



Twinning project “Strengthening the medium term budgeting for effective public financial management”

First ESA Training implemented!

In the period 30 May - 3 June 2016, activity 3.1 “Course on linking the GFS to ESA methodology to key persons responsible for fiscal reporting” started with implementation. Experts from Finland, Ms. Anniina Autero, Mr. Mika Sainio, Mr. Veliarvo Tamminen and Mr. Lasse Oulasvirta implemented the first trainings in ESA methodology. The main purpose of the expert mission was to introduce the ESA2010 methodology and its linkage with GFS (IMF) and source data issues. During the mission training needs were assessed and training program was drafted.

A total of 14 representatives from the Ministry of Finance (Budget and Funds Department, Treasury Department, Macroeconomic Policy Department, Public Debt Department) and State Statistical Office followed 3 training sessions organized.

The first training session was organized on 31 May 2016 at the EU InfoCentre. During this session, ESA trainings and the training methods (how the course will proceed, what is learning portfolio etc.) were presented to participants. However, the main topic of the session was *what is included in ESA public finance statistics (legislation and regulation basis, the use of information, cooperation, etc.)*.

Second training session was organized on 01 June 2016 also at the EU InfoCentre. The training covered the *main linkages between ESA and GFS (IMF) methodology and reporting approach with some practical examples*. During this training session also e.g. EPSAS standards and connection of accrual based budgeting to ESA and GFS was presented.

Third training session was organized on 02 June 2016 at the Ministry of Finance. Experts presented on very general level, how forecasting of public finances in ESA standards can be done based on Finnish experience. Ms. Autero closed the training explaining how the learning portfolio and individual learning diaries will work in future, how collection of future training interests can be done and gave some homework for the next training week. For training purposes, participants will use Moodle-platform where all materials and homework, learning diaries and portfolios will be uploaded, and discussions can take place. Individual accounts for each participant were created.

Based on the feedback collected from participants, the training sessions reached the overall goal and provided the first general introduction to the topics of the component.



Training session held at EU InfoCentre, presentation by Mr. Mika Sainio



Training session held at EU InfoCentre, presentation by Mr. Lasse Oulasvirta



Training session held at Ministry of Finance, presentation by Mr. Veliarvo Tamminen



Steering Committee work continues...

2nd Second Steering Committee meeting was held on 15 June 2016. Steering Committee members discussed the Quarterly Report n. 2 and the activities implemented during March - May. It was concluded that the progress made within the project is in line with the given timeframe and no delays or problems were encountered. The good cooperation established between experts and employees at the Ministry of Finance as well as between the Project Team, CFCD and IPA Unit was highlighted during the meeting.



Second Steering Committee meeting, 15 June 2016

Steering Committee members also discussed the overall plan and the project activities for the next 6 months.

Learning from Austria - Study trip organized!

In the period 20 – 25 June 2016, 6 representatives from the Ministry of Finance took part in a study trip to Austria.



Working meeting, Ministry of Finance in Austria

The study trip focused into medium term budget planning and the processes related to medium term budget planning in different institutions involved in forecasting, budget planning, budget approval, and monitoring. Representatives from Ministry of Finance participated in various sessions and meetings organized in several institutions in Austria (e.g. Ministry of Finance, Statistical Office, Court of Audit, Prime Minister's Office, Houses of Parliament). The group exchanged best practices and learned about the Austrian system, as well as how the medium-term budget and annual budget preparation process is done in Austria; how the revenues are forecasted and how the process of planning of expenditures is done; what are the advantages and the lessons learned on performance budgeting; what is the role of different institutions in budget processes; the role of independent monitoring etc.

Following the study trip the group held a wrap-up meeting with the project team where it was concluded that the study trip was organized very well by the Austrian experts and no problems were encountered. Participants expressed their overall satisfaction for the study trip. Study trip report was produced giving overview of the meetings organized and lessons learned from the study trip.

Program budget classification in July!

In July, two expert missions were organized focusing into program budget classification.



Working meeting with representatives from Ministry of Labour and Social Policy

First mission took place with Mr. Franci Kluzer from Slovenia in the period of 11 – 15 July 2016. The mission had very practical and pragmatic focus. The main purpose was to continue with program budget classification including objectives and indicators within the sectors of labour and social policy and to have very preliminary start for the health sector. During the mission expert worked in close cooperation with Budget and Funds Department budget analysts from these sectors. Draft 3-level classification was developed with ideas for objectives and indicators. Sectoral strategies, EU strategies, statistical data and other data were reviewed.



Mr. Kluzer and budget analysts also met representatives of budget users. The idea was to present the program budgeting approach and to receive first feedback from the budget users. Meetings were organized with Pension and Disability Fund, Employment Agency and Ministry of Labour and Social Affairs. At the end of the mission first draft was finished both in English and in Macedonian.

Second expert mission took place with Ms. Irena Rostan and Ms. Katja Lautar from Slovenia, in the period of 12 – 15 July 2016. Also this mission had very practical and pragmatic focus. The main purpose was to develop program budget classification including objectives and indicators for the policy area of justice.

During this mission, draft program budget structure in the field of justice was made with 4 programs and 7 subprograms. Existing strategies and documents (justice, constitutional court, prevention of corruption, human rights...) were used in preparation of objectives and indicators, as well as all possible sources such as GCI, WEF, Statistical data etc.

Meetings and consultation took place with budget users (ministry, courts, prisons, prosecutors). Program classification structure was prepared both in English and in Macedonian.

Assessing the current budget process and budget users capacities...

In the period 22 – 26 August 2016, Mr. Gamillscheg and Mr. Blazek from Austria implemented expert mission with focus on assessing the current budget process and the capacity of the budget users for medium term budgeting. This included e.g. assessment of budget user capacity in use of forecasts and other data sources in budget planning,



Meeting with Ministry of Interior

assessment of budget practices, annual timetables and capacity to make top down budgeting, assessment of capacity to form base line expenditure estimates and take into consideration multiannual commitments. The assessment aims also to support the planning of future project trainings.

The assessment is based on electronic questionnaire developed by the experts and sent to budget users to fill in online, and on interviews of the key personnel of financial affairs departments of various ministries (Ministry of Finance, Ministry of Agriculture, Ministry of Transport, Ministry of Interior, Ministry of Education and Ministry of Defence). The meetings helped experts also to test the developed questionnaire form and to see if questions are understandable. Input from budget users was highly appreciated

and helpful.

As result from the mission, experts developed set of recommendations concerning e.g. the timetable of budget planning, the predictability and stability of midterm budget planning, capacity of ministries to coordinate budget planning. As soon as the answers from electronic questionnaire are ready (mid-September), more analysis will be made.

Another aim of this expert mission was to give to the Ministry of Finance some examples from Austria and Finland concerning communication and cooperation between budget department and budget users, especially as comes to data request templates and templates to estimate baseline scenario and fiscal space for medium term. Experts also developed excel templates on how to estimate and communicate the baseline scenario and the new changes requested for (medium term) budget figures, submitting Fiscal Strategy data etc.



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