

Annex 1: Monitoring Matrix on the 2023 Action Plan

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023			PROGRESS OF IMPLEMENTATION OF ACTIVITIES	NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing Implementation			
Measure					Achieved	Completed	Ongoing Implementation	Not commenced		
Activity					Partially achieved					
					Not achieved					
<b>PILAR 1: Economic Analysis, Macroeconomic and Fiscal Framework</b>										
<b>PRIORITY 1: Revenue Forecasting and Reporting</b>										
			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	Achieved					
Considering that the target is not determined in the Action Plan for 2023, it is defined by this Report										
<b>MEASURE 1: Improving tax and customs reporting in accordance with the EU best practices</b>										
			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	Achieved					
<b>ACTIVITY</b>										
1. Training on preparing a report on tax expenditures	MoF	Q4/2023	/	/				Completed: In the first half of 2023, by the International Monetary Fund, a workshop for the identification and analysis of key tax expenditures in the segments of profit tax, personal income tax and value added tax was held, for the purposes of preparing a report on tax expenditures, according to the obligations from the new Organic Budget Law. In the second phase, the training continued in Q4 2023, with the aim of updating and supplementing the estimated tax expenditures, as well as reviewing the current situation for drafting protocols for the delivery of the necessary data to the MoF for the projection of public revenues.		
<b>MEASURE 2: Enhancing tax and customs modelling capacity</b>										
			Conducted trainings for the application of tax and customs models	Two trainings for excise modelling, continuing with the trainings for the application of FIT and CIT models	Partially achieved The trainings will continue in the coming year					
<b>ACTIVITY</b>										
1. Training for planning revenues from excise taxes from tobacco and alcohol products	MoF	Q4/2023	/	/				Completed: Realized in Q2 2023, (additionally in the area of motor vehicle tax)	The trainings will continue in the coming year	
2. Training on the application of the personal income tax model	MoF	Q4/2023	/	/				Ongoing implementation: Models have been developed by the World Bank for the simulation of the fiscal, economic and effects on human health and the environment from potential changes in public policies in the area of excise taxes on tobacco and alcoholic beverages, as well as in the area of tax on motor vehicles.	In the future period, the installation of these models in the Ministry of Finance is planned, as well as the implementation of trainings to improve the capacities for independent simulation of the fiscal effects of different scenarios of public policies in these areas.	
3. Training on the application of the profit tax model	MoF	Q4/2023	/	/				Ongoing implementation: With the support of the World Bank, trainings for the application of the personal income tax and profit tax models have started, which will continue during 2024.		
<b>PRIORITY 2: Economic analysis and Macroeconomic forecasting</b>										
			Impact assessments and economic analyses published in the Ministry of Finance's 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	Partially achieved					
			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 - Macro structural model for growth project - Update of "Nowcasting" model for growth project - Conducted trainings on basis of econometrics	Partially achieved (Activities on inflation and econometrics have been completed, while activities on models continue)					
			Comprehensive reporting (Fiscal Risk Statement) on the obligations of the central and local government, risks related to PPP, risks identified by the target PE, analysis of fiscal risks related to climate change, comparison of scenarios for macro-fiscal projections.	/	Partially achieved (activities started to establish a working group for fiscal risks in the MoF)					
			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	Achieved A Fiscal Council was formed and members were elected by the Assembly (activities for the operationalization of the council are continuing)					
<b>MEASURE 1: Capacity building for economic analyses</b>										
			Assessment of the impact of certain economic policies, reforms or measures and implementation of additional economic analyses	Development of a new tool for assessing the impact of economic policies and reforms through the use of a financial programming model Conducted trainings	Partially achieved 8 trainings were conducted					
<b>ACTIVITY</b>										
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	MoF (DEFO, DT, DBF, DPO)	Q3/23	/	/				Ongoing implementation: In cooperation with the Swiss State Secretariat for Economic Affairs (SECO), the Project for Macroeconomic Planning and Management is being implemented through a modular approach (4 modules), whereby module 1 is intended for the MoF and it started to be implemented in 2022 and will continue until the end of 2023. Within the framework of module 1 during 2023 five employee trainings were conducted, three of which were online and two were physical. Namely, these trainings were used to map the data for the framework for macroeconomic planning and began filling it with data by sector, i.e. data for the real and fiscal sectors, and the interconnection of the components within the framework of the real and fiscal sectors was also presented, as well as the relationship between inflation, the GDP deflator and fiscal revenues. At the same time, the seasonal adjustment of the data with the Idemetra+ program was presented, as well as the updating of the data already entered in the framework for macroeconomic planning.		Q4/24
<b>MEASURE 2: Developing new macroeconomic models</b>										
			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 basis of econometrics	Partially achieved 6 trainings were conducted					

PILAR PRIORITY	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTPUT FY 2023	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS	EXPECTED TIME OF REALISATION
						Completed	Ongoing implementation	Not commenced		
						Achieved	Partially achieved			
Measure										
Activity										
ACTIVITY										
	1. Completing the development of the new tool for short-term inflation projection in cooperation	MoF (DEFO)	Q3/23	/	/		Completed: In the period from 08.06 - 09.06 2023 a final online workshop was held with the experts at which additional development and assessment of the entire inflation model was carried out, i.e. employees with the help of the experts worked on the entire inflation projection process, and modifications were made to the model using tools and techniques for updating it, as well as help and advice for further work with the model			
	2. An update to the Nowcasting tool, which is a model for short-term economic growth projection	MoF (DEFO)	Q4/23				Ongoing implementation: In the period from 10.07 - 14.07 2023 online training was held by the World Bank, at which the Model for short-term GDP projection (Applied econometrics course - GDP Nowcasting) was presented. The training covered the basic principles of the model's functioning and discussed possible problems, as well as their resolution.	In the first half of 2024, it is planned to update the model for short-term projection of economic growth of GDP (GDP Nowcasting) in cooperation with an expert hired by the World Bank.	03/24	
	3. Conducting trainings in the field of econometrics to several sectors in the Ministry of Finance, as well as to other interested parties.	MoF (DEFO, DBF, DT, DPO), Parliament SO (P), FC, Academia	Q4/23				Completed: The trainings have been conducted, but the possibility of continuing with new trainings in 2024 is being considered.	In cooperation with the World Bank, opportunities for additional training within this activity are being considered.		
	4. Developing a VAR model for projecting economic growth.	MoF (DEFO)	2025				Ongoing implementation: In the second half of 2023, preparatory workshops for the development of a macro structural model were held with the support of World Bank experts, and it is planned to continue the implementation of the started activities in 2024.	In 2024, the implementation of the started activities will continue	03/2025	
<b>MEASURE 4. Establishing Fiscal Council</b>										
				A new Budget Law was adopted Nomination and election of members of the Fiscal Council and body for professional and administrative technical support, including building administrative capacities Preparation of by-laws for the work of the Fiscal Council Conducted trainings and workshops		Achieved A new Budget Law was adopted Elected members of the Fiscal Council by the Assembly Drafted by laws New activities undertaken for the operationalization of the Fiscal Council and the body for professional administrative support, as well as for the implementation of trainings and workshop				
ACTIVITY										
1. Nomination and election of Fiscal Council members	Parliament, MANU, NBSOM, SAC and MoF (DBF, DEFO)	Q3/23	/	/			Completed: In the second half of 2023, candidates for members of the Fiscal Council have been elected, namely academician Abdulmalik Bejti at the proposal of MANU, professor Marina Trpaska from the Faculty of Economics at the proposal of the SAC and professor Oliver Bishov, a long-time banker and former vice-governor at the proposal of NBSOM.			
2. Selection of members of the body for professional - administrative support of the Fiscal Council	FC, Parliament and MoF (DBF, DEFO)	Q3/23					Completed: At the end of 2023, part of the members of the body for expert-administrative support of the Fiscal Council were elected.			
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	FC, Parliament and MoF (DBF, DEFO)	Q4/23					Completed: In the second half of 2023, the Statute and Rules of Procedure of the Fiscal Council were adopted.			
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.	FC, Parliament and MoF (DBF, DEFO)	Q3/23					Ongoing implementation: During 2024, it is planned to employ at least 50% of the administrative staff in order to operationalize the work of the Fiscal Council, as well as building the capacities of the Fiscal Council to carry out analysis to monitor the implementation of fiscal rules, including deviations from them, determination of the form of the reports they will prepare and the way the council's findings will be presented to the public.	The World Bank has started activities and preparations for providing the necessary professional support, which will be implemented in 2024.	03/24	
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	MoF (DBF, DEFO, DT, DPO)	Q3/23					Ongoing implementation:	The World Bank has started activities and preparations for providing the necessary professional support, which will be implemented	04/24	
6. Development of an internal procedure in the Ministry of Finance for internal coordination for reporting compliance with fiscal rules	MoF (DBF, DEFO, DT, DPO)	Q4/23					Ongoing implementation: As part of the project to strengthen fiscal management in the countries of the Western Balkans, the World Bank has submitted an appropriate action plan, which foresees the preparation of a special procedure in the Ministry of Finance for the way in which data will be exchanged, the way of monitoring and reporting on adherence to fiscal rules.	The World Bank has started activities and preparations for providing the necessary professional support, which will be implemented in 2025.	01/25	
7. Capacity building in the Ministry of Finance for ex-ante and ex-post assessment and reporting on the implementation of fiscal rules.	MoF (DBF, DEFO, DT, DPO)	Q4/23					Ongoing implementation: Within the scope of the project of the World Bank, training is provided for the employees of the Ministry of Finance for capacity building for the preparation of ex-ante and ex-post analysis and reports on the implementation of fiscal rules.	The World Bank has started activities and preparations for providing the necessary professional support, which will be implemented	04/25	

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023		PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced		
Measure					Partially achieved					
Activity										
<b>PRIORITY 3: Strengthening Debt Management</b>			Improved debt refinancing risk indicators	/	/					
			Increased grade in SIGMA report	/	/					
<b>MEASURE 1: Reduction of operational risks in public debt management</b>			Number of external debt orders paid electronically	70% of external debt orders to be realized electronically	Achieved					
			Increased number of employees responsible for public debt management	15 employees for public debt management	Achieved					
			Procedure for Quarterly debt reconciliation with foreign creditors	/	/					
<b>ACTIVITY</b>										
1. Introducing e-banking with NBRM for external debt repayment	Mof	Q3/2025	/	/	/			Completed: The introduction of digitization of payments to foreign creditors has begun, through the introduction of electronic banking with NBRM, through which repayments to foreign creditors are made. The activity has been completed considering that the target has been reached, which stipulates that 70% of orders for external debt should be realized electronically.		
2. Strengthening public debt management capacities	Mof	Q4/2025	/	/	/			Completed: Realization of 2 employment advertisements.	Although 2 employment announcements were realized, there is an outflow of employees within the Public Debt Management Department and	Q4/24
3. Reconciling the debt stock with the creditors	Mof	Q4/2024						Ongoing implementation: The harmonization process has started and it should be finalized at the end of 2024		Q4/24
<b>MEASURE 2: Increasing public debt transparency</b>			Preparation of the Public Debt in accordance with the Maastricht Criteria	/	/					
			Preparation of the national debt in accordance with the SDDS plus statistical standard.	/	/					
<b>ACTIVITY</b>										
1. Modifications and amendments to Public Debt Law to the end of aligning the debt definition with the Maastricht Criteria	Mof	Q4/24	/	/	/			Not commenced.		Q4/24
2. Incorporating debt data in the Budget document	Mof	Q4/25						Not commenced.		Q4/25
<b>MEASURE 3: Issuance of new financial instruments</b>			Diversification of debt instruments	Issuance of structural bond to municipalities according to Law for financing of Local self-government units	Achieved					
<b>ACTIVITY</b>										
1. Issuance of new financial instruments	Mof	Q4/2025	/	/	/			Completed: On 29.09.2023, the Ministry of Finance issued a structural bond to provide financial means for financing the due and unpaid obligations of the municipalities of Petovo, Zetino and Vinica, recorded in the Electronic System for reporting and recording obligations as of 30.09.2023. On 13.07.2023, the first citizen bond was issued and was successfully realized. On 07.11.2023, another successful auction for citizen bonds was successfully realized. On 03.10.2023, the first green bond was issued on the domestic securities market. The funds invoiced in this green bond will be intended to finance the Energy Efficiency Fund at the Development Bank of the Republic of North Macedonia.		

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023	PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
						Completed	Ongoing implementation		
<b>PRIORITY 1</b> Measure Activity					Achieved Partially achieved	Completed	Ongoing implementation	Not commenced	
<b>PILLAR 1: Revenue Mobilisation</b>									
<b>PRIORITY 1: Tax and Customs Policy</b>									
			Progress made toward fulfilment of the EU accession criteria (already progress in the respective Chapters 16 and 20)	CH 20: Good level of preparation Good progress CH 16: Moderately prepared Some progress	Partially achieved				
<b>MEASURE 1: Improved revenue legislation framework, harmonized with the EU acquis</b>									
			Number of legislative acts (regarding CH 16 and CH 20)	2 legislative acts in the area of tax and customs policy	Achieved				
<b>ACTIVITY</b>									
	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	Mof	2025	/	/			<b>Ongoing implementation:</b> The activity in question was largely implemented within the Twinning project "Improvement of Revenue Collection and Tax and Customs Policy". In March 2023, the Ministry of Finance submitted an initiative to the DEU in North Macedonia for the approval of a Twinning Light Project entitled "Further harmonization of the tax legislation with the EU Acquis, Improving Revenue Forecasting and Reporting". As of 30 June 2023, the Ministry of Finance has not received a feedback regarding the acceptance of this initiative by the European Commission.	2025
	2. New legal acts and/or amendments to the existing national tax and customs legislation (laws and bylaws) drafted on the basis of the EU legislation in force	Mof	2025	/	/			<b>Ongoing implementation:</b> Following activities were implemented: - Draft Law on Amendments on the Personal Income Tax Law entered into force (based on the recommendations given in the Report on the progress of the MK for 2022, as well as the recommendations from the Joint Conclusions of the Joint Dialogue with the Western Balkans and Turkey, and the draft conclusions of the last Subcommittees on Economic and Financial Affairs and Statistics and on Trade, Industry, Customs and Taxation); Law on Amendments to the Profit Tax Law* was adopted; * Law on Solidarity Tax* was adopted; * Handbook on the form and content of the form of the tax balance for taxation with solidarity tax was adopted; - Law on Amendments to the VAT Law was adopted; * Handbook on the method of application and registration of a foreign person, the method of issuing the register of tax representatives, the form and content of the register of tax representatives, the form and content of the application for registration for the purposes of value added tax as well as the required documentation; * Decision for determining the goods and services that are subject to a preferential rate of value added tax; amendments to the Law on Excise Duties was adopted; * Decree amending the Decree on the Manner of Calculation of the Motor Vehicle Tax and on the Amounts for Calculation of the Motor Vehicle Tax was adopted; * Draft Law on Amendments to the Law on Commodity Reserves, its shortened procedure has been prepared and it is in Parliamentary procedure; * preparatory activities for draft new Customs Law commenced; * preparatory activities for a new Decree for the implementation of the Customs Law commenced; * Decrees amending the Decree on the classification of certain goods in the Combined Nomenclature in accordance with the regulations of the European Commission (10th, 11th, 12th, 13th and 14th continuation) were adopted; * Decision on harmonization of and amendment to the Customs tariff for 2024 was adopted.	2025
<b>PRIORITY 2: Tax Administration</b>									
			% percentage of digitized tax services	86%	Achieved				
			Improved rate of tax payment on time (VAT)	Rate on number of timely payments – 70% Rate on amount of timely payments: 80%	Partially achieved Achieved: 60% Achieved: 75%				
			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 FY: 63%	Partially achieved This indicator will be determined by the Report on the implementation of the Monthly Managerial Report, which is expected in February 2024.				
<b>Measure 1: Strengthen administrative capacity for better revenue collection and tax compliance</b>									
			Increasing the amount of the established tax guarantee	Increase the amount of the established tax guarantee by 10% compared to 2022.	Achieved The amount of determined tax guarantee in 2023 is higher by 62% compared to 2022.				
			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.	Not achieved The amount of debt collected based on a determined tax guarantee is reduced by 36% compared to 2022.				
			Value of collectible core tax arrears in FY end as percent of total core tax revenue collection for FY	VAT debt / VAT income ratio 14%	Partially achieved This indicator will be determined by the Report on the implementation of the Monthly Managerial Report, which is expected in February 2024.				
			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	Achieved According to the data from the management report for audit from 01.12.2023, an additional determined tax of MKD 895,652,291 was collected, which represents 89.33% higher amount compared to the same period of 2022 when 1,797,803,111 denars were determined.				
			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	Not achieved According to the data from the management audit report from 01.12.2023, an additional determined tax of MKD 895,652,291 was collected, which represents a 2.34% decrease compared to collected revenues in the same period in 2022 in the amount of MKD 92,118,478.				
<b>ACTIVITY</b>									
	1. Strengthening the institutional capacity of the tax administration, especially in management of the overdue tax debt and the tax compliance	PRO	2025	/	/			<b>Ongoing implementation:</b> Working group - Project team established by Decision of the Director of the PRO in accordance with its task to introduce a Center of Excellence for inventory, assessment, seizure, and sale of property for the purpose of tax collection, prepared project documentation that provides: • Designing the model of operation of the Center of Excellence, the affiliation in the structure of the internal organization of the PRO and the division of duties with UIC (Unit for Enforcement Collection) in Regional office and CO (Judge Tax Office); • Assessment of the necessary human resources in a Center of Excellence with appropriate professional qualifications; • Assessment of other conditions for the practical functioning of the Center of Excellence (accommodation space, software applications, etc.) The proposed model refers to the introduction of a new centralized organizational unit in the PRO - Tax Enforcement Center TEC. The practical implementation of the TEC is conditioned primarily by amendments to the acts on internal organization and systematization of jobs in the Tax Administration, in order to introduce the new organizational unit and to be able to start the recruitment of human resources through internal redeployments and new employments, public procurement etc. In the meantime, amendments to the Law on the Public Revenue Office came into force, with which the PRO is obliged within six months, that is, by November 2023, to adopt new acts for the internal organization of the PRO. With this, the formal legal introduction of the TEC as a new organizational unit in the PRO will be combined with the overall changes - the new internal organization of the PRO, which will be followed by other activities for its practical implementation. The TEC in the proposal of the act for internal organization and systematization of jobs in the PRO which is in the process of obtaining consent from the ANSA, is introduced as a Department for inventory, assessment, seizure and public sale of movable objects and real estate within the Sector for Collection and Debt Management in the General Directorate. Part of the budget needs for the implementation and start-up of this centralized unit are included in the Plan for Public Procurement of the PRO for 2024. Activities continue around a Compliance Plan for personal services for companies that offer personal services, such as hairdressers, beauty salons, car washes and car mechanics, in order to combat the gray economy. A key challenge for successful implementation of the activity is the staffing of the Compliance Risk Management Unit. The activities related to the drafting of the Register of Risks 2023-2025 proposal and the initial preparation of the rest of the compliance plans continued.	2023-2025

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS	EFFECTED TIME OF REALISATION
						Completed	Ongoing implementation	Not commenced		
Measure 2					Achieved	Completed	Ongoing implementation	Not commenced		
Activity					Partially achieved					
Measure 2: Digital transformation of the PRO with the establishment of an Integrated Tax Information System (ITS)			Number of institutions with which the Integrated Tax Information System exchanges	25	Achieved					
			Completion of modules for the new ITS	New Masterfile records New tax accounting New integrated e-Taxes module E-invoice and e-commerce module Software for conducting tax procedure by case	Not achieved					
ACTIVITY										
1. Implementation of the activities envisaged in the Strategic Plan of the PRO related to the completion of the Integrated Tax Information System	PRO	2025	/	/	/			Ongoing implementation: With the amendments to the Law on the Public Revenue Office, which are in force from 05/03/2023, the formal organization and structure for the implementation of the digital transformation reform of the PRO has been arranged and in accordance with the legal provisions, the Director of the Public Revenue Office with a decision dated 05/18/2023 established a Working Body for the implementation of a tax information system (TIS), whose task is: implementation, upgrading, optimization, execution, regulation, maintenance, control, staff education and analysis of all processes and functionalities related to the tax information system. In order to ensure the reliable realization of the project for the establishment of a new TIS, the Working Body prepared a reform program - a program for the implementation of the TIS and for the purpose of more effective monitoring of the implementation, it established a Reform Committee.	Future steps to be taken in the next period to improve the implementation of the activities and achieve the planned result: implementation, upgrade, optimization, execution, regulation, maintenance, control, staff education and analysis of all processes and functionalities related to the tax information system.	2024-2027
PRIORITY 3: Customs			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	/						
			Implemented at least two (2) new IT systems / modules from the EU Multiannual Strategic Plan (MASP) at national level on appropriate hardware (CS2 and e-commerce)	/						
MEASURE 2: Modernization of customs services and their digitalization			Average yearly availability of the new customs IT systems for interconnectivity with the EU systems	/	Achieved	99,85%				
			Conducted appropriate professional training for the employees of the Customs Administration and the economic operators for implementation of systems (number of events)	12	Achieved	18 EVENTS				
ACTIVITY										
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	Customs Administration	2025	/	/				Ongoing implementation: The Customs Administration is also working on the introduction of a complete paperless environment in the customs procedure, through the implementation of electronic systems from the e-Customs program, i.e. the Multi-Annual Strategic Plan of the EU (MASP), which are compatible with the systems and procedures in the European Union. Currently, technical specifications are being prepared for the systems that will be developed in the coming period, and the funds for financing the implementation are expected to be provided by the IPA 3 funds.		
PILAR III: Planning and Budget										
PRIORITY 1: Budget Planning			Reduction of the budget deficit as % compared to the previous year	-3,5 of GDP	Achieved	-6,97% from GDP				
MEASURE 1: Improving medium-term planning			Changes in relation to the actual projections / achievements (Fiscal deficit)	10%	Partially achieved	0,27% insignificant deviation of the realized budget deficit from the planned one				
ACTIVITY										
1. Medium-Term Fiscal Strategy based on a sectoral approach	MoF/Budget and Funds Department	2025	/	/				Ongoing implementation: The Ministry of Finance with the Fiscal Strategy 2024-2028 initially gave a sectoral approach that explains every policy that is implemented and it is necessarily supported by three output indicators in order to measure performance, one of which refers to the improvement of the gender component.	Advancement and development of the Sectoral approach through the preparation of a new Organizational and Program Classification.	2025
2. Improving planning through tools: baseline scenario and new initiatives	MoF/Budget and Funds Department	2025	/	/				Ongoing implementation: Fiscal projections with the Fiscal Strategy 2024-2028 are made on the basis of the permanent legislation and existing obligations (basic scenario) and a proposal for new projects and new financial obligations (new initiatives), determined by the new Law on Budgets.	Prescribing bylaw for baseline scenario tools and new initiatives.	2025
3. Strengthening medium-term planning at public enterprises and companies at central level	MoF/Budget and Funds Department	2025	/	/				Ongoing implementation: The mid-term projections for these entities are an integral part of the fiscal strategy for the period 2024-2028.	Monitoring and updating of data for the next period, in accordance with the provisions of the new Law on Budgets, which foresees increased transparency, accountability and responsibility among these entities.	2025

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023		PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced		
Measure					Achieved	Completed	Ongoing implementation	Not commenced		
Activity					Partially achieved					
MEASURE 2: Improved Budget planning and developing measurable performance indicators			First time number of budget users and home budget users	About 100	Achieved 97 budget users					
ACTIVITY										
1. Preparation and implementation of bylaws and several types of classifications, administrative / organizational, economic, program, functional and classification of sources of funding	Ministry of Finance	2025	/	/			Ongoing implementation: Through the IPA project "Strengthening of budget planning, execution and internal financial control", trainings for the preparation of the by laws of the new Law on Budgets are being implemented. Trainings on program budgeting and preparation of the by laws of the new Law on Budgets were carried out. In addition, with the U.S. Department of the treasury, the preparation of the new classifications is underway in accordance with the provisions of the new Budget Law.	According to the new law on budgets, which was adopted in September 2022, by laws should be adopted in September 2024	September 2024	
2. Developing and monitoring of performance indicators in the implementation of budget policies	Ministry of Finance/ Budget and Funds Department	2025	/	/			Ongoing implementation: With the FSM Budget for 2023, indicators are used: input indicators that represent expenditures for a specific purpose and output indicators that measure specific results and the same for each budget user are presented in the general part of the budget.	Through the IPA project "Strengthening of budget planning, execution and internal financial control" and other international institutions, realization of trainings for the preparation of the by laws of the new Law on Budgets.	2025	
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 harmonising the process with the international methodologies and the good practices	Ministry of Finance/ Budget and Funds Department	2025					Ongoing implementation: Constant strengthening of capacities through employment of new staff and trainings for existing and newly employed persons.	Realization of trainings for employees of the Ministry of Finance and budget users in the process of providing comprehensive information in terms of volume and content during the preparation of the Budget, as well as harmonizing the process with international methodologies and good practices, through the IPA project and other international institutions.	2025	
MEASURE 3: Fiscal consolidation for gradual and sustainable reduction of budget deficit			Share of capital in total expenditures	14,3%	Partially achieved 13.68%					
ACTIVITY										
1. Reducing the current expenditures in the total expenditure structure by determining spending standards and defined allocation criteria	Ministry of Finance and Government	2025	/	/			Ongoing implementation: The Fiscal Strategy 2024-2028 envisages a phased fiscal consolidation (by determining rationalization measures for separate categories of expenditures, activities and measures to improve the efficiency and effectiveness of the public revenue collection system that will ensure greater collection and improvement of the revenue side of the budget), while with the new fiscal projections the annual level of the budget deficit is consistent with the projections in the previous fiscal strategy.	Reduction of current expenditure by redesigning public expenditure in total expenditure through increased investment in infrastructure.	2025	
2. Improving capital expenditure structure and execution	Ministry of Finance and Government	2025					Ongoing implementation: With the FSM Budget for 2023 and the Fiscal Strategy 2024-2028, the share of capital expenditures with an average increase of about 5% of GDP on an annual level.	Realization of measures from the plan for fiscal sustainability and support for economic growth to ensure greater collection and improvement of the revenue side of the budget and reduction of public debt below 60% of the country's GDP in the	2025	
PRIORITY 2: Strengthened Public Investment Management			PfMA score for indicator P1: "11. Public Investment Management"	/	/					
MEASURE 1: Planning sustainable levels of investment			Average effectiveness score of institutions 2, 3 and 6 of PfMA	/	/					
ACTIVITY										
1. Strengthen the role, the supporting legal framework and the institutional set up of the MoF in PIM system	MoF	Q4/2025	/	/			Ongoing implementation: Staffing of the new PIM dept. established in end Dec. 2022, started in the beginning of 2023. Currently, the PIM department numbers 6 employees, out of 14 planned. There is an ongoing procedure for hiring two new employees in the PIMD.	Continue the procedures for new recruitments and internal promotion.	2025	
MEASURE 2: Improved project appraisal, selection and allocation of resources for capital investments			Average effectiveness score of institutions 4 and 10 of PfMA	/	/					
ACTIVITY										
1. Provide training to professionals of the MoF on project appraisal and review of preinvestment studies	MoF	Q4/2025	/	/			Not commenced: This activity should start in Q2/24.	Training of staff on project appraisal and review of preinvestment studies is planned to be carried out within the TA project provided by the World Bank and other development partners.	2027	
2. Develop a general project appraisal methodology and determine shadow prices	MoF	Q4/2024	/	/			Ongoing implementation: The process of developing new PIM decree and methodology for appraisal, selection and prioritization of public investment projects which is in final stage of preparation, with TA support provided by the World Bank.	Adoption of the new PIM Decree by the Government.	01/24	

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023		PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced		
Measure					Partially achieved					
Activity										
MEASURE 3: Efficient and effective monitoring of capital investments			Average effectiveness score of institutions 13 and 14 of IFMA	/	/					
ACTIVITY										
1. Introduce risk-based centralized monitoring	MoF	Q4/2025						Ongoing implementation: New IFM Decree and methodology which is currently being developed with TA support by the World Bank shall set up rules and procedures for the project monitoring.	1. Adoption of the new IFM Decree by the Government. 2. Start collecting data on public investment	1. 2024 2. 2027
2. Develop an IT system functional requirements for comprehensive physical and financial monitoring of public investment projects	MoF	Q4/2025						Completed. IFM department has provided input for drafting the technical specification requirements for the IFM module of the IFMS.	Design of the IFM module in the IFMS	
3. Develop a short-term IT solution to capture basic public investment project information (including climate change related impacts on infrastructure)	MoF	Q4/2025						Ongoing implementation: The preparatory activities started in March 2023, when an IMF FAD mission was carried out to further define the main business processes for IFM and exploring the options for integrating these into the budget preparation procedures. The mission also discussed the development of a short-term Public Investment Management Information System (PIMIS) solution to capture basic public investment project information and create a database to manage project data from inception to monitoring (including climate change related impacts on infrastructure). This short-term solution is expected to bridge the period until the new IFM module of the IFMS becomes operational.	The process of implementing such short-term PIMIS solution shall continue with IMF FAD support after the IFM department designs a Project Concept Note (PCN) as part of the new IFM methodology.	Q4/25
PRIORITY 3: Effective instruments under the Growth Acceleration Plan			Accumulated public investments and private investments in millions of euros using the new instrument	Public investments = 800 million euros Private investments = 4039 million euros	Partially achieved					
MEASURE 1: Establishment of different funds in the state institutions and development of different financial instruments			Number of established funds in the institutions	5	Partially achieved 2					
1. Establishment of Hybrid National Green and Digital MSME Fund for start-ups and innovative enterprises	IFD	Q3/24	/	/	/			Not commenced		
2. Establishment of "Greening Business" Facility	FEZ	Q3/24	/	/	/			Ongoing implementation: Amendments to the Law on IIRZ and the Law on Industrial Zones.	Submission of legal texts and their forwarding in government procedure.	
3. Establishment of Energy Efficiency fund	Development bank	Q3/24	/	/	/			Ongoing implementation: A bill: law to amend and supplement the Law on the Development Bank of North Macedonia was adopted by the Government on 25.07.2023. It was then adopted in the Assembly on October 3, 2023. With that, the legal framework for the Energy Efficiency Fund and the possibility of its implementation has been created.	Practical application of the law as a starting point, as legal framework for the Energy Efficiency Fund is created and the possibility of its implementation	
MEASURE 2: Strengthening the capacities of various institution			Establishing of new units in the institutions	3	Partially achieved 2					
ACTIVITY										
1. Establishment of a Delivery unit for infrastructure projects coordination	Government	Q3/24	/	/	/			Ongoing implementation: A project financed by the British Embassy, with the involvement of UNDP, through which the entire unit and the way of functioning are created, but there are not enough positive opinions about it and it has not been adopted by the Government.	In Government Procedure	
2. Establishment of Project Monitoring unit	Government	Q3/24	/	/	/			Not commenced		
3. Establishment of a Capacity Building and Training Unit for strengthening management and institutional capacities	NOT SPECIFIED	Q3/24	/	/	/			Not commenced		

PILAR	PRIORITY	MEASURE	ACTIVITY	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS	EXPECTED TIME OF REALISATION
									Achieved	Completed	Ongoing implementation		
								Achieved	Completed	Ongoing implementation	Not commenced		
								Partially achieved					
<b>PILAR IV: Public Procurement</b>													
<b>PRIORITY 1: Public Procurement Policy</b>													
						Percentage one bid tenders	/	30,25%					
						Percentage cancelled procedures	/	18,95%					
		<b>MEASURE 1: Strengthening the institutional capacity</b>				Number of received requests for opinion in relation to implementation of the PPP	41530	Achieved -951					
						Established new system for education within PPB	Established new system for education within PPB	Partially Achieved The analysis of the educational system within PPB is underway					
						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	Achieved 2 meetings were held					
						Number of new methodological tools	/	Achieved 3 Handbooks, 1 Guideline and 1 Note are published on the PPB website					
						Number of implemented Technical Dialogue	460	Not achieved 173					
			<b>ACTIVITY</b>										
			1. Improving the cooperation among the key institutions in the public procurement system	PPB	Q4 2025	/	/	/		Completed: Advisory group holds meetings on regular basis, twice a year. In addition, institutions competent for implementation of the Strategy for public procurement held 2 meetings where the status of the measures and activities was reviewed. A Report of established indicators for monitoring risks in public procurements for 2022 - Red Flags Report is prepared and forwarded to SAO, SDPC and CPC.	Continuing the regular communication and coordination among the key institutions in the public procurement system	04/2025	
			2. Introducing new system for education within PPB	PPB	Q4 2025	/	/	/		Ongoing implementation: Drafting of the Legal Amendment Proposal is in progress, which would cover the part of Education in order to modernize it and harmonize it with the EU recommendations. At the same time, advisory assistance is requested from international institutions and experts, all with the aim of creating a comprehensive and modernized Education Program for public procurement officials.	Analysis of the participants' evaluation questionnaires received from the regular and recertification trainings, identifying the weaknesses, suggestions and proposals, and creating new improved and modernized Education programme for public procurement officials.	04/2025	
<b>PRIORITY 2: Public Private Partnership (PPP)</b>													
						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 arise 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	Not achieved					
		<b>MEASURE 1: Establishment of a Single Electronic System for Public-Private Partnership (SESPPP)</b>				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.	Not achieved					
			<b>ACTIVITY</b>										
			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	ME	2025	/	/	/		Not commenced. The enactment and effective implementation of the Law on Public-Private Partnership is closely related to the establishment of the SESPPP. It is necessary to provide financial resources for the procurement of the SESPPP and the Register of awarded contracts for the establishment of the public-private partnership. The main challenge is still open issue of providing financial funds from donors/budget. After the adoption of the Law on public private partnership by the Assembly of the Republic of North Macedonia, the procedure for preparation and establishment of the SESPPP will begin.		2025	
		<b>MEASURE 2: Completion of the legal and regulatory framework in the field of public private partnership</b>				Adoption of the new bylaws by the Minister of Economy and their publication in the Official Gazette of RM	Publication of 12 bylaws in the Official Gazette of RDM which prescribe in more detail the rules for: Register of awarded contracts for establishing public-private partnership, UESP, criteria for preparation of PPP projects, Feasibility study, PPP agreements, planning reporting etc.	Not achieved					
			<b>ACTIVITY</b>										
			1. Preparation of the bylaws that will arise from the Law on Public-Private Partnership	MoE	2024	/	/	/		Not commenced. The proposed Law on public private partnership has been sent for opinion from the relevant institutions. After the harmonization with the opinions the Law will be delivered into Government procedure. After the adoption of the Law the procedure for drafting the By laws will begin.		2024	



PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023		PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced		
Measure										
Activity										
MEASURE 3: Strengthening and development of the capacities of the Ministry of Economy in the field of public private partnership	Mot	2024	Increasing the capacity and efficiency of the Department for Public Private Partnership and Cooperations.	Employment of 2 new civil servants and their training in the field of public private partnership	Partially achieved			Not commenced		
ACTIVITY										
1. Increasing the number of employees in the Ministry of Economy and professional training for public private partnership	Mot	2025						Not commenced: According to the proposed regulation on public private partnership and its constant implementation, there is need to increase the number of employees to perform their activities in accordance with their competencies. Two new employments are planned for 2023 and another employment for 2024. This activity will be delayed and the procedure will start in 2024.		2025
PRIORITY 3: Appeal Mechanism										
MEASURE 1: Strengthening the legal and regulatory framework of legal protection in the public procurement process			3) number of complaints 2) number of lawsuits before the Administrative Court and appeals before the Higher Administrative Court.	Reduction by 2% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission	Achieved					
ACTIVITY										
Preparation of a special law on legal protection in the field of public procurement	SAC/Assembly of the N.A. of Macedonia	04/2023						Ongoing implementation: Perception of comparative analyses and experiences from EU member states.		04/2024
MEASURE 2: Strengthening the administrative capacity of the SAC			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.	Strengthening the capacities of the SAC and reducing the workload	/					

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS	EFFECTED TIME OF REALISATION
						Completed	Ongoing implementation	Not commenced		
Measure										
Activity										
ACTIVITY										
1. 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.	Ministry of Finance	Q4/2024	/	/				Not commenced.		Q4/2024
<b>PILAR V: Integrated Public Finances</b>										
<b>PRIORITY 1: Implementation of an Integrated Financial Management Information System (IFMIS) to Support the Implementation of Public Financial Management Reforms and Organic Budget Law</b>										
			Annual budget, including climate and gender tagging, prepared and executed through new IFMIS	/	/					
			The required time for the processing of payments through IFMIS and Treasury Single Account interface was reduced (efficiency)	Several days		Not achieved				
			Ratio of budget coverage and comprehensiveness (central government budget managed and reported through IFMIS, %) improved	75%		Not achieved				
			Open Budget Index Score (transparency) increased	+50 (2023)		Not achieved				
<b>MEASURE 1: IFMIS is fully operational to support the implementation of OBL reforms</b>										
			The stage of IFMIS development and implementation	IFMIS procurement initiated		Partially achieved (In November 2023, a public call for the procurement of IFMIS was published).				
			Dedicated OBL Reform Unit established	OBL Reform Unit (12 staff) fully established		Achieved (In May 2023, by the Decision of the Minister of Finance, a Working Body was established with a mandate of 5 years, responsible for implementation, upgrading, optimization, execution, regulation, maintenance, control, staff education and analysis of all processes and functionalities of IFMIS the system).				
<b>ACTIVITY</b>										
1. Development of IFMIS as an integrated centralized webbased system supporting decentralized operations.	MoF	Q4/25	/	/				Ongoing implementation: Loan agreement in the amount of 20 million euros from the World Bank concluded in January 2023 Grant agreement in the amount of 5 million euros from the European Commission concluded in January 2023 Final update and adoption of the IFMIS Functional and Technical Requirements and Tender documentation for IFMIS Published a public announcement for IFMIS procurement (development and implementation).	Signing an agreement with a selected company/consortium of companies for IFMIS procurement; Commencing with the development of IFMIS and subsequent pilot testing of the system; Operationalization of IFMIS (IFMIS goes live).	2024 2024 2025
2. Expansion of MoF ICT infrastructure (in line with wholeof government approach) to host new IFMIS.	MoF	Q4/25	/	/				Not commenced.		
3. Capacity strengthening (IFM Reform Units), training and change management to support OBL reforms and countrywide IFMIS operations.	MoF	Q4/25	/	/				Ongoing implementation: Established a project leader for the realization of the "Building Effective, Transparent and Accountable Public Financial Management Institutions Project" Established a Working Body within the Ministry of Finance for the development and implementation of IFMIS Adopted Terms of Reference for engaging a consulting company to support WB Published a public announcement for expressions of interest of the consulting company that will provide a technical assistance to the WB during the development and implementation of IFMIS, as well as in the process of change management related to IFMIS.	Staffing of the WB with new members; Establishment of the Working Commissions responsible for the development and implementation of individual modules of IFMIS.	2024 2024
<b>PRIORITY 2: Strengthen the Accounting of Budgets and Budget Users</b>										
			Percentage of budget users that apply modified cash accounting.	0		/				
<b>MEASURE 1: Strengthening the accounting system by applying of new accounting practices</b>										
			Adoption of new standards for modified cash accounting.	Prepared Strategy for improvement of the accounting of budgets and budget users and adopted New Law on accounting of budgets and budget users		Partially achieved (A Strategy for the Advancement of the Accounting of Budgets and Budget Users has been prepared and a Draft Law has been prepared for amendment to the Law on Accounting budgets and budget users)				
<b>ACTIVITY</b>										
1. Preparation of a Strategy for Improvement of the Budget Institutions' Accounting with a gap analysis, setting priorities and goals and action plan	MoF	Mar-23	/	/				Ongoing implementation: In January June 2023, by the consultants engaged through the UNDP project were held two missions regarding the preparation of the Strategy for Improvement of Budget Institutions' Accounting. In June was presented the GAP Analysis for the introduction of accrual accounting in the Republic of North Macedonia prepared by the consultants.	Preparing a Strategy for Improvement of the Budget Institutions' Accounting.	
2. Adopting a new regulatory framework on accounting of budgets and budget users and bylaws.	MoF	Dec-23	/	/	The preparation of the new regulatory framework for accounting of budgets and budget users and the necessary by laws will follow after adoption of the Strategy for the Advancement of Accounting of Budgets and Budget Users in accordance with the guidelines and deadlines established in the Action Plan. Adoption of amendments of Law on accounting of budget and budget users in the part of prescribing the obligation for certification of accountants in the public sector. are expected during 2024.			Not commenced: Adoption of amendments of the Law on accounting of budgets and budget users in the part of prescribing the obligation for certification of accountants in the public sector. The preparation of the new regulatory framework for accounting of budgets and budget users and the necessary by laws will follow after adoption of the Strategy for the Advancement of Accounting of Budgets and Budget Users in accordance with the guidelines and deadlines established in the Action Plan.		2024

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTFURN FY 2023		PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced		
Measure					Partially achieved					
Activity										
<b>PRIORITY 3: Public Finance Academy</b>										
			Management's perception of whether the Academy adds value to their employers (low, medium or high level of value added perception)	medium	/					
<b>MEASURE 1: Establishment of the Public Finance Academy</b>			Established functional Public Finance Academy in the Ministry of Finance	Employed a total of 7 people	Achieved					
			Staffed and equipped Public Finance Academy	Total amended 3 (three) laws in the field of PFM	Partially achieved (2 laws in the field of PFM have been amended/supplemented)					
				Organized 2 (two) trainings / workshops for the employees of the Academy	Not achieved					
<b>ACTIVITY</b>										
1. Creating a legal basis for the establishment and functioning of the Public Finance Academy	MoF	Q4/2025	/	/			Completed: The Public Finance Academy was established by the Rulebook on Organizational Setup and the Ministry of Finance No. 01-1127/3 of December 26, 2023			
2. Strengthen the human resources capacities of the Public Finance Academy, through staffing, training and equipping	MoF	Q4/2025	/	/			Ongoing implementation: There are 7 employees in the Public finance Academy, 2 public announcements are in progress and 1 transfer of an employee from another institution. There is ongoing process of secure premises for functioning of the academy.			2024
<b>MEASURE 2: Development and implementation of a curriculum</b>										
			Prepared manuals and instructions for work and bylaws	Prepared detailed instruction for the work of the academy or internal work procedure	Achieved Prepared Methodology of operations of the Public Finance Academy					
			Prepared annual work program and curricula	Three bylaws prepared	Not achieved					
			Satisfaction of the participants from the conducted trainings (low, medium or high level of satisfaction)	Work program and curricula prepared for 2024	Partially achieved Prepared Annual training program for 2024. The curriculum will be prepared according to the program.					
			Number of organized trainings	20	Not achieved					
<b>ACTIVITY</b>										
1. Preparation of methodological tools for implementation of the activities of the Public Finance Academy	MoF	Q4/2023	/	/			Completed: Prepared Methodology of operations of the Public Finance Academy			
2. Preparation of an Annual Work program	MoF	Q4/2025	/	/			Completed: Prepared Methodology of operations of the Public Finance Academy			
<b>MEASURE 3: Inter-institutional cooperation</b>										
			Signed cooperation agreements with domestic and foreign institutions	3 contracts	Not achieved					
<b>ACTIVITY</b>										
1. Establishment of cooperation with domestic and foreign institutions	MoF	Q4/2025	/	/			Ongoing implementation: In October and November 2023, the PFA team visited the Learning organization CEF Ljubljana a National Academy for Finance and Economics, Ministry of Finance of the Netherlands, where PFA gain inter-institutional cooperation with the exchange of experiences.			2024
<b>PILAR VI: Public Internal Financial Control</b>										
<b>PRIORITY 1: Financial Management and Internal Control</b>										
<b>MEASURE 1: Establishment of a comprehensive system of financial management controls based on risk management</b>										
			Percentage of implemented recommendations given during quality checks	N/A	/					
			Prepared Manual for financial management and control	1	Partially achieved (Draft Financial Management and Control Manual has been prepared.)					
			Adopted and published Guidelines for manner to conduct a review of the quality of financial management and control	1	Partially achieved (Draft Guidelines on the Manner of Checking the Quality of Financial Management and Control have been prepared.)					
			Strengthen the capacity of the CHU	Employed a total of 8 people Trainings 8	Partially achieved (employed 2 employees)					
			Number of institutions in which quality checks have been performed	3	Partially achieved (There have been started three pilot quality checks)					
			Number of institutions member of the web platform	0	/					
<b>ACTIVITY</b>										
1. Preparation of Financial Management and Control Manual and its publication on the Ministry of Finance's website	MoF	Q2/2023	/	/			Ongoing implementation: Draft Financial Management and Control Manual has been prepared.	Prepared/Harmonised final versions of the documents for publication on MoF's website, following the adoption of the Law on Public Internal Financial Control System.		Q2/25
2. Adoption and publication of Guidelines on the Manner of Checking the Quality of Financial Management and Control	MoF	Q3/2023	/	/			Ongoing implementation: Draft Guidelines on the Manner of Checking the Quality of Financial Management and Control have been prepared.			
3. Strengthen the capacity of the CHU to check the quality of financial management and control	MoF	Q4/2025	/	/			Ongoing implementation: Within the framework of the Central Harmonization Unit, with the Rulebook on Internal Organization and Work of the Ministry of Finance No. 03-1127/3 of 29.12.2023, there is established a Unit for Quality Check of Financial Management and Control and the Operations of the internal audit. Two new people are employed in the CHU, and through an internal promotion procedure, the positions of Head of CHU, Assistant Head of CHU and Head of the Unit for Quality Check have been filled.	The process of staffing of this unit should continue during 2024.		Q4/25

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS	EXPECTED TIME OF REALISATION	
						Achieved	Completed	Ongoing implementation			Not commenced
						Partially achieved					
<b>PRIORITY 2: Internal Audit</b>			Percentage of implemented recommendations given during quality checks	80	/						
			Number of internal auditors in the Ministries	80	Partially achieved (34 internal auditors in ministries)						
			Percentage of implemented recommendations	88	Partially achieved (64%)						
<b>MEASURE 1: Strengthening the quality of work of the internal audit units in the Ministries</b>			Number of ministries with an approved plan for organization of internal audit	/	Achieved						
			Reorganized and staffed Internal Audit Units in the ministries	34 internal auditors	Partially achieved (activities are underway to act on the Government's conclusion)						
			Strengthen the capacities of CHU	Employed a total of 8 people Trainings 8	Partially achieved (employed 2 employees)						
			Number of institutions in which quality checks have been performed	3	Partially achieved (there have been started three pilot quality checks)						
			Number of institutions member of the web platform	80	Not achieved						
<b>ACTIVITY</b>											
1. Preparation and approval of "Internal Audit Organization Plan" for all Ministries by the Government	MoF	04/2022	/	/				<b>Ongoing implementation:</b> Regarding the strengthening the internal audit units in the ministries in December 2023 was prepared and submitted for governmental adoption the information on the actions of the ministries according to Conclusion No. 2 after the adoption of the "Annual report on the functioning of the system of public internal financial control for 2023".	It is expected to be adopted in the month of January 2024, by the Board of the RSM	04/24	
2. Modifying and amending the Ministries' internal acts for organization and systematization in accordance with the "Internal Audit Organization Plan"	MoF	03/2023	/	/							
3. Strengthening CHU's capacities for checking the quality of operations of the internal audit units	MoF	04/2025	/	/				<b>Ongoing implementation:</b> Within the framework of the Central Harmonization Unit, with the Rulebook on Internal Organization and Work of the Ministry of Finance No. 01-31277/1 of 29.12.2022, there is established a Unit for Quality Check of Financial Management and Control and the Operations of the Internal audit. Two new people are employed in the CHU, and through an internal promotion procedure, the positions of head of CHU, Assistant Head of CHU and head of the Unit for Quality Check have been filled.	The process of staffing of this unit should continue during 2024.	04/25	

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTPUT FY 2023			PROGRESS OF IMPLEMENTATION OF ACTIVITIES	NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation			
Measure					Achieved	Completed	Ongoing implementation	Not commenced		
Activity					Partially achieved					
MEASURE 2: Centralization of the powers and the capacities for advanced types of internal audits (performance audits and IT audits) in the Ministry of Finance			Number of conducted performance audits and IT audits	N/A	Not achieved					
			Signed Charter for conducting IT audits and performance audits with the ministries	N/A	Not achieved					
ACTIVITY										
1. Establishment of a Department for Centralized Conducting of IT Audits and Performance Audits	Mof	04/2025	/	/				Not commenced.		04/25
PRIORITY 5: Financial Inspection			Number of employment / promotion of financial inspectors who can independently perform financial inspection	4	Achieved					
			Number of conducted inspections to control compliance with the provisions of the law regulating the financial inspection	20	Partially achieved 49%					
			Number of received applications/reports	300	Achieved 2.022					
			Amount of funds returned in the Budget of RNM	610 000	Partially achieved 3.108					
MEASURE 1: Strengthening the institutional basis of the financial inspection function			Adopted new Law on financial inspection in the public sector	Adopted new Law on financial inspection in the public sector	Achieved					
			Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria	Not achieved					
			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	Partially achieved					
			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	Achieved					
			Adopted Rulebooks on organization and systematization of Mof job posts	/	Achieved					
			Number of employment / promotion in financial inspection in public sector	8	Achieved					
			Conducted exam for obtaining a license for financial inspector	1	Not achieved					
ACTIVITY										
1. Improving the legal framework	Mof	01/2023	/	/				Completed: On the 30th of January 2023 the Parliament of the RNM adopted the new Law on Financial Inspection in the Public Sector (*) ("Official Gazette of Republic of North Macedonia" no. 19/23).		
2. Introducing a system of performance based annual remuneration for financial inspectors	Mof	04/2025	/	/				Ongoing implementation: The preparation of the Guidelines for the manner of monitoring, measuring and evaluating the effectiveness of inspectors, as a basis for awarding prize for the best inspector in accordance with the legally established criteria is underway.	On the basis of the new Law on Financial Inspection in the Public Sector (*), the preparation of Guidelines for the manner of monitoring, measuring and evaluating the effectiveness of inspectors is underway, as a basis for awarding a prize for the best inspector according to legally established criteria.	04/2024 (awarded prize for best inspector for 2024)
3. Improved methodologies and systematization (increasing the added value of the financial inspection function)	Mof	04/2025	/	/				Ongoing implementation: The Draft Procedure for conducting financial inspections with annexes to it has been prepared and sent to the quality team for consideration. In the financial inspection units, 4 employees were promoted, and a procedure for the promotion of 1 more employee was initiated.	Promotion of 2 employees in the financial inspection departments.	04/24
MEASURE 2: Strengthening the Capacity of Financial Inspection Human Resources			Adopted Program for theoretical training and practical work	Adopted Program for theoretical training and practical work	Partially achieved					
			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	Partially achieved					
			Adopted Program for trainings for conducting financial inspection	Adopted Program for trainings for conducting financial inspection for 2023	Partially achieved					

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023			PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced			
Measure					Partially achieved						
Activity											
1. Designing a concept for obtaining a license for financial inspector	MoF	04/2023	/	/				Ongoing implementation: The Draft Program for theoretical training and practical work for obtaining a license for a financial inspector, as well as the form and content of the certificate of successfully completed training and the Draft Program for taking an exam for obtaining a license for financial inspector are prepared. The opinion from the Secretariat for Legislation is obtained and the final drafting and corrections upon the opinions is underway.		The finalization and adoption of the Program for obtaining a license for a financial inspector, as well as the form and content of the certificate of successfully completed training and the Program for taking an exam for obtaining a license for financial inspector is underway.	02/24
2. Preparing an annual training program for financial inspectors	MoF	03/2025	/	/				Ongoing implementation: The preparation of the Program for trainings for performing financial inspection is underway.		The procedure for the adoption of the Training Program for financial inspection is underway.	02/24

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTPUT FY 2023			PROGRESS OF IMPLEMENTATION OF ACTIVITIES	NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation			
Measure					Completed	Ongoing implementation	Not commenced			
Activity					Partially achieved					
<b>PILLAR VII: External Control and Parliamentary Oversight</b>										
<b>PRIORITY 1: External Audit</b>										
			Established amount of funds that have not been paid in the Budget of RNM	> 7.000 EVP		Achieved				
			Established amount of funds in awarding public procurement contracts where irregularities have been identified with the audits	> 9.000 EVP		Achieved				
<b>MEASURE 1: Strengthen the legal framework for external audit</b>			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		Achieved				
<b>ACTIVITY</b>										
1. Following constitutional changes to achieve constitutional independence of the SAO in accordance with the principles, standards and guidelines of INTOSAI	SAD	04/2025	/	/			Completed: Draft amendments have been prepared within the Twinning Project for amending and supplementing RNM Constitution aimed at regulating SAO as a constitutional category. These draft amendments are submitted to the Assembly, Ministry of Justice and Government.	Expecting procedure for adoption of constitutional amendments to be initiated by the Parliament.		
2. Strengthening external audit legal framework aimed at strengthening financial and operational independence of SAO in line with INTOSAI principles, standards and guidelines	SAD	04/2022	/	/			Ongoing implementation: Draft State Audit Law has been prepared within the Twinning Project. In 2022, opinion on the draft law has been provided from the twinning partners SA of Croatia and SA of Bulgaria, as well as from DG Budget. Auditor General has handed over the Draft State Audit Law to the authorized proposer (i.e. the Ministry of Finance for further action. In February 2023, Ministry of Finance started the process of public consultation for the State Audit Law on the platform National Electronic Registry of Regulations ( <a href="http://www.enr.gov.mk">www.enr.gov.mk</a> ). Ministry of Finance submitted the draft State Audit Law to the Secretary for legislation, Ministry of Information Society and Administration and Ministry for Justice opinions were requested. Opinions were received by competent institutions additionally SAO representatives held meetings with Minister of Justice and Minister of Information Society and Administration concerning SAO.	Expecting procedure for adoption of the Draft State Audit Law by the Parliament.		
<b>MEASURE 2: Strengthening the institutional capacity and human resource capacities of the SAO</b>			Percentage of implementation of the SAO Development Strategy for 2023-2027	Percentage of implementation of the SAO Development Strategy for 2023		Achieved				
			Percentage of audit scope of total public expenditures	260%		Achieved				
			Perception of stakeholders on SAO value added	275%		Achieved				
<b>ACTIVITY</b>										
1. Preparation of new and improved strategic, planning and methodological acts of the SAO	SAD	04/2024	/	/			Completed: Within the Twinning project, draft SAO Development Strategy 2023-2027 has been prepared. SAO adopted and started the implementation of the new Development Strategy 2023-2027 as well as new SAO methodology acts. New strategic documents are adopted, which will be implemented in the upcoming period. New methodology acts will be prepared in cooperation with other SAOs and international organizations in the upcoming period.			
2. Strengthen the capacity to conduct audits	SAD	04/2025	/	/			Completed: Activities for strengthening audit capacities have been carried out in accordance with SAO Annual Plan for continuous professional development for 2023 and SAO Strategy for the Development of Human Resources 2023-2023.			
3. Increasing the visibility of the SAO and communication with the stakeholders	SAD	01/2025	/	/			Completed: Activities for increasing SAO visibility and communication with stakeholders have been carried out in accordance with SAO Communication Strategy 2020-2023. During 2022, new internal procedures have been adopted for timely and improved presentation of audit activities and results as well as for improvement of SAO internal and external communication and in the same time the number of stakeholders to which audit report are sent has increased.			

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023		PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced		
Measure					Partially achieved					
Activity					Achieved					
<b>PRIORITY 2: Parliamentary oversight</b>			Percentage of external audit recommendations for which corrective measures have been taken	273%						
<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>										
ACTIVITY										
1. Adoption of Procedures in the SAD for the preparation and submission of audit reports and other documents to the RNM Assembly	SAD	Q4/2024	/	/	/			<b>Ongoing implementation.</b> In progress of implementation. SAD procedures have been prepared for the preparation and submission of audit reports and other documents to the RNM Parliament. They will be adopted after the adoption of the new State Audit Law and adjustment of the content of the procedures in accordance with it. The Draft State Audit Law has been handed over by the Auditor General to the authorized proposer, that is, the Ministry of Finance for further action.	Adoption of the new State Audit Law, adjustment of the content of the procedures to the law and their adoption is expected. The new deadline for implementation is Q4/2027.	
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).	Assembly of RNM	Q4/2024	/	/	/			<b>Ongoing implementation.</b> In progress of implementation. Procedures of the RNM Parliament have been drawn up for the mechanism for reviewing audit reports (from the receipt of audit reports and other documents to the adoption of conclusions about them and the monitoring of the implementation of recommendations). They will be adopted after the adoption of the new State Audit Law and adjusting the content of the procedures according to the same. The Draft State Audit Law has been handed over by the Auditor General to the authorized proposer, that is, the Ministry of Finance for further action.	Adoption of the new State Audit Law, adjustment of the content of the procedures to the law and their adoption is expected. The new deadline for implementation is Q4/2027.	
3. Preparation of summary reports from final audit reports in separate areas and their submission to the RNM Assembly	SAD	Q4/23	/	/	/			<b>Completed.</b> These summary reports have been submitted to the RSM Parliament, which represents a summary of the key findings from the individually performed performance audits and regularity audits in accordance with the Annual Work Program of the SAD for 2021 and 2022.		In continuity.
<b>MEASURE 2: Strengthening the institutional capacities for reviewing audit reports in the Assembly of RNM</b>										
ACTIVITY										
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	SAD	Q4/24	/	/	/			<b>Not commenced.</b> The activity planned within the framework of the Training project was canceled by a letter from the Parliament. The main reason for the non-implementation of the activity was the unsigned Memorandum of Cooperation in the period when the activity was supposed to be implemented. The Memorandum of Cooperation was signed at the closing of the project, at the Final Conference held on October 21, 2022.	Preparing Training Plan for the Members of Parliament and Administration in the Parliament of RNM in order to facilitate the understanding of the audit reports and preparation for a debate on the audit reports will be carried out after the adoption of the new State Audit Law. The new deadline for implementation is Q4/2027.	Q4/24
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	SAD	Q4/24	/	/	/			<b>Ongoing implementation.</b> In progress of implementation. Despite the fact that no Training Plan has been prepared, activities have been started for the training of parliamentary services in cooperation with the National Democratic Institute NDI. (The activity planned within the framework of the Training project was canceled by a letter from the Parliament).	To continue with the training activities of the assembly services. The new deadline for implementation is Q4/2027.	In continuity.
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	SAD	Q4/24	/	/	/			<b>Completed.</b> With the support of the National Democratic Institute NDI, in April 2023 the SAD and the Parliament, including the Committee on Financing and Budget, the Parliamentary Budget Office and the Parliamentary Institute held a meeting where they discussed greater cooperation between institutions and oversight of public spending. In June, with the support of NDI, representatives from the SAD shared their own knowledge and information within the framework of the workshop "Building capacities of the parliamentary service for the analysis and review of the reports of the State Audit Office", which was attended by representatives from the Parliamentary Institute, the Parliamentary Budget Office office, the internal audit department and advisers from the Commission on Financing and Budget.		In continuity.



PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTTURN FY 2023			PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS	EFFECTED TIME OF REALISATION
					Completed	Ongoing implementation	Not commenced	Completed	Ongoing implementation	Not commenced		
Priority	Measure	Activity			Achieved	Completed	Ongoing implementation	Not commenced				
<b>PILLAR VII: PFM at Local Level</b>												
<b>PRIORITY 1: Fiscal Decentralisation</b>												
			percentage of increased municipal revenues compared to 2020	20%	Achieved (about 30% of the final bill should be paid)							
			percentage of VAT which is transferred to the municipalities as a grant	5,5%	Achieved							
			percentage of the collected personal income tax which is transferred to the municipalities	5%	Achieved							
<b>MEASURE 1: Improving fiscal capacity and increasing municipal revenues</b>												
			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 Local Government Units	Not achieved (the activity will be realized in 2024)							
			Revised Property Tax law	Report with analysis for amendments to the Property Tax law	Not achieved							
			Number of new own revenues	1	Not achieved							
			Number of revised decrees on block grants, earmarked grant and New Decree for distribution of capital grants	New Decree on distribution of grant for firefighters and Two new decrees for block grants	Not achieved							
<b>ACTIVITY</b>												
	1. New / revision of the Law on Financing Local Government Units	MoF - Budget and Funds Department	Q4/2024	/	/				Not commenced: With the technical assistance of UNDP, in 2022, an assessment of the existing Law on the financing of local self-government units was made, and the conclusions and recommendations obtained will be a good basis for preparing for the adoption of a new Law.	In 2024, activities will begin for the preparation of the new Law on the financing of local self-government units, which should be harmonized with the provisions of the new Law on Budgets, receiving opinions and comments from interested parties and submitting the Law to the Government of the RS and the Assembly of RS, after the adoption of the Law, by laws will be prepared and adopted.	04/24	
	2. Increasing the own revenues of the municipalities, increasing the funds allocated to the municipalities from the Central Budget and introducing criteria for good performance and equalization	MoF - Budget and Funds Department MoF - Tax and Customs Policy Department	Q4/2025	/	/				Completed: personal income tax revenues are gradually increasing from 3% to 6% in 2024. In 2023, 5% of the collected personal income tax was distributed to the municipalities, and as a result, the municipalities received 366 million denars in higher income compared to 2022. The year from the owner or it is not issued, as well as the rate. If it is not reported whether the real estate is used or not. The legal amendments are applied from 01.01.2022. Within the framework of the USAID project, a working group was formed with representatives of 8 institutions and the preparation of amendments to the Law on Property Taxes is underway. In 2023, the municipalities were allocated funds in the amount of 5.5% of the collected value added tax realized in the previous fiscal year, distributed in three parts: basic part - 4.5%, part for performance - 0.5 % and equalization part - 0.5%. As a result of the changes in the Law in 2023, the municipalities were allocated 652 million denars more compared to the previous year.	Amendments to the Law on Property Taxes will be prepared in the coming period.	04/24	
	3. Revision of the criteria for allocation of block and earmarked grants and determination of criteria for allocation of capital grants	MoF - Budget and Funds, MoE, MLSP, MoCult, MoDef, other ministries and institutions, wherefrom capital grants are transferred	Q4/2025	/	/				Ongoing implementation: The Ministry of Education and Science in cooperation with UNICEF and the World Bank have prepared a new methodology for the distribution of the block grant for primary education. With the technical support of SIGMA, the distribution of the block grant for culture was analyzed and a comparative analysis was prepared with experience from other countries, and in the next period the Ministry of Culture needs to prepare a new methodology for the distribution of the block grant for culture. In the coming period, experience will be considered on the method of distribution of dedicated subsidies for firefighters and determination of criteria for distribution of the block subsidy for kindergartens. Within the technical assistance of UNDP, a comparative analysis was made with some of the neighboring countries and EU member states for the distribution of Capital transfers.	In cooperation with the competent ministries from which block and dedicated subsidies are transferred, the possibilities for changing the criteria for the distribution of these funds by municipalities are analyzed. Within the technical assistance of the UNDP, in the coming year, the possibilities for the preparation of a Decree on the distribution of capital grants will be analyzed.	04/25	
<b>MEASURE 2: Regional and local development</b>												
			Established Agency for regional and local development	Report with legal and operational solutions for the establishment of the Agency	Achieved							
<b>ACTIVITY</b>												
	1. Establishment of the Agency for Regional and Local Development and achieving balanced regional development	Ministry of Local Government	Q4/2024	/	/				Ongoing implementation: The established working group for drafting legal solutions for the establishment of the Agency for Regional and Local Development reviewed the comparative analysis with experiences from other countries and proposed models for the transformation of the Bureau for Regional Development into the Agency for Regional and Local Development and gave its opinion. The comparative analysis with experiences from countries that have this form of institutions and proposed scenarios for the transformation model was prepared with technical assistance from USAID. According to the guidelines of the Working Group, the Ministry of Local Self-Government prepared and submitted information to the Government. The government reviewed the proposed scenario and concluded that measures should be taken to prepare legal solutions for the establishment of the Agency for Regional and Local Development.	In the coming period, the Government is expected to consider the legal possibilities and undertake the following activities regarding the establishment of the Agency for Regional and Local Development.	04/2024	

PILAR	RESPONSIBLE INSTITUTION	DEADLINE	PRIORITY INDICATORS	TARGET FY 2023	INDICATOR OUTPUT FY 2023		PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS	EXPECTED TIME OF REALISATION
					Achieved	Completed	Ongoing implementation	Not commenced		
Measure										
Activity										
PRIORITY 2: Financial Discipline, Transparency and Accountability at the Local Level			% of reduction of the amount of due unpaid liabilities in the current compared to the base year 2020	20%	Partially achieved Partially achieved (+/- 3%)					
			reduction of the number of municipalities with blocked accounts in the current compared to the base year 2020	3%	Not achieved (+1 municipality)					
			% 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%	Partially achieved (55%)					
MEASURE 1: Increasing the financial discipline										
			Percentage of realized revenues in relation to the planned ones during the current year	80%	Achieved (90% will have to be confirmed with an annual statement of the municipalities)					
			percentage of share of capital expenditures in relation to the total expenditures in the current year	30%	Not achieved (15% will have to be confirmed with an annual statement of the municipalities)					
			percentage of share of local revenues in gross domestic product (GDP)	5.9%	Partially achieved (5,3% will have to be confirmed with an annual statement of the municipalities)					
			Internal procedures for declaring financial instability	Internal procedures for declaring financial instability	Not achieved					
			Manual (Guidelines) for declaring financial instability	/	Achieved					
			Number of additional employments in the Unit for LGU Budgets, monitoring the financial operations of the municipalities	2	Not achieved					
Activity										
1. Realistic planning of the revenues and expenditures of the municipalities.	Mof- Budget and Funds Department	continuously	/	/		Completed: With the latest amendments to the Law on Financing of Local Self-Government Units from August 2022, a more realistic planning of municipal budgets is envisaged whereby own revenues in the municipal budget can be planned with an increase of 30% of the average realized revenues in the last three years. At the same time, if the municipality, as of the third quarter, realizes its own revenues above 75% of the planned, it is possible to further increase the revenues up to a maximum of 20%, starting from 2025. For 2023, revenues were planned with an increase of 20% above the average with an additional 10% as of the third quarter.		With the adoption of the law, the provisions related to the revenue planning of the municipalities are implemented. Continuous monitoring of the actual budget planning of LGUs continues. While for 2024, the percentage will be 15% with an additional 15% if the realization of own revenues as of the third quarter exceeds 75% of the planned.	04/25	
2. Rationalization of operations and reduction of unnecessary expenses	Mof- Budget and Funds Department	continuously	/	/		Ongoing implementation: The intended spending of funds and reduction of non-productive spending are being monitored		The monitoring and analysis of the obtained results will continue	04/25	
3. Analysis of the liabilities of the municipalities, declaring financial instability and taking measures for financial consolidation	Mof- Budget and Funds dept., Public Debt Management dept.	continuously	/	/		Ongoing implementation: The overdue unpaid obligations reported in the ESPED system are monitored, as well as the overdue unpaid obligations reported in the periodic reports on a quarterly level, as well as monitoring of the fulfillment of the conditions for declaring financial instability and monitoring of borrowing of the municipalities.		the monitoring and analysis of the obtained results will continue, a greater financial check from a financial inspection	04/25	
MEASURE 2: Increasing the transparency and accountability throughout the operations of the municipalities										
			Number of supervisions conducted by the Financial Inspection in public sector entities at local level	250	Achieved 309					
			Number of reports with data on revenues and expenditures of 81 municipalities on a quarterly basis	4	Achieved					
			Number of reports with data on due and unpaid liabilities from the ESPED system of 81 the municipalities	4	Achieved					
ACTIVITY										
1. Increasing control by the state	Mof Department for Public Sector Financial Inspection and Coordination for combating Fraud against EU Funds	continuously	/	/		Ongoing implementation: The new law on the Financial Inspection in the Public Sector has been adopted. In 2023, in accordance with the legal authorizations established in the Law on the Financial Inspection in the Public Sector (*), a total of 309 submitted requests for financial inspection in public sector entities at the local level were acted upon.		This is an activity that is carried out in continuity.	04/25	
2. Improving the transparency and timely informing the broader public about the operations of the municipality	Mof- Budget and Funds Department	continuously	/	/		Ongoing implementation: On the website of the Ministry of Finance, the data on realized revenues and expenditures of the municipalities for the fourth quarter of 2022 and for the three quarters of 2023, data on due unpaid obligations received from the ESPED system for the fourth quarter of 2023 and for the three quarters of 2023 have been published. year. Proposal The final account of the Budget of the Republic of North Macedonia for the year 2022, where the final accounts of the municipalities for the year 2022 are also included. With the support of UNDP, financial indicators from the periodic financial reports of about 40 municipalities are published on the websites of the municipalities and the website of the Ministry of Finance.		Monitoring of transparency continues	04/25	