and the CGE model
Developed short-term macroeconomic forecasting tools, growth projection models including CGE model, and conducted trainings.	New macroeconomic models in the preparation of budget documents and the Program for Economic Reforms	Development of new tools for macroeconomic planning: - For short-term inflation projection - VAR model for growth project - Update of "Nowcasting" model for growth project - Conducted trainings on basics of econometrics	Development of a macro-fiscal structural model  Conducted trainings and workshops on the use of models and on the basics of econometrics	Development of macro-fiscal structural model and CGE model  Conducted trainings and workshops for the use of the models
Strengthening the capacities for the analysis of fiscal risks (for several types of fiscal risks determined in accordance with best international practices).	Comprehensive reporting (Fiscal Risk Statement) on: the obligations of the central and local government; risks related to PPPs; risks identified by the largest PEs; analysis of fiscal risks related to climate change; comparison of scenarios for macro-fiscal projections.		Conducted trainings and workshops	Procedure for preparing a Statement of fiscal risks  PJFRO score >=B

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Preparation of independent, objective and professional opinions on issues related to fiscal policy	Established operational Fiscal Council and body for professional - administrative support	Nomination and election of members of the Fiscal Council and body for professional and administrative-technical support  Preparation of by-laws for the work of the Fiscal Council  Conducted trainings and workshops	Preparation of by-laws for the work of the Fiscal Council and reporting on the implementation of the fiscal rules at the MoF  Conducted trainings and workshops			
<b>MEASURE 1: Capacity building for economic analyses</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>		
Building the capacity of the Ministry of Finance for economic analyzes to provide information on the expected results of the economic measures to be taken.	Assessment of the impact of certain economic policies, reforms or measures and implementation of additional economic analyzes.	Development of a new tool for assessing the impact of economic policies and reforms through the use of a financial programming model  - Conducted trainings	Conducted trainings and workshops on the assessment of the impact of structural policies using the macro fiscal structural model	Increased coverage of economic analyzes and impact assessment  Conducted trainings and workshops on the impact assessment of structural policies using the macro-fiscal structural model and the CGE model		
<b>Deliverables in 2023:</b>	Trainings of employees in the Ministry of Finance for the analysis of macroeconomic data Developing a tool model for assessing the impact of economic policies and reforms with a financial programming model					
<b>ACTIVITY</b>	<b>TIMEFRAME</b>		<b>RESPONSIBLE INSTITUTION</b>	<b>OTHER INSTITUTIONS INVOLVED</b>	<b>PLANNED INPUTS</b>	
	<b>START qq/yy</b>	<b>END qq/yy</b>			<b>BUDGET (in EUR)</b>	<b>SOURCE</b>

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1.Continuation of the development of a new tool for assessing the impact of economic policies and reforms through the use of a financial programming model,	Q1/23	Q3/23	MoF (DEPD, DT, DBF, DPD)		170,000 For 2023, trainings have been confirmed for a duration of 25 working days, of which 5 days are online trainings, and 20 days are onsite trainings at the Ministry of Finance (realized through 5 missions).	External financing Swiss State Secretariat for Economic Affairs (SECO)
<b>MEASURE 2: Developing new macroeconomic models</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	
Increasing the capacity of the Ministry of Finance for macroeconomic forecasts and analyses.	New macroeconomic models in the preparation of budget documents and the Program for Economic Reforms		Development of new tools for macroeconomic planning: - For short-term inflation projection - VAR model for projecting growth - Update of "Nowcasting" model for projecting growth - Conducted trainings on basics of econometrics	Development of a macro-fiscal structural model  Conducted trainings and workshops on the use of models and on the basics of econometrics	Development of macro-fiscal structural model and CGE model  Conducted trainings and workshops for the use of the models	
<b>Deliverables in 2023:</b>	New macroeconomic models in the preparation of budget documents and the Program for Economic Reforms Development of inflation projection model and conducted trainings Update of model for short-term projection "Nowcasting" and conducted trainings Starting activities to expand the framework for macroeconomic planning with a new VAR model					
<b>ACTIVITY</b>	<b>TIMEFRAME</b>	<b>RESPONSIBLE INSTITUTION</b>	<b>OTHER INSTITUTIONS</b>	<b>PLANNED INPUTS</b>		

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	START qq/yy	END qq/yy		INVOLVED	BUDGET (in EUR)	SOURCE
1.Completing the development of the new tool for short-term inflation projection in cooperation	Q1/23	Q2/23	MoF (DEPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
2.An update to the Nowcasting tool, which is a model for short-term economic growth projection	Q2/23	Q4/23	MoF (DEPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
3.Conducting trainings in the field of econometrics to several sectors in the Ministry of Finance, as well as to other interested parties.	Q4/23	Q4/23	MoF (DEPD, DBF, DT, DPD); Parliament-BO &PI); FC, Academia			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
4.Developing a VAR model for projecting economic growth.	Q4/23	2025	MoF (DEPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
<b>MEASURE 4: Establishing Fiscal Council</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>			<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>

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Promotion of the sustainability of public finances through the evaluation of the fiscal policy and strategies of the state and their implementation by an independent expert body (FS), as well as the evaluation of the basic macroeconomic and budget projections used in the preparation of strategic documents related to public finances.	<p>A new Budget Law was adopted</p> <p>Nomination and election of members of the Fiscal Council and body for professional and administrative-technical support</p> <p>Preparation of by-laws</p> <p>Conducted trainings and workshops</p> <p>Established operational Fiscal Council and body for professional - administrative support</p>	<p>Nomination and election of members of the Fiscal Council and body for professional and administrative-technical support, including building administrative capacities</p> <p>Preparation of by-laws for the work of the Fiscal Council</p> <p>Conducted trainings and workshops</p>	<p>Preparation of by-laws for the work of the Fiscal Council and reporting on the implementation of the fiscal rules at the MoF</p> <p>Conducted trainings and workshops</p> <p>Established operational Fiscal Council</p>			
<b>Deliverables in 2023:</b>	<p>Election of heads of the Fiscal Council and body for professional and administrative-technical support</p> <p>Preparation of by-laws for the operationalization of the work of the Fiscal Council and body for professional and administrative-technical support</p>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (in EUR)	SOURCE
1.Nomination and election of Fiscal Council members	Q1/23	Q1/23	Parliament, MANU, NBRSM, SAO and MoF (DBF, DEPD)		41,500	National Budget
2.Selection of members of the body for professional - administrative support of the Fiscal Council	Q2/23	Q2/23	FC, Parliament and MoF (DBF, DEPD)			National Budget
3.Preparation of by-laws based on international good practice for determining the procedures that will operationalize the work of the Fiscal Council and body for professional and administrative-technical support	Q3/23	Q4/23	FC, Parliament and MoF (DBF, DEPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.)



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4.Capacity building for the fiscal council and expert body to analyze the implementation of fiscal rules, deviations from the rules, reporting on the analysis and communication with the public.	Q3/23	Q4/23	FC, Parliament and MoF (DBF, DEPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
5.Preparation of a report based on an international comparative analysis of the experience and way in which Ministries of Finance report on compliance with fiscal rules	Q3/23	Q4/23	MoF (DBF, DEPD, DT, DPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
6.Development of an internal procedure in the Ministry of Finance for internal coordination for reporting compliance with fiscal rules	Q4/23	2025	MoF (DBF, DEPD, DT, DPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
7.Capacity building in the Ministry of Finance for ex-ante and ex-post assessment and reporting on the implementation of fiscal rules.	Q4/23	2025	MoF (DBF, DEPD, DT, DPD)			(World Bank) under the EU TF on strengthening the fiscal governance in the Western Balkans.
					<b>TOTAL:</b>	Eur 211,500

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<b>PILLAR I: Economic Analysis, Macroeconomic and Fiscal Framework</b>				
<b>PRIORITY 3: Strengthening Debt Management</b>				
<b>Priority outcomes</b>	<b>Priority indicators</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Improved public debt management	Improved debt refinancing risk indicators	/	Introduction of new debt refinancing risk indicator that will measure the share of short-term debt in total debt	Increase in long-term debt within total debt. Target - Average time to maturity greater than 5.5 years
	Increased grade in SIGMA report	/	/	Improvement of the indicator in the SIGMA report for risk mitigation in the stock of public debt
<b>MEASURE 1: Reduction of operational risks in public debt management</b>				
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
More efficient public debt management by optimizing risks which public debt portfolio is susceptible to	Number of external debt orders paid electronically	70% of external debt orders to be realized electronically	80% of external debt orders to be realized electronically	100% of external debt orders to be realized electronically
	Increased number of employees responsible for public debt management	15 employees for public debt management	16 employees for public debt management	17 employees for public debt management

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	Procedure for Quarterly debt reconciliation with foreign creditors	/	Adopted procedure for Quarterly debt reconciliation with foreign creditors	/		
<b>Deliverables in 2023:</b>	100% of the external debt orders to be realized electronically, employment of 2 people					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Introducing e-banking with NBRNM for external debt repayment	Q1/22	Q1/25	MoF	NBRNM	/	/
2.Strengthening public debt management capacities	Q1/22	Q4/25	MoF	Agency for Administration	12,240	National Budget
3.Reconciling the debt stock with the creditors	Q2/23	Q4/24	MoF	International financial institutions	/	/
<b>MEASURE 2: Increasing public debt transparency</b>						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Transparent presentation of public debt in line with international methodologies and standards	Preparation of the Public Debt in accordance with the Maastricht Criteria	/	/	Stock of Public Debt to be calculated in accordance with the methodology of the Maastricht Criteria		
	Preparation of the national debt in accordance with the SDDS plus statistical standard.	/	Stock of national debt calculated in accordance with the SDDS plus statistical standard	/		
<b>Deliverables in 2023:</b>	There is no output expected in 2023.					
ACTIVITY	TIMEFRAME	RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS	PLANNED INPUTS		

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	START qq/yy	END qq/yy		INVOLVED	BUDGET (IN EUR)	SOURCE
1.Modifications and amendments to Public Debt Law to the end of aligning the debt definition with the Maastricht Criteria	Q2/23	Q4/24	MoF	EU	/	/
2.Incorporating debt data in the Budget document	Q1/23	Q4/25	MoF	Assembly of RSM	/	/
<b>MEASURE 3: Issuance of new financial instruments</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>			<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Expanding investors' database.	Diversification of debt instruments			Issuance of structural bond to municipalities according to Law for financing of Local self-government units	Issued bond that will be defined during the monitoring process	Issued bond that will be defined during the monitoring process
<b>Deliverables in 2023:</b>	Issuance of structural bond to municipalities according to Law for financing of Local self-government units					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Issuance of new financial instruments	Q1/22	Q4/25	MoF	Municipalities	/	/
					<b>TOTAL:</b>	Eur 12,240

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PILLAR: II: Revenue Mobilisation						
PRIORITY 1: Tax and Customs Policy						
Priority outcomes	Priority indicators	Target FY 2023		Target FY 2024		Target FY 2025
Legislation in the area of taxation and customs harmonized with the Union acquis, standards and best practices	Progress made toward fulfilment of the EU accession criteria (steady progress in the respective Chapters 16 and 29)	Ch.29: Good level of preparation Good progress Ch.16: Moderately prepared Some progress		Ch.29: Good level of preparation Very Good progress Ch.16: Moderately prepared Good progress		Ch.29: Good level of preparation Very Good progress Ch.16: Good level of preparation Good progress
MEASURE 1: Improved revenue legislation framework, harmonized with the EU acquis						
Measure objective:	Measure indicator:	Target FY 2023		Target FY 2024		Target FY 2025
Objective is to improve and harmonize legislation in line with the relevant EU acquis and the best practices in the area of tax and customs legislation	Number of legislative acts (regarding Ch.16 And Ch.29)	2 legislative acts in the area of tax and customs policy		2 legislative acts in the area of tax and customs policy		2 legislative acts in the area of tax and customs policy
<b>Deliverables in 2023:</b>	Prepared gap analyses and drafted new legal acts or amendments to the existing national tax and customs legislation (laws and by-laws)					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Gap analysis of national legislative provisions (laws and bylaws and methodology) compared to the latest EU legislation and best practices, in the area of tax and customs legislation	Q1/23	2025	MoF	PRO and CA		
2.New legal acts and/or amendments to the existing national tax and customs legislation (laws and by-laws) drafted on the basis of the EU legislation in force	Q1/2023	2025	MoF	PRO and CA		
					<b>TOTAL:</b>	<b>0</b>

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PILLAR 2: Revenue Mobilization				
PRIORITY 2: Tax Administration				
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025
Improved stability, efficiency and quality of the revenue collection system (IT system)	% percentage of digitized tax services	86%	90%	100%
more effective and efficient management of the overdue tax debt	improved rate of tax payment on time (VAT)	Rate on number of timely payments – 70% Rate on amount of timely payments - 80%	Rate on number of timely payments – 80% Rate on amount of timely payments - 85%	Rate on number of timely payments – 90% Rate on amount of timely payments - 95%
	Improved age structure of the tax debt (VAT) - reduced share of the debt older than 12 months in the total tax debt	Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 63%	Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 56%	Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 50%
Measure 1: Strengthen administrative capacity for better revenue collection and tax compliance				
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025
Improve tax revenue services, including tax collection and compliance, and overall establish a model for a professional service to taxpayers, recognizable for its best practices and quality standards	Increasing the amount of the established tax guarantee	Increase the amount of the established tax guarantee by 10% compared to 2022.	Increase the amount of the established tax guarantee by 5% compared to 2023.	Increase the amount of the established tax guarantee by 5% compared to 2024.
	Increasing the collection of tax debt based on an established tax guarantee	Increase in the amount of debt collected based on the established tax guarantee by 10% compared to 2022.	Increase in the amount of debt collected based on the established tax guarantee by 10% compared to 2023..	Increase in the amount of debt collected based on the established tax guarantee by 5% compared to 2024.
	Value of collectible core tax arrears in FY end in percent of total core tax revenue collection for FY	VAT debt / VAT income ratio 14%	VAT debt / VAT income ratio 12%	VAT debt / VAT income ratio 10%
	Increase in the amount of additionally determined tax with audit compared to the previous year	Additional tax assessed per audit program increased per 3% compared to the results from the previous year	Additional tax assessed per audit program increased per 3% compared to the results from the previous year	Additional tax assessed per audit program increased per 3% compared to the results from the previous year

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	Increase in the amount of collected additional tax with control compared to the previous year	The amount of additional tax collected with the external control plan increased by 3% compared to the results of the previous year	The amount of additional tax collected with the external control plan increased by 3% compared to the results of the previous year	The amount of additional tax collected with the external control plan increased by 3% compared to the results of the previous year		
<b>Deliverables in 2023:</b>	Draft Compliance Improvement Plan Draft Register of risks Established Centre of Excellence within the tax debt collection and management function Proposal for changes and additions to the tax procedure law - harmonized with the Ministry of Finance and launched in the procedure for adoption					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Strengthening the institutional capacity of the tax administration, especially in management of the overdue tax debt and the tax compliance	2022	2025	PRO	/	570.000	Budget
<b>Measure 2: Digital transformation of the PRO with the establishment of an Integrated Tax Information System (ITIS)</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>		<b>Target FY 2024</b>	<b>Target FY 2025</b>	

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The purpose of the measure is to build the capacity of the tax administration to administer tax revenues and contributions by strengthening administrative resources, more effective and efficient management of overdue tax debt and compliance risk management	Number of institutions with which the Integrated Tax Information System exchanges information	25	28	at least 30		
	Completion of modules for the new ITIS	New Masterfile records New tax accounting New integrated e-Taxes module  E-invoice and e-commerce modules Software for conducting tax procedure by case	Establishment of data warehouse and business intelligence tools - Data Warehouse and Bi;	Software and hardware are in use		
<b>Deliverables in 2023:</b>	New Masterfile records New tax accounting New integrated e-Taxes module (not completed – moving to 2023)					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.implementation of the activities envisaged in the Strategic Plan of the PRO related to the completion of the Integrated Tax Information System	2022	2025	PRO	/	total for 3 years (Eur 5,000,000) 2023 2.500.000 2024 1.350.000 2025 1.150.000	Budget
					<b>TOTAL:</b>	Eur 3,070,000



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PILLAR II: Revenue Mobilisation				
PRIORITY 3: Customs				
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025
Availability of innovative equipment and training of staff for detection and control in order to: control without disturbance, detection of hidden objects on persons, radiation detection, sampling and analysis of samples, manual search	Percentage of physical controls that resulted in the detection of irregularities in relation to the total number of physical controls performed using the new equipment	/	10% of the total number of performed physical controls using the new equipment	15% of the total number of performed physical controls using the new equipment
Introduction of a complete paperless environment in the customs procedure, through the implementation of electronic systems from the e-Customs program, i.e. the Multiannual Strategic Plan of the EU (MASP), compatible with the systems and procedures in the European Union; preparation for interconnection and interoperability with EU systems and implementation of systems compliant with EU systems (which may be established prior to EU accession) and staffing with appropriate hardware for those systems	Implemented at least two (2) new IT systems / modules from the EU Multiannual Strategic Plan (MASP) at national level on appropriate hardware (ICS2 and e-commerce)	/	/	2
MEASURE 2. Modernization of customs services and their digitalization				

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Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Through modernization and continuation of the digitalization process, and at the same time by following the recommendations for harmonization and association with the EU, the system of public finances, fiscal discipline and efficiency in the management and use of public resources will be strengthened transparency and efficient services and economic development will be provided	Average yearly availability of the new customs IT systems for interconnectivity with the EU systems	/	90%	95%		
	Conducted appropriate professional trainings for the employees of the Customs Administration and the economic operators for implementation of systems (number of events)	12	15	20		
<b>Deliverables in 2023:</b>	Conducted 12 appropriate professional trainings for the employees of the Customs Administration and the economic operators for implementation of systems (number of events)					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Implementation of modern systems in order to comply with the Multiannual Strategic Plan of the EU (MASP), integration with European systems and procurement of appropriate hardware	2023	2025	Customs Administration	EU	/	/
					<b>TOTAL:</b>	0

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<b>PILLAR III: Planning and Budget</b>								
<b>PRIORITY 1: Budget Planning</b>								
<b>Priority outcomes</b>		<b>Priority indicators</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>		
Fiscal policy aimed at consolidating public spending and reducing the budget deficit		Reduction of the budget deficit as % compared to the previous year		-3,5 of GDP	-2,9% of GDP	-2,5% of GDP		
<b>MEASURE 1: Improving medium-term planning</b>								
<b>Measure objective:</b>		<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>		
Improving medium-term planning		Changes in relation to the initial projections / achievements (Fiscal deficit)		10%	9%	9%		
<b>Deliverables in 2023:</b>		Medium-Term Fiscal Strategy based on a sectoral approach tools- baseline scenario and new initiatives put in use						
<b>ACTIVITY</b>			<b>TIMEFRAME</b>		<b>RESPONSIBLE INSTITUTION</b>	<b>OTHER INSTITUTIONS INVOLVED</b>	<b>PLANNED INPUTS</b>	
			<b>START qq/yy</b>	<b>END qq/yy</b>			<b>BUDGET (IN EUR)</b>	<b>SOURCE</b>
1. Medium-Term Fiscal Strategy based on a sectoral approach			2022	2025	Ministry of Finance/ Budget and Funds Department	Budget users	5,000	External Financing
2.Improving planning through tools- baseline scenario and new initiatives			2022	2025	Ministry of Finance/ Budget and Funds Department	Budget users	/	/
3.Strengthening medium-term planning at public enterprises and companies at central level			2022	2025	Ministry of Finance/ Budget and Funds Department	PE/JSC	/	/
<b>MEASURE 2: Improved Budget planning and developing measurable performance indicators</b>								
<b>Measure objective:</b>		<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>		
Improved Budget Planning and Development of Measurable Performance Indicators		First line number of budget users and home budget users		About 100	Less than 50	Less than 50		

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>Deliverables in 2023:</b>	By-laws and more types of classifications - administrative / organizational, economic, program, functional and classification of sources of funding Performance indicators in the implementation of budget policies					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Preparation and implementation of bylaws and several types of classifications - administrative / organizational, economic, program, functional and classification of sources of funding	2022	2025	Ministry of Finance	Budget users	10,000	External Financing
2.Developing and monitoring of performance indicators in the implementation of budget policies	2022	2025	Ministry of Finance/ Budget and Funds Department	Budget users	5,000	External Financing
3. Increasing the staff in MoF and the budget users in the process of providing comprehensive information by volume and contents, when preparing the Budget, as well as harmonizing the processes with the international methodologies and the good practices	2023	2025	Ministry of Finance/ Budget and Funds Department	Budget users	46,700	Domestic Financing
<b>MEASURE 3: Fiscal consolidation for gradual and sustainable reduction of budget deficit</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>			<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Fiscal consolidation for staged and sustainable reduction of the budget deficit	Share of capital in total expenditures			14,3%	15,8%	16,6%
<b>Deliverables in 2023:</b>	Fiscal Strategy					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Reducing the current expenditures in the total expenditure structure by determining spending standards and defined allocation criteria	2022	2025	Ministry of Finance and Government	Budget users	8,000	Domestic financing
2. Improving capital expenditure structure and execution	2022	2025	Ministry of Finance and Government	Budget users	4,000 4,000	Domestic Financing External Financing

2023 Action Plan for Implementation of the PFM Reform Programme

	<b>TOTAL:</b>	Eur 82,700
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## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR III: Planning and Budget						
PRIORITY 2: Strengthened Public Investment Management						
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025		
Efficient and effective planning, selection, budgeting and implementation of major public investment projects.	PEFA score for indicator PI - 11. Public Investment Management	-	-	PEFA Score: $\geq$ C		
MEASURE 1: Planning Sustainable Levels of Investment						
Measure objective:	Measure indicator:	Target FY2023	Target FY2024	Target FY2025		
Efficient investment planning ensures public investment is fiscally sustainable and effectively coordinated across sectors and levels of government.	Average effectiveness score of institutions 2, 3 and 6 of PIMA	-	-	$\geq$ 1.50		
<b>Deliverables in 2023:</b>	<ul style="list-style-type: none"> <li>- Staff recruited in the PIM department in 2023 (at least 8 employees)</li> <li>- Training of staff</li> </ul>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS for 2022	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Strengthen the role, the supporting legal framework and the institutional set up of the MoF in PIM system	Q2/22	Q4/25	MoF	IMF TA	38,400 10,000	National Budget External Financing
MEASURE 2: Improved project appraisal, selection and allocation of resources for capital investments						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Capital spending is allocated to the most productive sectors and projects by a comprehensive, unified, and medium-term perspective to capital budgeting, as well as objective criteria and competitive procedures for selecting particular investment projects.	Average effectiveness score of institutions 4 and 10 of PIMA	-	-	$\geq$ 1.38		

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<b>Deliverables in 2023:</b>	- Training of staff					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Provide training to professionals of the MoF on project appraisal and review of preinvestment studies	Q3/23	Q4/25	MoF	IMF TA	10,000 EUR	External Financing
2. Develop a general project appraisal methodology and determine shadow prices (including climate change related impacts on infrastructure)	Q3/23	Q4/24	MoF	IMF TA	10,000 EUR	External Financing
<b>MEASURE 3: Efficient and effective monitoring of capital investments</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	
Improved project monitoring and reporting arrangements for major public investment projects thus ensuring value for money.	Average effectiveness score of institutions 13 and 14 of PIMA		-	-	>1.84	
<b>Deliverables in 2023:</b>	Training of staff					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Introduce risk-based centralized monitoring	Q3/23	Q4/25	MoF	IMF TA	10,000 EUR	External Financing
2. Develop an IT system functional requirements for comprehensive physical and financial monitoring of of public investment projects	Q1/23	Q4/2025	MoF	WB TA	/	WB Project (including EU contribution)
3. Develop a short-term IT solution to capture basic public investment project information (including climate change related impacts on infrastructure)	Q1/23	Q4/2025	MoF	IMF TA	10,000 EUR	External Financing
					<b>TOTAL:</b>	Eur 88,400

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR III: Planning and budget						
PRIORITY 3. Effective instruments under the Growth Acceleration Plan						
Priority outcomes	Priority indicators	Target FY 2023		Target FY 2024	Target FY 2025	
Increased public and private investments using new financial instruments	Accumulated public investments and private investments in millions of euros using the new instrument	Public investments = 800 milion euros Private investments = 4039 milion euros				
Measure 1. Establishment of different funds in the state institutions and development of different financial instruments						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Provide support to the private sector by putting in place financial instruments and mechanisms and creating opportunities for mobilizing private investment.	Number of established funds in the institutions	5	5	5		
<b>Deliverables in 2023:</b>	6 established funds in the institutions					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Establishment of Hybrid National Green and Digital MSME Fund for start-ups and innovative enterprises	Q4/23	Q1/24	FITD	/	10 000 000 €	DOMESTIC FINANCING
2.Establishment of “Greening Business” Facility	Q4/23	Q1/24	FEZ	/	150 000 000 €	EXTERNAL FINANCING
3.Establishment of Energy efficiency fund	Q4/23	Q1/24	Development bank	/	5 000 000 €	DOMESTIC FINANCING
MEASURE 2: Strengthening the capacities of various institution						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		



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Establishing new management structure which will cover the entire project management process, including feedback to accelerate effectiveness of realization of Growth Acceleration Plan over the years.	Establishing of new units in the institutions	3	/	/		
<b>Deliverables in 2023:</b>	Total number of staff employed by the 3 established units in the institutions					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Establishment of a delivery unit for infrastructure projects coordination	Q4/23	Q1/24	Government of Republic of N. Macedonia	/	58,800	DOMESTIC FINANCING
2.Establishment of Project monitoring unit	Q4/23	Q1/24	Government of Republic of N. Macedonia	/	58,800	DOMESTIC FINANCING
3.Establishment of a capacity building and training unit for strengthening management and institutional capacities	Q4/23	Q1/24	NOT SPECIFIED	/	58,400	DOMESTIC FINANCING
					<b>TOTAL:</b>	Eur 165,176,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR IV: Public Procurement						
PRIORITY 1: Public Procurement Policy						
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025		
Improvement in the implementation of PPL	% one bid tenders	/	/	≤ 22.5 %		
	% cancelled procedures	/	/	≤ 18.5%		
MEASURE 1. Strengthening the institutional capacity						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Strengthening the capacity of the stakeholders in implementation of the law and securing effective public procurement system	Number of received requests for opinion in relation to implementation of the PPL	≤1530	≤1480	≤1430		
	Established new system for education within PPB	Established new system for education within PPB	15 organized trainings according new established system for education within PPB	15 organized trainings according new established system for education within PPB		
	Established an advisory group consisting of experts and/or officials from the key procurement institutions and communication on regular basis according the agreed schedule	Held at least 1 meeting	Held at least 2 meetings	Held at least 2 meetings		
	Number of new methodological tools	/	/	≥5		
	Number of implemented Technical Dialogue	450	500	550		
<b>Deliverables in 2023:</b>	Held at least 1 meeting of the Advisory group, established new system for education within PPB.					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Improving cooperation among the key institutions in the public procurement system	Q1/22	Q4/25	PPB	SAC, SAO, SCP Corruption, SCP Competition and ME		
2.Introducing new system for education within PPB	Q1/22	Q4/25	PPB	MF	Eur 70,000	National budget
					<b>TOTAL:</b>	Eur 70.000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR IV: Public Procurement				
PRIORITY 2: Public Private Partnership (PPP)				
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025
Unification and digitization of the process of awarding contracts for the establishment of public-private partnerships, increased transparency and efficiency in the implementation of the Law on Public-Private Partnerships and strengthening and development of the capacities of the Ministry of Economy for the consistent implementation of the competences in accordance with the law	1) Number of concluded contracts for the establishment of public private partnership  2) number of concluded contracts for the establishment of a public-private partnership in which certain legal obstacles arose in the implementation	Adoption of the legal and economic framework for public private partnership and implementation of all prerequisites for the implementation of public private partnership policies	1) Potential growth in the number of concluded contracts for public private partnership by 5% compared to the number of contracts concluded in the year as a basis for monitoring  2) Potential reduction by 20% of concluded contracts for public private partnership where certain legal obstacles arose in the implementation, compared to the percentage of contracts concluded in the year as a basis for monitoring	1) Potential growth in the number of concluded contracts for public private partnership by 5% compared to the previous year  2) Potential reduction by 10% of concluded contracts for public private partnership where certain legal obstacles arose in the implementation, compared to the previous year
MEASURE 1: Establishment of a Single Electronic System for Public-Private Partnership (SESPPP)				
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025

## 2023 Action Plan for Implementation of the PFM Reform Programme

Ensuring greater transparency in the awarding and realization of contracts for the establishment of public private partnerships, sublimation of the entire process for their awarding through the establishment of a single electronic system of public private partnerships as a unique digital database for public private partnership contracts, which will generate The register of awarded contracts for the establishment of a public-private partnership	1) Commissioning of the SESPPP and Register of awarded contracts for the establishment of public-private partnership and its functionality 2) % of the public private partnership agreements whose progress in implementation is regularly reported in the system within the deadlines provided by law 3) % of initiated procedures for awarding a contract for the establishment of a public-private partnership, which have not been completed	After the adoption of the Law on Public-Private Partnership, the activities for securing financial resources for the establishment of the SESPPP and preparation of the technical documentation will begin.	1) Establishment of the SESPPP and starting with application - development of the software solution for the establishment of the SESPPP and Register of awarded contracts for the establishment of public private partnership	1) 50% of the public-private partnership agreements whose implementation progress is regularly reported in the system within the deadlines provided by law 3) Reduction by 10% of the initiated procedures for awarding a contract for the establishment of a public-private partnership, which have not been completed, compared to the percentage of procedures initiated but not completed in the year as a basis for monitoring		
<b>Deliverables in 2023:</b>	Starting the activities for securing financial resources for the establishment of the SESPPP and the Register of awarded contracts for the establishment of public-private partnership and preparation of the technical documentation					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Preparation and implementation of the software solution for the establishment of public-private partnership and a Register of awarded contracts the establishment of public-private partnership	2023	2025	ME	PPB	1,000,000	Donors
<b>MEASURE 2: Completion of the legal and regulatory framework in the area of public private partnership</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	

## 2023 Action Plan for Implementation of the PFM Reform Programme

Adoption of the by-laws that will result from the Law on Public Private Partnership, which will regulate certain issues in the law in more detail, by the Minister of Economy.	Adoption of by-laws by the Minister of Economy and their publication in the RSM Official Gazette	Preparation of 12 draft by-laws that prescribe in more detail the rules for: the Register of awarded contracts for the establishment of public-private partnerships, the SESPPP, the criteria for the preparation of PPP projects, the feasibility study, the PPP contract, planning, reports, etc.	Adoption of the by-laws that will result from the Law on Public Private Partnership and their publication in the Republic of North Macedonia Official Gazette	Implementation of by-laws			
<b>Deliverables in 2023:</b>	Preparation of 12 draft by-laws						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET	SOURCE
Preparation of the bylaws that will arise from the Law on Public Private Partnership		2023	2024	ME			N/A
<b>MEASURE 3: Strengthening and development of the capacities of the Ministry of Economy in the field of public private partnership</b>							
Measure objective:	Measure indicator:			Target FY 2023	Target FY 2024	Target FY 2025	
Strengthening the administrative capacity of the Ministry of Economy, i.e. increasing the number of civil servants who will work on this issue and their improvement for the purpose of effective and consistent performance of their responsibilities in accordance with the law.	Increasing the capacity and efficiency of the Department for Public Private Partnership and Concessions.			Employment of 2 new civil servants and their training in the field of public private partnership	Employment of 1 new civil servant and his training in the field of public private partnership	Development and improvement of the capacities of employees in the Department for Public Private Partnership and Concessions	

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>Deliverables in 2023:</b>	Employment of two (2) new civil servants in accordance with the Systematization for jobs in the Department for Public Private Partnership and Concessions					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Increasing the number of employees in the Ministry of Economy and professional training for public private partnership	2023	2025	ME	MF	95.755 (14.000 for 2023)	Budget of RNM
					<b>TOTAL:</b>	Eur 1,014,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR IV: Public Procurement				
PRIORITY 3: Appeal mechanism				
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025
Improved implementation of the PPL, strengthening the capacities of the SAC and increased transparency and efficiency in the decision-making process whose results are perceived through the number of appeals before the SAC, as well as the number of annulled Decisions of the State Commission with final final judgments of the Administrative or High Administrative Court, regarding the total number of lawsuits filed with the Administrative Court against the Decisions of the State Commission for public procurement complaints	1) number of complaints  2) number of lawsuits before the Administrative Court and appeals before the Higher Administrative Court	Reduction by 1% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission	Reduction by 1.5% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission	Reduction by 2% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission
MEASURE 1: Strengthening the legal and regulatory framework of legal protection in the public procurement process				
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025

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Preparation of a special law on legal protection in the field of public procurement which by regulating the legal protection in public procurement, public-private partnerships and concessions, issues for the work of the SAC, the number of members, the conditions for their appointment, the appointment procedure and the rights and the obligations of the members and the professional service of the SAC should be subject to a separate law, in accordance with EU best practices						
<b>Deliverables in 2023:</b>						
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
Preparation of a special law on legal protection in the field of public procurement	2023	2023	SAC/Assembly of the N.R. of Macedonia			
<b>MEASURE 2: Strengthening the administrative capacity of SAC and increasing the transparency, efficiency and effectiveness of SAC</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	



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<p>to increase the number of civil servants in the professional service of the SAC and increase the transparency, efficiency and effectiveness of the SAC is to prepare a new WEB Page and introduce an internal information management system that will be interoperable with the ESPP and thus enable multiple retrieval of all relevant data from the ESPP, especially data related to the public procurement procedure (contracting authority, applicant, subject of the procurement, etc.), as well as all data and statistics required for preparation of annual reports, which is expected to make the process more optimized over time and more efficient in resolving complaints and preparing annual reports.</p>	<p>Strengthening the administrative capacity of the SAC through the employment of a sufficient number of qualified experts to work on the tasks of the core competence of the SAC is considered one of the preconditions not only for achieving the required level of efficiency of the SAC, but also for proper functioning of the public procurement in general.</p>	<p>Strengthening the capacities of the SAC and reducing the workload</p>	<p>Strengthening the capacities of the SAC and reducing the workload</p>			
<b>Deliverables in 2023:</b>						
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
Increasing the number of civil servants in the professional service of the SAC in order to increase the transparency, efficiency and effectiveness of the SAC.	2023	2024	Ministry of Finance		65,000	Budget of RSM
<b>TOTAL:</b>					Eur 65,000	

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR V: Integrated Public Finance					
PRIORITY 1: Implementation of an Integrated Financial Management Information System (IFMIS) to Support the implementation of Public Financial Management Reforms and Organic Budget Law					
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025	
Improved operational efficiency and transparency through IFMIS in line with the new OBL.	Annual budget, including climate and gender tagging, prepared and executed through new IFMIS			2026 budget prepared by using climate and gender tags	
	The required time for the processing of payments through IFMIS and Treasury Single Account interface was reduced (efficiency)	Several days	Half a day or less	Half a day or less	
	Ratio of budget coverage and comprehensiveness (central government budget managed and reported through IFMIS, %) improved	75%	80%	95%	
	Open Budget Index Score (transparency) increased	>50 (2023)	/	>60 (2026)	
MEASURE 1: IFMIS is fully operational to support the implementation of OBL reforms					
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025	
To improve operational efficiency and transparency in public financial management by supporting the amendment of the legal and institutional organic budget framework and the introduction of Integrated Financial Management Information System (IFMIS) in the Republic of North Macedonia.	The stage of IFMIS development and implementation	IFMIS procurement initiated	IFMIS development mostly completed	First operational year of IFMIS to prepare 2026 budget	
	Dedicated OBL Reform Unit established	OBL Reform Unit (12 staff) fully established	OBL Reform Unit takes over IFMIS mgmt. role	OBL Reform Unit is sustained within the MoF structure	
Deliverables in 2023:	OBL Reform Unit key staff (4) recruited, IFMIS procurement initiated, OBL Reform Unit (12 staff) fully established				
ACTIVITY	TIMEFRAME	RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS	PLANNED INPUTS	

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	<b>START qq/yy</b>	<b>END qq/yy</b>		<b>INVOLVED</b>	<b>BUDGET</b>	<b>SOURCE</b>
1.Development of IFMIS as an integrated centralized web-based system supporting decentralized operations.	Q4/23	Q4/25	Ministry of Finance	World Bank, EU	5,975,000	WB Projects (including EU contribution)
2.Expansion of MoF ICT infrastructure (in line with whole-of-government approach) to host new IFMIS.	Q4/23	Q4/25	Ministry of Finance	World Bank, EU	2,900,000	WB Projects (including EU contribution)
3.Capacity strengthening (PFM Reform Unit), training and change management to support OBL reforms and countrywide IFMIS operations.	Q4/23	Q4/25	Ministry of Finance	World Bank, EU	556,000	WB Projects (including EU contribution)
					<b>TOTAL:</b>	Eur 9,431,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR V: Integrated Public Finance						
PRIORITY 2: Strengthen the Accounting of Budgets and Budget Users						
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025		
Improved financial reporting through the establishment of modified cash accounting.	Percentage of budget users that apply modified cash accounting.	0	20% of budget users apply modified cash accounting	50% of budget users apply modified cash accounting		
MEASURE 1: Strengthening the accounting system by replacing cash accounting with modified cash accounting						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Determining the strategic direction for the development of modified cash accounting	Adoption of new standards for modified cash accounting	Adopted Strategy for improvement of the accounting of budgets and budget users and adopted New Law on accounting of budgets and budget users	Translated standards for modified cash Accounting	50% of budget users apply modified cash Accounting		
<b>Deliverables in 2023:</b>	Adopted Strategy for promotion of the accounting of the budgets and budget users and adopted New Law on accounting of budgets and budget users					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Preparation of a Strategy for improvement of the accounting of the budgets and budget users with gap analysis, setting of priorities and goals and action plan	November 2022	March 2023	MoF		40,000	donation
2.Adoption of a new Law on Accounting of Budgets and Budget Users and bylaws	June 2023	December 2023	MoF			
					<b>TOTAL:</b>	Eur 40,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR V: Integrated Public Finance						
PRIORITY 3: Public Finance Academy						
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025		
Provided continuing education in the field of Public Financial Management	Management's perception of whether the Academy adds value to their employees (low, medium or high level of value added perception)	medium	high	high		
MEASURE 1: Establishment of the Public Finance Academy						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Strengthening the professional capacities of the administration in the field of Public Financial Management through the establishment of a functional Public Finance Academy	Established functional Public Finance Academy in the Ministry of Finance	Employed a total of 7 people	Employed a total of 9 people	Employed a total of 10 people		
		Total amended 3 (three) laws in the field of PFM	Total amended 3 (three) laws in the field of PFM	/		
	Staffed and equipped Public Finance Academy	Organized 2 (two) trainings / workshops for the employees of the Academy	Organized 2 (two) trainings / workshops for the employees of the Academy	Organized 2 (two) trainings / workshops for the employees of the Academy		
<b>Deliverables in 2023:</b>	<ul style="list-style-type: none"> <li>- Amended 3 (three) laws in the field of PFM</li> <li>- Organized 2 (two) trainings / workshops for the employees of the Academy</li> </ul>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Creating a legal basis for the establishment and functioning of the Public Finance Academy	Q1/22	Q4/25	MoF	/	/	/
2.Strengthen the human resources capacities of the Public Finance Academy, through staffing, training and equipping	Q1/22	Q4/25	MoF	Twinning project	48,000	National Budget
MEASURE 2: Development and implementation of a curriculum						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Supporting the work of the Academy through the preparation of appropriate methodological tools and a comprehensive Work Program	Prepared manuals and instructions for work and bylaws	Prepared detailed instruction for the work of the academy or internal work procedure	/	/		

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		Three bylaws prepared	Three bylaws prepared			
	Prepared annual work program and curricula	Work program and curricula prepared for 2024	Work program and curricula prepared for 2025	Work program and curricula prepared for 2026		
	Satisfaction of the participants from the conducted trainings (low, medium or high level of satisfaction)	Medium	High	High		
	Number of organized trainings	20	30	36		
<b>Deliverables in 2023:</b>	<ul style="list-style-type: none"> <li>- Prepared detailed instruction for the work of the academy or internal work procedure</li> <li>- Prepared three bylaws</li> <li>- Prepared annual work program and curricula for 2023 and 2024</li> </ul>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Preparation of methodological tools for implementation of the activities of the Public Finance Academy	Q1/22	Q4/23	MoF	Twinning project	10,000	EU twinning project
2.Preparation of an Annual Work program	Q1/22	Q4/25	MoF	/	/	/
<b>MEASURE 3: Inter-institutional cooperation</b>						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Establishment of inter-institutional cooperation in order to ensure the exchange of experiences, providing support in the work and improving the quality of the work of the Academy	Signed cooperation agreements with domestic and foreign institutions	3 contracts	2 contracts	2 contracts		
<b>Deliverables in 2023:</b>	Signed 3 cooperation agreements with domestic and foreign institutions					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE

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1.Establishment of cooperation with domestic and foreign institutions	Q1/23	Q4/25	MoF	/	/	/
					<b>TOTAL:</b>	EUR 58,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR VI: Public Internal Financial Control						
PRIORITY 1: Financial Management and Internal Control						
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025		
Prepared and applied procedures for key financial management processes based on risk management	Percentage of implemented recommendations given during quality checks	60	70	80		
MEASURE 1: Establishment of a comprehensive system of financial management controls based on risk management						
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025		
Establishment of a comprehensive system of controls based on risk management, which guarantees the reasonable use of public funds by applying the principle of managerial accountability.	Prepared Manual for financial management and control	/	/	/		
	Adopted and published Guidelines for manner to conduct a review of the quality of financial management and control	/	/	/		
	Strengthen the capacities of CHU	Employed a total of 8 people Trainings 8	Employed a total of 9 people Trainings 8	Employed a total of 10 people Trainings 8		
	Number of institutions in which quality checks have been performed	7	8	10		
	Number of institutions member of the web platform	100	140	175		
Deliverables in 2023:	<ul style="list-style-type: none"> <li>- Adopted and published Guidelines for manner to conduct a review of the quality of financial management and control</li> <li>- Performed quality checks 6</li> <li>- Trainings 8</li> </ul>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Preparation of Financial Management and Control Manual and its publication on the Ministry of Finance's website	Q1/22	Q2/23	MoF	/		
2. Adoption and publication of Guidelines on the Manner of Checking the Quality of Financial Management and Control	Q3/22	Q1/23	MoF	/	10,000	Twinning project



### 2023 Action Plan for Implementation of the PFM Reform Programme

3. Strengthen the capacity of the CHU to check the quality of financial management and control	Q3/22	Q4/25	MoF	/	19,200 64,000	National Budget and twinning project
					<b>TOTAL:</b>	Eur 93,200

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>PILLAR VI: Public Internal Financial Control</b>					
<b>PRIORITY 2: Internal Audit</b>					
<b>Priority outcomes</b>	<b>Priority indicators</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	
Strengthened internal audit units that operate in line with the standards and contribute to achievement of the goals of the public sector institutions	percentage of implemented recommendations given during quality checks	60	70	80	
	Number of internal auditors in the Ministries	60	70	80	
	Percentage of implemented recommendations	69	71	73	
<b>MEASURE 1: Strengthening the quality of work of the internal audit units in the Ministries</b>					
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	
Strengthening the quality of work of the internal audit units at the Ministries for the purpose of supporting the performance of their new tasks and duties as parent budget users	Number of ministries with an approved plan for organisation of internal audit	/	/	/	
	Reorganized and staffed Internal Audit Units in the ministries	60 Internal auditors	70 Internal auditors	80 Internal auditors	
	Strengthen the capacities of CHU	Employed a total of 8 people		Employed a total of 9 people	Employed a total of 10 people
		Trainings 8		Trainings 8	Trainings 8
	Number of institutions in which quality checks have been performed	7	8	10	
Number of institutions member of the web platform	80	100	120		
<b>Deliverables in 2023:</b>	<ul style="list-style-type: none"> <li>- Approved plans for reorganization of internal audit in the ministries</li> <li>- Amended acts for organization and systematization of the MoF, established Unit for checking the quality of financial management and control and the operation of internal audit</li> <li>- Performed quality checks 6</li> <li>- Trainings 8</li> </ul>				

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ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Preparation and approval of “Internal Audit Organization Plan” for all Ministries by the Government	Q2/22	Q4/22	MoF	/		
2. Modifying and amending the Ministries’ internal acts for organization and systematization in accordance with the “Internal Audit Organization Plan”	Q4/22	Q1/23	MoF	Ministries	72,000	National Budget
3. Strengthening CHU’s capacities for checking the quality of operations of the internal audit units	Q3/22	Q4/25	MoF	/	19,000 64,000	National Budget and Twinning project
<b>MEASURE 2: Centralization of the powers and the capacities for advanced types of internal audits (performance audit and IT audits) in the Ministry of Finance</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	
Increasing the number of conducted performance audits and IT audits which will contribute to improving the work of central-level institutions.	Number of conducted performance audits and IT audits		4	6	6	
	Signed Charter for conducting IT audits and performance audits with the ministries		/	/	/	
<b>Deliverables in 2023:</b>	Amended acts for organization and systematization of the MoF, established Sector for IT audits and performance audits					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Establishment of a Department for Centralized Conducting of IT Audits and Performance Audits	Q4/22	Q4/25	MoF	/	/	National Budget
					<b>TOTAL:</b>	Eur 155,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR VI: Public Internal Financial Control				
PRIORITY 3: Financial Inspection				
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025
Professional and advanced financial inspection function	Number of employment / promotion of financial inspectors who can independently perform financial inspection	4	4	/
	Number of conducted inspections to control compliance with the provisions of the laws regulating the financial inspection	820	1000	1100
	Number of received applications/reports	350	400	450
	Amount of funds returned in the Budget of RNM	610,000	620,000	630,000
MEASURE 1: Strengthening the institutional basis of the financial inspection function				
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025
Improving the institutional set-up of the financial inspection function as basis for achieving optimal level of efficiency and effectiveness of the financial inspection in controlling the use of both public funds by the public sector entities and EU funds.	Adopted new Law on financial inspection in the public sector	Adopted new Law on financial inspection in the public sector	/	
	Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria
	Prepared methodological tools for application of analytical and inspection techniques and techniques for financial inspection in public sector	Adopted Procedure for conducting financial inspection with annexes to the procedure	/	/

## 2023 Action Plan for Implementation of the PFM Reform Programme

	Adopted methodology for gathering and processing of statistical data with indicators for monitoring, measuring and evaluating the effectiveness of the financial inspection in the public sector	Adopted methodology for gathering and processing of statistical data with indicators for monitoring, measuring and evaluating the effectiveness of the financial inspection in the public sector	/			
	Adopted Rulebooks on organization and systematization of MoF job posts	/	/			
	Number of employment / promotion in financial inspection in public sector	8	4			
	Conducted exam for obtaining a license for financial inspector	1	1	1		
<b>Deliverables in 2023:</b>	<ul style="list-style-type: none"> <li>- New Law on financial inspection in the public sector;</li> <li>- Granted award for the best inspector in accordance with legally established criteria;</li> <li>- Methodological tools for application of analytical and inspection techniques and techniques for financial inspection in public sector;</li> <li>- Methodology for gathering and processing of statistical data with indicators for monitoring, measuring and evaluating the effectiveness of the financial inspection in the public sector;</li> <li>- Employment / promotion in financial inspection in public sector;</li> <li>- Conducted exam for obtaining a license for financial inspector.</li> </ul>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Improving the legal framework	Q1/22	Q1/23	MoF	EU/Twinning Project	/	/

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2. Introducing a system of performance-based annual remuneration for financial inspectors	Q1/23	Q4/25	MoF	/	1,000	National budget
3.Improved methodologies and systematization (increasing the added value of the financial inspection function)	Q1/22	Q4/25	MoF	/	77,000	National Budget
<b>MEASURE 2: Strengthening the Capacity of Financial Inspection Human Resources</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	
Strengthening the capacities of financial inspection human resources by increasing the number of employees in the public sector financial inspection, organizing and conducting an exam for obtaining a license for financial inspector and increasing the number of financial inspectors who will be able to independently perform financial inspection.	Adopted Program for theoretical training and practical work		Adopted Program for theoretical training and practical work	/		
	Adopted Program for taking the exam and manner of conducting the exam for obtaining a license for financial inspector		Adopted Program for taking the exam and manner of conducting the exam for obtaining a license for financial inspector	/		
	Adopted Program for trainings for conducting financial inspection		Adopted Program for trainings for conducting financial inspection for 2023	Adopted Program for trainings for conducting financial inspection for 2024	Adopted Program for trainings for conducting financial inspection for 2025	
<b>Deliverables in 2023:</b>	<ul style="list-style-type: none"> <li>- Program for theoretical training and practical work;</li> <li>- Program for taking the exam and manner of conducting the exam for obtaining a license for financial inspector;</li> <li>- Program for trainings for conducting financial inspection for 2023.</li> </ul>					
<b>ACTIVITY</b>	<b>TIMEFRAME</b>		<b>RESPONSIBLE INSTITUTION</b>	<b>OTHER INSTITUTIONS INVOLVED</b>	<b>PLANNED INPUTS</b>	
	<b>START qq/yy</b>	<b>END qq/yy</b>			<b>BUDGET</b>	<b>SOURCE</b>

## 2023 Action Plan for Implementation of the PFM Reform Programme

1.Designing a concept for obtaining a license for financial inspector	Q2 /23	Q4/23	MoF	EU Twinning Project	15,000	EU Twinning Project
2.Preparing an annual training program for financial inspectors	Q1/23	Q1/25	MoF	/	/	/
					<b>TOTAL:</b>	Eur 93,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>PILLAR VII: External control and parliamentary oversight</b>				
<b>PRIORITY 1: External audit</b>				
<b>Priority outcomes</b>	<b>Priority indicators</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Reduced tax evasion and increasing fiscal discipline / increasing revenues in the Budget of RNM	Established amount of funds that have not been paid in the Budget of RNM	≥ 7,300 EUR	≥ 6,500 EUR	≥ 5,700 EUR
Adhered principles in awarding public procurement contract	Established amount of funds in awarding public procurement contracts where irregularities have been identified with the audits	≥9,000 EUR	≥ 8,100 EUR	≥ 7,300 EUR
<b>MEASURE 1: Strengthen the legal framework for external audit</b>				
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Strengthening constitutional, financial and operational independence of the State Audit Office by amending the Constitution of RNM and enacting new State Audit Law and bylaws, in accordance with the principles, standards and guidelines of INTOSAI.	Strengthen constitutional, financial and operational independence of the SAO	Adopted amendments to the Constitution of RNM for regulation of SAO as a constitutional category.  New draft State Audit Law for strengthening SAO financial and operational independence is adopted by the Assembly of the RNM.	/	/



## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>Deliverables in 2023:</b>	<p>-Draft amendment to the Constitution of the RNM for regulation SAO as a constitutional category prepared within the Twinning project will be submitted by the authorized proposer of the constitutional amendment to the Assembly of RNM.</p> <p>- New draft State Audit Law for strengthening SAO financial and operational independence prepared within the Twinning project and submitted to the Assembly of RNM;</p> <p>- Proposals for bylaws based on the improved legal framework.</p>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Following constitutional changes to achieve constitutional independence of the SAO in accordance with the principles, standards and guidelines of INTOSAI	Q2/22	Q4/25	SAO	Authorized proposer of the constitutional amendment;  Assembly of RNM	0	
2. Strengthening external audit legal framework aimed at strengthening financial and operational independence of SAO in line with INTOSAI principles, standards and guidelines	Q1/22	Q4/22	SAO	Ministry of Finance, RNM Government and RNM Assembly;	20,000	External financing
<b>MEASURE 2: Strengthening the institutional capacity and human resource capacities of the SAO</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>			<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Strengthening the institutional capacities and human resources capacities of the SAO in order to increase the effects of the performed audits and the added value of the SAO's work.	Percentage of implementation of the SAO Development Strategy for 2023-2027			Percentage of implementation of the SAO Development Strategy for 2023 ≥20%	Percentage of implementation of the SAO Development Strategy for 2024 ≥40%	Percentage of implementation of the SAO Development Strategy for 2025 ≥60%
	Percentage of audit scope of total public expenditures			≥60%	≥60.5%	≥61%
	Perception of stakeholders on SAO value added			≥75%	≥78%	≥80%

## 2023 Action Plan for Implementation of the PFM Reform Programme

ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Preparation of new and improved strategic, planning and methodological acts of the SAO	Q1/22	Q4/24	SAO		100,000	External financing
2.Strengthen the capacity to conduct audits	Q1/22	Q4/25	SAO		100,000	External financing
3.Increasing the visibility of the SAO and communication with the stakeholders	Q1/22	Q1/25	SAO	Stakeholders (Assembly, Government, Ministry of Finance, Public Prosecutor's Office, Ministry of Interior, State Commission for Prevention of Corruption, audited entities, the public)	100,000	External financing

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>Deliverables in 2023:</b>	<p>Adoption of :</p> <ul style="list-style-type: none"><li>- Decision on determining SAO strategic audit objectives 2024 - 2026 and priority audit areas by audit departments; and</li><li>- SAO Strategic audit plan for period 2024 – 2026;</li><li>- New IT strategy 2023 - 2027;</li><li>- New Communication Strategy 2024 - 2027;</li></ul> <p>Analysis with recommendations for improving the audit process on the Annual Account of the Budget of the Republic of North Macedonia.</p> <p>Preparation of improved Manual on monitoring recommendations.</p> <p>Preparation of new or improved methodological acts and tools, on topics of importance for the responsible management and use of public funds, including methodological acts for:</p> <ul style="list-style-type: none"><li>- audits of sustainable development goals,</li><li>- audits of financial statements prepared on an accrual basis,</li><li>- Value for Money audits,</li><li>- audits of local self-government units and others.</li></ul> <p>Trainings for upgrading the professional and professional abilities of auditors and management staff in the institution, according to the Annual Plan for continuous professional development of the State Audit Office for 2023.</p> <ul style="list-style-type: none"><li>- Conduct performance audits in relevant areas of government policies;</li><li>- Conducting trainings (study visits, conferences, seminars, workshops) for performance audits and for certain topics of importance for the responsible management and use of public funds</li><li>- Conducting audits in cooperation with other SAIs and relevant international organizations (cooperative audits);</li><li>- Using modern auditing tools, methodologies and techniques</li><li>- Development of software tools for reclassification of financial statements/ software tools for revisions of financial statements prepared on accrual basis;</li><li>- Use of modern equipment and improved working conditions</li></ul>
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## 2023 Action Plan for Implementation of the PFM Reform Programme

<p><b>Deliverables in 2023:</b></p>	<p>Ensuring transparency in SAO operation, through:</p> <ul style="list-style-type: none"> <li>-identification of new stakeholders and introduction of new means and instruments of communication with stakeholders and interested parties.</li> <li>- publication of the final audit reports on the website, together with the comments of the entities subject to the audit and SAO responses for the comments received and publication of the Abstract / press release of the final audit reports i for the media and journalists, as well as for non-governmental organizations;</li> <li>-visualization of the data in the final audit reports and the SAO Annual Report through the creation of infographics;</li> <li>-organizing briefings and press conferences for specific final audit report which will be assessed as a subject of interest to the general public;</li> <li>- publication on SAO Annual Report on the web page</li> <li>- publication of information, news and other contents on the website and on the official SAO Facebook page about the planned and currently realized events and activities in SAO;</li> <li>- publication of reports of political parties on received donations (local elections) and reports from the register of donations received by political parties;</li> <li>-preparing answers to requests received by the SAO in accordance with the Law on Free Access to Public Information, as well as to journalistic questions that refer to the audit report or activities of SAO's operations;</li> <li>- dissemination of the necessary information to the institutions with which SAO cooperates and to all other interested stakeholders for the performing of the state audit.</li> </ul>			
			<p><b>TOTAL:</b></p>	<p>Eur 320,000</p>

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>PILLAR VII: External control and parliamentary oversight</b>						
<b>PRIORITY 2: Parliamentary oversight</b>						
<b>Priority outcomes</b>	<b>Priority indicators</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>		
Enhanced effects of audit	Percentage of external audit recommendations for which corrective measures have been taken	≥71%	≥72%	≥74%		
<b>MEASURE 1: Establishing a mechanism for reviewing the audit reports and the measures taken following the recommendations given in the audit reports in the RNM Assembly</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>		
Strengthening institutional mechanism for reviewing audit reports by the Assembly of RNM.	Number of audit reports submitted and scrutinized by the Assembly	≥1	≥2	≥3		
<b>ACTIVITY</b>	<b>TIMEFRAME</b>		<b>RESPONSIBLE INSTITUTION</b>	<b>OTHER INSTITUTIONS INVOLVED</b>	<b>PLANNED INPUTS</b>	
	<b>START qq/yy</b>	<b>END qq/yy</b>			<b>BUDGET (IN EUR)</b>	<b>SOURCE</b>
1.Adoption of Procedures in the SAO for the preparation and submission of audit reports and other documents to the RNM Assembly	Q1/23	Q4/24	SAO		10,000	External financing
2.Adoption of the Procedures of the RNM Assembly on the mechanism for reviewing the audit reports (from the receipt of the audit reports and other documents until the adoption of the conclusions on them and monitoring implementation of recommendations).	Q1/23	Q4/24	Assembly of RNM		10,000	External financing
3..Preparation of summary reports from final audit reports in separate areas and their submission to the RNM Assembly	Q1/23	Q4/23	SAO		30,000	External financing
<b>Deliverables in 2023:</b>	-Procedures in the SAO for preparing and submitting audit reports and other documents to the RNM Assembly; -Assembly procedures on the mechanism for reviewing audit reports (from receipt of audit reports and other documents to adoption of conclusions and monitoring implementation of audit recommendations). - Summary reports from final audit reports by separate areas prepared and submitted to the RNM Assembly.					
<b>MEASURE 2: Strengthening the institutional covers for reviewing audit reports in the Assembly of RNM</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>		

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Strengthened institutional capacities for reviewing the audit reports in the Assembly of RNM.	Number of MPs trained on the role of the SAO		≥5	≥5	≥5	
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Preparation of a Training Plan for MPs and administration in the Assembly of RNM in order to facilitate the understanding of the audit reports and preparation for a debate on the audit reports	Q1/23	Q4/24	Assembly of RNM		10,000	External financing
2..Conducting trainings in accordance with the Training Plan for the Members of Parliament and the administration in the Assembly of the RNM in order to facilitate the understanding of the audit reports and preparation for the debate on the audit reports	Q1/23	Q4/24	Assembly of RNM	SAO	20,000	External financing
3. Implementation of activities for strengthening cooperation with Committee on Financing and Budget, Parliamentary Institute at the Assembly of the RNM and the Parliamentary Assembly budget office of the RNM Assembly	Q1/23	Q4/24	Assembly of RNM	SAO	50,000	External financing
<b>Deliverables in 2023:</b>	<ul style="list-style-type: none"> <li>- Training plan for the MPs in the Finance and Budget Committee and other MPs participating in the committees and the administration of the Assembly of RNM to facilitate understanding of audit reports and preparing for debate on audit reports;</li> <li>- Conduct trainings in accordance with the Training Plan for the MPs and the parliamentary administration in order to understand the audit reports and prepare for the debate on the audit reports (through study visits, workshops, case studies, debate simulations);</li> <li>- Activities for strengthening the cooperation with the Finance and Budget Committee, the Parliamentary Institute at the Assembly of RNM and the Parliamentary Budget Office of the Assembly of RNM.</li> </ul>					
					<b>TOTAL:</b>	Eur 130,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

<b>PILLAR VIII: PFM at Local Level</b>				
<b>PRIORITY 1: Fiscal Decentralisation</b>				
<b>Priority outcomes</b>	<b>Priority indicators</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Improved fiscal capacity and increased municipal revenues	% of increased municipal revenues compared to 2020	20%	25%	30%
	% of VAT which is transferred to the municipalities as a grant	5,5%	6%	6%
	% of the collected personal income tax which is transferred to the municipalities	5%	6%	6%
<b>MEASURE 1: Improving fiscal capacity and increasing municipal revenues</b>				
<b>Measure objective:</b>	<b>Measure indicator:</b>	<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>
Increase of the funds distributed to the municipalities from the collected revenues in the central budget, increase of the own revenues of the municipalities and determination of criteria for distribution of the revenues from the value added tax (VAT) for better financial operation and for reduction of the disparities between the municipalities. Increasing the own	New law on financing of local self-government units and new bylaws that arise from the new Law on Financing of Local Self-Government Units	New law on financing of local self-government units	50% new bylaws	50% new bylaws
	Revised Property tax law	Report with analysis for amendments to the Property tax law	Modified Tax Law	/
	Number of new own revenues	1	2	/

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<p>revenues of the municipalities by improving the efficiency of the administration, as well as to find new local revenues according to the best practices of the EU. In cooperation with the competent ministries that finance the transferred competencies in the field of education, child protection and homes for the elderly and fire protection, the existing methodologies for earmarked and block grants will be revised. Determining the criteria for the distribution of capital grants from the Central Budget, which will distribute the funds by municipalities in a transparent manner.</p>	<p>Number of revised decrees on block grants, earmarked grant and New Decree/s for distribution of capital grants</p>	<p>New Decree on distribution of grant for firefighters and Two new decrees for block grants</p>	<p>One new decree for block and one Decree for capital grants</p>	<p>Two new decrees for capital grants</p>		
<b>Deliverables in 2023:</b>	<p>New law on financing of local self-government units Report with analysis for amendments to the Property tax law Two new decrees for block grants and new Decree on distribution of grant for firefighters</p>					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS R	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.New / revision of the Law on Financing of Local Self-Government Units	Q2/22	Q4/24	MoF - Budget and Funds Department	Municipalities	5,000	Budget of RNM
2.Increasing the own revenues of the municipalities, increasing the funds allocated to the municipalities from the central budget and introducing criteria for success and equalization	Q1/22	Q4/25	MoF - Budget and Funds Department MoF - Tax and Customs Policy Department	Municipalities	22,000	Budget of RNM



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3.Revision of the criteria for allocation of block and earmarked grants and determination of criteria for allocation of capital grants	Q1/22	Q4/25	MoF - Budget and Funds Department  Ministry of education and science  Ministry of labor and social Policy  Ministry of culture  Ministry of defense  Other competent ministries and institutions from where capital grants are transferred	Municipalities	22,000	Budget of RNM
<b>MEASURE 2: Regional and local development</b>						
<b>Measure objective:</b>	<b>Measure indicator:</b>		<b>Target FY 2023</b>	<b>Target FY 2024</b>	<b>Target FY 2025</b>	

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Agency for Regional and Local Development will be established, which would have expanded competencies from the previous ones of the Bureau for Regional Development, especially in the part of providing additional financial means for financing capital investments. The work will be coordinated by the Ministry of Local Self-Government, and the legal solutions for its establishment would come from a working group that would include representatives from the Ministry of Justice, the Ministry of Local Self-Government, the Ministry of Finance, Cabinet of the Deputy Prime Minister for Economic Affairs, Ministry of Political System and Community Relations, Ministry of Information Society and Administration the Bureau for Balanced Regional Development and Association of the units of local self -government of the Republic of North Macedonia.	Established Agency for regional and local development	Report with legal and operational solutions for the establishment of the Agency	Established Agency for regional and local development			
<b>Deliverables in 2023:</b>	Report with legal and operational solutions for the establishment of the Agency					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE

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Establishment of the Agency for regional and local development and achieving balanced regional development	Q1/22	Q4/24	Ministry of local self-government	Bureau for regional development, Ministry of finance, Cabinet of the Deputy Prime Minister for economic affairs, Ministry of justice, Ministry of political system and community relations, Ministry of information society and administration	1,000	Budget of RNM
					<b>TOTAL:</b>	Eur 50,000

## 2023 Action Plan for Implementation of the PFM Reform Programme

PILLAR VIII: PFM at Local Level				
PRIORITY 2: Financial Discipline, Transparency and Accountability at the Local Level				
Priority outcomes	Priority indicators	Target FY 2023	Target FY 2024	Target FY 2025
Increased financial discipline	% of reduction of the amount of due unpaid liabilities in the current compared to the base year 2020	20%	30%	40%
	reduction of the number of municipalities with blocked account in the current compared to the base year 2020	3	4	5
Increased transparency and accountability of municipalities	% of municipalities out of the total number of municipalities (81) that have published financial documents (annual, semi-annual and quarterly reports) on their websites	80%	90%	100%
MEASURE 1: Increasing of the financial discipline				
Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025
Realistic planning of revenues and expenditures of municipalities, rationalization of operations and reduction of unnecessary expenditures, regular servicing of liabilities, greater financial discipline, procedures for declaring financial instability, issuance of financing instruments to overcome the financial instability of municipalities and analysis of existing liabilities of municipalities and public enterprises.	% of realized revenues in relation to the planned ones during the current year	80%	85%	90%
	% of share of capital expenditures in relation to the total expenditures in the current year	30%	33%	35
	% of share of local revenues in gross domestic product (GDP)	5,9%	6%	6,2%
	Internal procedures for declaring financial instability	Internal procedures for declaring financial instability	/	/
	Manual (Guidelines) for declaring financial instability	Manual (Guidelines) for declaring financial instability	/	/
	Number of additional employments in the Unit for Budgets of LSGU that follow the financial affairs of the municipalities	Number of additional employments in the Unit for Budgets of LSGU that follow the financial affairs of the municipalities	2	1
<b>Deliverables in 2023:</b>	80 % realized revenues in relation to the planned ones during the current year: 30 % share of capital expenditures in relation to the total expenditures in the current year: 5,9 % share of local revenues in gross domestic product (GDP); Adopted Internal procedures for declaring financial instability; 2 additional employments in the Unit for Budgets of LSGU that follow the financial affairs of the municipalities.			

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ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Realistic planning of the revenues and expenditures of the municipalities	Q1/22	continuously	MoF - Budget and Funds Department	Municipalities	1,000	Budget of RNM
2.Rationalization of operations and reduction of unnecessary expenses	Q1/22	continuously	MoF - Budget and Funds Department	Municipalities	1,000	Budget of RNM
3.Analysis of the liabilities of the municipalities, declaring financial instability and taking measures for financial consolidation	Q1/22	continuously	MoF - Budget and Funds Department  MoF- The International Financial Relations and Public Debt Management Department	Municipalities	31,600	Budget of RNM

### MEASURE 2: Increasing the transparency and accountability in the work of the municipalities

Measure objective:	Measure indicator:	Target FY 2023	Target FY 2024	Target FY 2025
Increased control by the state, especially by the Financial Inspection in terms of compliance with the provisions of the Law on Reporting and Recording of Liabilities, the Law on Financial Discipline and the Law on Financing of Local Self-Government Units,	Number of supervisions conducted by the Financial Inspection in public sector entities at local level	250	500	550
	Number of reports with data on revenues and expenditures of 81 municipalities on a quarterly basis	4	4	4

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increasing the transparency of municipalities by publishing financial statements in a transparent and understandable manner and greater accountability for the use of budget funds.	Number of reports with of data on due and unpaid liabilities from the ESPEO system of 81 the municipalities	4	4	4		
<b>Deliverables in 2023:</b>	250 conducted supervisions of the Financial inspection in public sector (* the delivery of this output depends on the implementation of the activities for staffing the financial inspection in the public sector and conducting an examination for obtaining a license for financial inspector which are part of the Priority FINANCIAL INSPECTION within the Pillar Public Internal Financial Control); 4 Reports with data on revenues and expenditures of 81 municipalities on a quarterly basis; 4 Reports with data on due and unpaid liabilities from the ESPEO system for 81 municipalities.					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Increasing control by the state	Q1/22	continuously	MoF- Department for Public Sector Financial Inspection and Coordination for combating fraud against EU Funds	/	/	/
2.Improving the transparency and timely informing the general public about the work of the municipality	Q1/22	continuously	MoF - Budget and Funds Department	Municipalities	2,000	Budget of RNM
<b>TOTAL:</b>					Eur 35,600	

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Pillars	Priority	Budget		
		National budget	Donor funds	Total
		in EUR	in EUR	in EUR
<b>I Economic Analysis, Macroeconomic and Fiscal Framework</b>	1.Revenue forecasting and reporting	0	0	0
	2.Economic analysis and Macroeconomic forecasting	41,500	170,000	211,500
	3.Strengthening Debt Management	12,240	0	12,240
<b>II Revenue Mobilization</b>	1.Tax and customs policy	0	0	0
	2.Tax administration	3,070,000	0	3,070,000
	3.Customs	0	0	0
<b>III Planning and Budget</b>	1.Budget Planning	58,700	24,000	82,700
	2.Strengthened Public Investment Management	38,400	50,000	88,400
	3.Effective instruments under the Growth Acceleration Plan	15,176,000	150,000,000	165,176,000
<b>IV Public procurement</b>	1.Public Procurement Policy	70,000	0	70,000
	2.Public Private Partnerships (PPPs)	14,000	1,000,000	1,014,000
	3.Appeal mechanism	65,000	0	65,000
<b>V Integrated Public Finances</b>	1.IFMIS	0	9,431,000	9,431,000
	2.Strengthen the Accounting of Budgets and Budget Users	0	40,000	40,000

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	3.Public Finance Academy	48,000	10,000	58,000
<b>VI Public Internal Financial Control</b>	1.Financial Management and Control	19,200	74,000	93,200
	2.Internal Audit	91,000	64,000	155,000
	3.Financial inspection	78,000	15,000	93,000
<b>VII External Control and Parliamentary Oversight</b>	1.External audit	0	320,000	320,000
	2.Parliamentary Oversight	0	130,000	130,000
<b>VIII PFM at Local Level</b>	1.Fiscal decentralisation	50,000	0	50,000
	2.Financial Discipline, Transparency and accountability on local level	35,600	0	35,600
<b>Total</b>		18,867,640	161,328,000	180,195,640