



Republic of North Macedonia

Ministry of Finance

**2022 ACTION PLAN
FOR IMPLEMENTATION OF THE
PFM REFORM PROGRAMME**

March 2022

2022 Action Plan for Implementation of the PFM Reform Programme

PILLAR I: Economic Analysis, Macroeconomic and Fiscal Framework					
PRIORITY 1: Revenue Forecasting and Reporting					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Variance in revenue composition between planned and actual figures is reduced, indicating in particular improved forecasting of income and profit tax, VAT, excise and SSC.	Variance in revenue composition between planned and actual figures (as used in PEFA PI3)	To be defined based on past trends and pace of the reform (Separately for each tax with the following metrics: MAPE ¹ , MAE ² and RMSE ³ on a monthly basis)	To be defined based on past trends and pace of the reform (Separately for each tax with the following metrics: MAPE, MAE and RMSE on a monthly basis)	To be defined based on past trends and pace of the reform (Separately for each tax with the following metrics: MAPE, MAE and RMSE on a monthly basis)	To be defined based on past trends and pace of the reform (Separately for each tax with the following metrics: MAPE, MAE and RMSE on a monthly basis)
MEASURE 1: Improving tax and customs reporting in accordance with the EU best practices					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
The objective is to improve tax and customs reporting in line with EU practices as well as other standards (e.g IMF Fiscal Transparency code), as well as enhance fiscal transparency in the country.	Number of published reports per year	Prepared and published 5 reports (Tax Expenditures, VAT-GAP Report, Coefficients for tax buoyancy and tax elasticity, Income inequality report and C-Efficiency)	Prepared and published 6 reports (Tax Expenditures, VAT-GAP Report, Coefficients for tax buoyancy and tax elasticity, Income inequality report and C-Efficiency, Impact assessment of the alignment of the Customs tariff MFN rates with the EU Common External Tariff)	Prepared and published 7 reports (Tax Expenditures, VAT-GAP Report, Coefficients for tax buoyancy and tax elasticity, Income inequality report, C-Efficiency, Impact assessment of the alignment of the Customs tariff MFN rates with the EU Common External Tariff and Cost-of-collection ratio Report)	Prepared and published 8 reports (Tax Expenditures, VAT-GAP Report, Coefficients for tax buoyancy and tax elasticity, Income inequality report and C-Efficiency, Impact assessment of the alignment of the Customs tariff MFN rates with the EU Common External Tariff, Cost-of-collection ratio Report and Report for estimated EMTRs and EATRs)

¹ Mean absolute percentage error

² Mean absolute error

³ Root mean square error

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Deliverables in 2022:	Prepared and published 5 reports					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Reviewing availability of data needed for revenue analysis and preparation of Action Plan for submission of the required data	Q1/2022	Q4/2022	MoF	CA, PRO, SSO and others	41,250	Twinning project "Improving revenue collection and tax and customs policy,, and other donors
2. Preparing reports in line with EU best practices	Q1/2022	Q4/2025	MoF	CA, PRO, SSO and others	41,250	Twinning project "Improving revenue collection and tax and customs policy,, and other donors
MEASURE 2: Enhancing tax and customs modelling capacity						
Measure objective:	Measure indicator:		Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Enhancing tax and customs modelling capacity in Ministry of Finance in line with latest data-science techniques	Number of provided tailor-made training		6-Trainings for open-source programming languages (Python and R), T-SQL, Power Bi, R Markdown and Shiny etc.) and implemented 3-models in day-to day work models developed by Twinning project "Improving revenue collection and tax and customs policy,,	6-Trainings for open-source programming languages (Python and R), T-SQL, Power Bi, R Markdown and Shiny etc.) and implemented 4-models in day-to day work models developed by Twinning project "Improving revenue collection and tax and customs policy,,	6-Trainings for open-source programming languages (Python and R), T-SQL, Power Bi, R Markdown and Shiny etc.) and implemented 5-models in day-to day work models developed by Twinning project "Improving revenue collection and tax and customs policy,,	6-Trainings for open-source programming languages (Python and R), T-SQL, Power Bi, R Markdown and Shiny etc.) and implemented 6-models in day-to day work models developed by Twinning project "Improving revenue collection and tax and customs policy,,
Deliverables in 2022:	Implemented trainings for Python and R for micro-simulation					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS	PLANNED INPUTS	

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	START qq/yy	END qq/yy		INVOLVED	BUDGET (IN EUR)	SOURCE
1. Trainings in open-source programming languages (Python and R)	Q1/2022	Q4/2025	MoF	CA, PRO, SSO and others	41,250	Twinning project "Improving revenue collection and tax and customs policy,, and other foreign donors (e.g World Bank, CEF,JVI etc)
2. Implementation of models developed in the Twinning Project "Improving Revenue Collection and Tax and Customs Policy"	Q1/2022	Q4/2025	MoF	CA,PRO,SSO and others	41,250	Twinning project "Improving revenue collection and tax and customs policy,, and other donors and other foreign donors (e.g World Bank, CEF,JVI etc)
					TOTAL:	EUR 165,000

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PILLAR I: Economic Analysis, Macroeconomic and Fiscal Framework					
PRIORITY 2: Economic Analysis, Macroeconomic and Fiscal Framework					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Impact assessment of certain economic policies, reforms or measures and additional economic analyses conducted	Impact assessments and economic analyses published in the Ministry of Finance's reports	Trainings provided	Trainings provided	Trainings provided	Increased scope of economic analyses and impact assessments (from the area of labor market, the informal economy, the assessment of the productivity and the competitiveness of the economy, etc.)
Improved quality and coverage of projections for macroeconomic indicators	Macroeconomic forecasting tools and a CGE model built and trainings provided.	Trainings and workshops provided	Trainings and workshops provided	Trainings and workshops provided	PEFA score PI-14. Macroeconomic and fiscal forecasting (M2) \geq B
Increased scope of fiscal risk analysis (for all types of fiscal risks determined in accordance with the good international practices).	Comprehensive reporting (Fiscal Risks Statement) on: liabilities of central and local governments; PPP associated risks; summary of risks identified by the biggest SoEs; comparison of macro-fiscal forecast scenarios	Trainings and workshop provided	Trainings and workshop provided	Trainings and workshop provided	Procedure for comprehensive Fiscal Risks Statement PEFA score $>$ B
Preparation of independent, objective and professional opinions on issues related to fiscal policy	Established operational Fiscal Council and a body for professional administrative support	Elected members of the Fiscal Council and established body for professional and administrative-technical support	Fiscal Council publishes its independent report on macro-fiscal sustainability	/	Independent, objective and professional opinions on issues related to fiscal policy PEFA score PI-14. Macroeconomic and fiscal forecasting (M2) \geq B
MEASURE 1: Capacity building for economic analyses					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025

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Capacity building of the Ministry of Finance, pertaining to economic analyses, should provide policy makers information on the expected results of economic measures to be undertaken.	Impact assessment of certain economic policies, reforms or measures and additional economic analyses conducted	Trainings provided	Trainings provided	Trainings provided	Increased scope of economic analyses and impact assessments	
Deliverables in 2022:	Trainings for the employees of the Ministry of Finance for analysis of macroeconomic data					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
Increasing the scope of economic analyses	Q2 2022	2025	MoF (MPD, BD, TD, PDD)	IMF, EU, WB	20,000	External Financing
MEASURE 2: Developing new macroeconomic models						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Strengthening the capacity of the Ministry of Finance for macroeconomic forecasting and analyses.	New macroeconomic models used during the preparation of the budgetary documents and Economic Reform Programme	Trainings provided	Trainings provided	Trainings provided	New macroeconomic forecasting tools developed	
Deliverables in 2022:	- Development of a model for inflation projection and trainings conducted - Establish a framework for macroeconomic planning					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
Develop macroeconomic forecasting tools	Q2 2022	2025	MoF (MPD)	IMF, EU, WB	40,000	External Financing
MEASURE 3: Fiscal risks						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	

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To improve the preparation of the draft State Budget by creating a special Fiscal Risk Statement, which will be part of the Annexes, and that together with the Budget are submitted to the Parliament.	Comprehensive reporting (Fiscal Risks Statement) on: liabilities of central and local governments; PPP associated risks; summary of risks identified by the biggest SoEs; comparison of macro-fiscal forecast scenarios		Trainings and workshop provided	Trainings and workshop provided	Trainings and workshop provided	PEFA Score: >B
Deliverables in 2022:	Trainings for assessing the fiscal risks from SOEs operations					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
Strengthening the capacity for fiscal risk assessment	Q2 2022	2025	MoF (BD)	BU/SoEs/LSGU	10,000	External Financing
MEASURE 4: Establishing Fiscal Council						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Establishment of the Fiscal Council in order to improve the public finance sustainability by assessing the fiscal policy and the strategies of the country and their implementation, as well as evaluation of the basic macroeconomic and budget projections used in the preparation of strategic documents related to public finances.	Established operational Fiscal Council and a body for professional administrative support	Elected members of the Fiscal Council and established body for professional and administrative-technical support	Fiscal Council publishes its independent report on macro-fiscal sustainability	/	Independent, objective and professional opinions on issues related to fiscal policy	
Deliverables in 2022:	Elected members of the Fiscal Council, Preparation of bylaws					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE

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1. Legal framework – preparation of bylaws for establishment and operationalization of Fiscal Council	Q2 2022	2023	MoF, Assembly of the RNM, Fiscal Council	IMF, WB, EU	10,000	External Financing
2. Building administrative capacity	Q2 2022	2025	MoF, Assembly of the RNM, Fiscal Council	MANU, NBRNM, SAO	41,500	National Budget
					TOTAL:	EUR 121,500

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PILLAR I: Economic Analysis, Macroeconomic and Fiscal Framework							
PRIORITY 3: Strengthening Debt Management							
Priority outcomes	Priority indicators	Target FY 2022		Target FY 2023	Target FY 2024	Target FY 2025	
Improved public debt management	Improved debt refinancing risk indicators	/		/	Introduction of new debt refinancing risk indicator that will measure the share of short-term debt in total debt	Increase in long-term debt within total debt. Target - Average time to maturity greater than 5.5 years	
	Increased grade in SIGMA report	/		/	/	Improvement of the indicator in the SIGMA report for risk mitigation in the stock of public debt	
MEASURE 1: Reduction of operational risks in public debt management							
Measure objective:	Measure indicator:	Target FY 2022		Target FY 2023	Target FY 2024	Target FY 2025	
More efficient public debt management by optimizing risks which public debt portfolio is susceptible to.	Number of external debt orders paid electronically	50% of external debt orders to be realized electronically		70% of external debt orders to be realized electronically	80% of external debt orders to be realized electronically	100% of external debt orders to be realized electronically	
	Increased number of employees responsible for public debt management	13 employees for public debt management		15 employees for public debt management	16 employees for public debt management	17 employees for public debt management	
	Procedure for Quarterly debt reconciliation with foreign creditors				Adopted procedure for Quarterly debt reconciliation with foreign creditors		
Deliverables in 2022:	50% of the external debt orders to be realized electronically, employment of 2 people						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Introducing e-banking with NBRNM for external debt repayment		Q1/22	Q1/25	MoF	NBRNM	/	/

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2. Strengthening public debt management capacities	Q1/22	Q4/25	MoF	Agency for Administration	9,500	National Budget
MEASURE 3: Issuance of new financial instruments						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Expanding investors' database.	Diversification of debt instruments	Structural bond issued for financing the municipalities	Issued bond that will be defined during the monitoring process	Issued bond that will be defined during the monitoring process	Issued bond that will be defined during the monitoring process	
Deliverables in 2022:	Structural bond issued for financing the municipalities					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Issuance of new financial instruments	Q1/2022	Q4/2025	MoF	Municipalities	/	/
					TOTAL:	EUR 9,500

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PILLAR: II: Revenue Mobilisation							
PRIORITY 1: Tax and Customs Policy							
Priority outcomes	Priority indicators	Target FY 2022		Target FY 2023	Target FY 2024	Target FY 2025	
Legislation in the area of taxation and customs harmonized with the Union acquis, standards and best practices	Progress made toward fulfilment of the EU accession criteria (steady progress in the respective Chapters 16 and 29)	Ch.29: Good level of preparation Good progress Ch.16: Moderately prepared Some progress		Ch.29: Good level of preparation Good progress Ch.16: Moderately prepared Some progress	Ch.29: Good level of preparation Very Good progress Ch.16: Moderately prepared Good progress	Ch.29: Good level of preparation Very Good progress Ch.16: Good level of preparation Good progress	
MEASURE 1: Improved revenue legislation framework, harmonized with the EU acquis							
Measure objective:	Measure indicator:	Target FY 2022		Target FY 2023	Target FY 2024	Target FY 2025	
Objective is to improve and harmonize legislation in line with the relevant EU acquis and the best practices in the area of tax and customs legislation	Number of legislative acts (regarding Ch.16 And Ch.29)	Not less then 4 legislative acts		Not less then 5 legislative acts	Not less then 5 legislative acts	Not less then 6 legislative acts	
Deliverables in 2022:	Prepared gap analyses and drafted new legal acts or amendments to the existing national tax and customs legislation (laws and by-laws)						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Gap analysis of national legislative provisions (laws and bylaws and methodology) compared to the latest EU legislation and best practices, in the area of tax and customs legislation		Q1/2022	2025	MoF	PRO and CA	479,000 EUR	Twinning project “Improving revenue collection and tax and customs policy,, and other foreign donors
2.New legal acts and/or amendments to the existing national tax and customs legislation (laws and by-laws) drafted on the basis of the EU legislation in force		Q1/2022	2025	MoF	PRO and CA	479,000 EUR	Twinning project “Improving revenue collection and tax and customs policy,, and other foreign donors
						TOTAL:	EUR 958,000

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PILLAR II: Revenue Mobilisation					
PRIORITY 2: Tax Administration					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Improved stability, efficiency and quality of the revenue collection system (IT system)	% percentage of digitized tax services	83%	86%	90%	100%
more effective and efficient management of the overdue tax debt	Improved rate of tax payment on time (VAT)	Rate on number of timely payments - 60% Rate on amount of timely payments - 70%	Rate on number of timely payments – 65% Rate on amount of timely payments - 75%	Rate on number of timely payments – 70% Rate on amount of timely payments - 80%	Rate on number of timely payments – 80% Rate on amount of timely payments - 85%
	Improved age structure of the tax debt (VAT) - reduced share of the debt older than 12 months in the total tax debt	Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 77%	Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 70%	Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 63%	Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 56%
Measure 1: Strengthen administrative capacity for better revenue collection and tax compliance					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Improve tax revenue services, including tax collection and compliance, and overall establish a model for a professional service to taxpayers, recognizable for its best practices and quality standards	Increasing the amount of the established tax guarantee	Increase the amount of the established tax guarantee by 10% compared to 2021.	Increase the amount of the established tax guarantee by 10% compared to 2022.	Increase the amount of the established tax guarantee by 5% compared to 2023.	Increase the amount of the established tax guarantee by 5% compared to 2024.
	Increasing the collection of tax debt based on an established tax guarantee	Increase in the amount of debt collected based on the established tax guarantee by 5% compared to 2021.	Increase in the amount of debt collected based on the established tax guarantee by 10% compared to 2022.	Increase in the amount of debt collected based on the established tax guarantee by 10% compared to 2023..	Increase in the amount of debt collected based on the established tax guarantee by 5% compared to 2024.
	Value of collectible core tax arrears in FY end in percent of total core tax revenue collection for FY	VAT debt / VAT income ratio 16%	VAT debt / VAT income ratio 14%	VAT debt / VAT income ratio 12%	VAT debt / VAT income ratio 10%

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	Increase in the amount of additionally assessed tax with audit compared to the previous year	Additional tax assessed per audit program increased per 3% compared to the results from the previous year	Additional tax assessed per audit program increased per 3% compared to the results from the previous year	Additional tax assessed per audit program increased per 3% compared to the results from the previous year	Additional tax assessed per audit program increased per 3% compared to the results from the previous year	
Deliverables in 2022:	<ul style="list-style-type: none">- Draft Compliance Plan for personal services- Draft Register of risks- Draft Compliance Plan for VAT- Draft Plan of Profit Tax Compliance Plan- Drat Plan to improve compliance with large taxpayers- Prepared proposal - Guidelines for determining the tax guarantee and determining the tax guarantor who guarantees the payment of the tax debt- Proposal for amendments to the Law on Tax Procedure - harmonized with the Ministry of Finance and put into procedure for adoption					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Strengthening the institutional capacity of the tax administration, especially in management of the overdue tax debt and the tax compliance	2022	2025	PRO	/	570,000	National Budget
Measure 2 : Digital transformation of the PRO with the establishment of an Integrated Tax Information System (ITIS)						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	

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The purpose of the measure is to build the capacity of the tax administration to administer tax revenues and contributions by strengthening administrative resources, more effective and efficient management of overdue tax debt and compliance risk management	Number of institutions with which the Integrated Tax Information System exchanges information	20	25	28	at least 30	
	Completion of modules for the new ITIS	least 1 module in use	At least 1 module in use	/	Software and hardware are in use	
Deliverables in 2022:	New Masterfile records New integrated e-Taxes module					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Implementation of the activities envisaged in the Strategic Plan of the PRO related to the completion of the Integrated Tax Information System	2022	2025	PRO	/	2,700,000	National Budget
					TOTAL:	EUR 3,270,000

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PILLAR II: Revenue Mobilisation					
PRIORITY 3: Customs					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Availability of innovative equipment and training of staff for detection and control in order to: control without disturbance, detection of hidden objects on persons, radiation detection, sampling and analysis of samples, manual search	Percentage of physical controls that resulted in the detection of irregularities in relation to the total number of physical controls performed using the new equipment	/	/	10% of the total number of performed physical controls using the new equipment	15% of the total number of performed physical controls using the new equipment
Introduction of a complete paperless environment in the customs procedure, through the implementation of electronic systems from the e-Customs program, i.e. the Multiannual Strategic Plan of the EU (MASP), compatible with the systems and procedures in the European Union; preparation for interconnection and interoperability with EU systems and implementation of systems compliant with EU systems (which may be established prior to EU accession) and staffing with appropriate hardware for those systems	Implemented at least two (2) new IT systems / modules from the EU Multiannual Strategic Plan (MASP) at national level on appropriate hardware (ICS2 and e-commerce)	/	/	/	2
MEASURE 2: Modernization of customs services and their digitalization					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Through modernization and continuation of the digitalization process, and at the same time by following the recommendations	Average yearly availability of the new customs IT systems for interconnectivity with the EU systems	/	/	90%	95%

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for harmonization and association with the EU, the system of public finances, fiscal discipline and efficiency in the management and use of public resources will be strengthened transparency and efficient services and economic development will be provided	Conducted appropriate professional trainings for the employees of the Customs Administration and the economic operators for implementation of systems (number of events)	10	12	15	20	
Deliverables in 2022:	Conducted 10 appropriate professional trainings for the employees of the Customs Administration and the economic operators for implementation of systems (number of events)					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Implementation of modern systems in order to comply with the Multiannual Strategic Plan of the EU (MASP), integration with European systems and procurement of appropriate hardware	2022	2025	Customs Administration	EU	/	/
					TOTAL:	0

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PILLAR III: Planning and Budget							
PRIORITY 1: Budget Planning							
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Fiscal policy aimed at consolidating public spending and reducing the budget deficit	Reduction of the budget deficit as % compared to the previous year	-4,3% of GDP	-3,5 of GDP	-2,9% of GDP	-2,5% of GDP		
MEASURE 1: Improving medium-term planning							
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Improving medium-term planning	Changes in relation to the initial projections / achievements (Fiscal deficit)	10-11%	10%	9%	9%		
Deliverables in 2022:	Medium-Term Fiscal Strategy based on a sectoral approach tools- baseline scenario and new initiatives put in use						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Medium-Term Fiscal Strategy based on a sectoral approach		2022	2025	Ministry of Finance/ Budget and Funds Department	Budget users	5,000	External Financing
2.Improving planning through tools- baseline scenario and new initiatives		2022	2025	Ministry of Finance/ Budget and Funds Department	Budget users	/	/
3.Strengthening medium-term planning at public enterprises and companies at central level		2022	2025	Ministry of Finance/ Budget and Funds Department	PE/JSC	/	/

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MEASURE 2: Improved Budget planning and developing measurable performance indicators						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Improved Budget Planning and Development of Measurable Performance Indicators	First line number of budget users and home budget users	About 100	About 100	Less than 50	Less than 50	
Deliverables in 2022:	By-laws and more types of classifications - administrative / organizational, economic, program, functional and classification of sources of funding Performance indicators in the implementation of budget policies					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Preparation and implementation of bylaws and several types of classifications - administrative / organizational, economic, program, functional and classification of sources of funding	2022	2025	Ministry of Finance	Budget users	10,000	External Financing
2.Developing and monitoring of performance indicators in the implementation of budget policies	2022	2025	Ministry of Finance/ Budget and Funds Department	Budget users	5,000	External Financing
MEASURE 3:						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Fiscal consolidation for staged and sustainable reduction of the budget deficit	Share of capital in total expenditures	14%	14,3%	15,8%	16,6%	
Deliverables in 2022:	Fiscal Strategy					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Reducing the current expenditures in the total expenditure structure by determining spending standards and defined allocation criteria	2022	2025	Ministry of Finance and Government	Budget users	/	/
					TOTAL:	EUR 20,000

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PILLAR III: Planning and Budget							
PRIORITY 2: Strengthened Public Investment Management							
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Efficient and effective planning, selection, budgeting and implementation of major public investment projects	PEFA score for indicator PI - 11. Public Investment Management (dimensions 11.1. Economic analysis of investment projects, 11.2. Investment project selection, 11.3. Investment project costing, 11.4. Investment project monitoring).	-	-	-	PEFA Score: ≥C		
MEASURE 1: Planning sustainable Levels of Investment							
Measure objective:	Measure indicator:	Target FY2022	Target FY2023	Target FY2024	Target FY2025		
Efficient investment planning ensures public investment is fiscally sustainable and effectively coordinated across sectors and levels of government	Average effectiveness score of institutions 2, 3 and 6 of PIMA	-	-	-	≥1.50		
Deliverables in 2022:	<div>- New/amended acts on organisation and systematisation of MoF for establishing PIM department</div> <div>- Staff recruited in the PIM department in 2022 (at least 7 employees)</div>						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS for 2022	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Strengthen the role, the supporting legal framework and the institutional set up of the MoF in PIM system		Q2/2022	Q4/2025	MoF	IMF TA	18,500 15,000	National Budget External Financing
MEASURE 2: Improved project appraisal, selection and allocation of resources for capital investments							

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Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Capital spending is allocated to the most productive sectors and projects by a comprehensive, unified, and medium-term perspective to capital budgeting, as well as objective criteria and competitive procedures for selecting particular investment projects.	Average effectiveness score of institutions 4 and 10 of PIMA	-	-	-	≥1.38	
Deliverables in 2022:	- Training of staff					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Provide training to professionals of the MoF on project appraisal and review of preinvestment studies	Q4/2022	Q4/2023	MoF	IMF TA	20,000	External Financing
2.Develop a general project appraisal methodology and determine shadow prices	Q4/2022	Q4/2023	MoF	IMF TA	20,000	External Financing
					TOTAL:	EUR 73,500

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PILLAR III: Planning and Budget						
PRIORITY 3: Effective Instruments under the Growth Acceleration Plan						
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Increased public and private investments using new financial instruments	Accumulated public and private investments in millions of euros using the new financial instruments.	Public investments = 800 milion euros Private investments = 4039 milion euros				
MEASURE 1: Establishment of different funds in the state institutions and development of different financial instruments						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Provide support to the private sector by putting in place financial instruments and mechanisms and creating opportunities for mobilizing private investment.	Number of established funds in the institutions	6	/	/	/	
Deliverables in 2022:	6 established funds in the institutions					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Establishment of Hybrid National Green and Digital MSME Fund for start-ups and innovative enterprises	Q3/2022	>2025	FITD	/	10,000,000	National Budget
2.Establishment of “Greening Business” Facility	Q3/2022	>2025	FEZ	/	27,000,000	Financing gap
3.Establishment of Guarantee fund	2021	>2025	Development bank	/	5,000,000	National Budget
4.Establishment of Energy Efficiency fund	Q3/2022	>2025	Development bank	/	5,000,000	National Budget

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5. Establishment of Research and Development Fund	Q3/2022	>2025	Development bank	/	10,000,000	National Budget
6. Establishment of Local and Regional Development Fund	Q3/2022	>2025	Agency for local and regional development	/	NOT DEFINED	NOT DEFINED
MEASURE 2: Strengthening the capacities of various institution						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Establishing new management structure which will cover the entire project management process, including feedback to accelerate effectiveness of realization of Growth Acceleration Plan over the years.	Establishing of new units in the institutions	3	3	3	3	
Deliverables in 2022:	Total number of staff employed by the 3 established units in the institutions					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Establishment of a Delivery unit for infrastructure projects coordination	Q3/2022		Government of Republic of N. Macedonia	/	58,800	National Budget
2.Establishment of Project Monitoring unit	Q3/2022		Government of Republic of N. Macedonia	/	58,800	National Budget
3.Eestablishment of a Capacity Building and Training Unit for strengthening management and institutional capacities	Q3/2022		NOT SPECIFIED	/	58,400	National Budget
					TOTAL:	EUR 57,176,000

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PILLAR IV: Public Procurement					
PRIORITY 1: Public Procurement Policy					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Better implementation of the Public procurement law	Percentage one bid tenders	/	/	/	≤ 22.5 %
	Percentage cancelled procedures	/	/	/	≤ 18.5 %
MEASURE 1: Strengthening the institutional capacity					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Strengthening the capacity of the stakeholders in implementation of the law and securing effective public procurement system	Established new system for education within PPB	Analysis of the system for education within PPB	Established new system for education within PPB	15 organized trainings according new established system for education within PPB	15 organized trainings according new established system for education within PPB
	Number of new methodological tools	-	-	-	≤5
	Established an advisory group consisting of experts and/or officials from the key procurement institutions and communication on regular basis according the agreed schedule	Established an Advisory group	Held at least 1 meeting	Held at least 2 meetings	Held at least 2 meetings
	Number of received requests for opinion in relation to implementation of the PPL	≤ 1580	≤ 1530	≤ 1480	≤ 1430
	Number of implemented Technical Dialogue (Preliminary market consultation)	400	450	500	550
Deliverables in 2022:	<ul style="list-style-type: none"> - Revision of the Programme for education with recommendations; - Memorandum of cooperation; - Strategy for development of the public procurement system in Republic of North Macedonia 2022-2026 				

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ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Adopting an overall Strategy for improvement of the public procurement system in Republic of North Macedonia 2022-2026	Q1/ 2021	Q2/ 2022	PPB MF; GRNM	SAC, SAO, SCP Corruption, SCP Competition, ME; MF; MJ; SEA	/	/
2. Improving the cooperation among the key institutions in the public procurement system	Q1 /2022	Q4/ 2025	PPB	SAC, SAO, SCP Corruption, SCP Competition, ME	/	/
3. Introducing new system for education within PPB	Q1 /2022	Q4 /2025	PPB		110,000	National Budget
MEASURE 2: Improvements in statistical data and analysis of the open data						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Improved transparency and data availability for the purpose of monitoring, analysis and reporting, aiming to improve the public procurement system.	Functional tool for downloading of the published information from the contract award notices in workable format for further analysis	Developing module in ESPP for downloading of the published information from the contract award notices in workable format for further analysis	/	/	/	
Deliverables in 2022:	- Technical specification for the functionalities and possibilities of the solution including a mechanism for big data management and protection against system overload - Test version of the module					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Improving the statistical database	Q1/ 2022	Q1 / 2023	PPB	/	4,900	National Budget
					TOTAL:	EUR 114,900

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PILLAR IV: Public Procurement					
PRIORITY 2: Public Private Partnership (PPP)					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Unification and digitalization of the process of awarding contracts for establishing public-private partnership, increased transparency and efficiency in the implementation of the Law on Public-Private Partnership and strengthening and developing the capacities of the Ministry of Economy for consistent realization of competencies according to law.	1) Number of concluded agreements for establishing a public-private partnership 2) Effective and consistent implementation of the obligations of the contracting parties in accordance with the agreements for establishment of public-private partnership	/	1) Potential increase in the number of concluded contracts for public-private partnership by 5% compared to the number of contracts concluded in the year as a basis for monitoring 2) Potential reduction by 20% of concluded contracts for public-private partnership in which certain legal obstacles in the realization occurred, compared to the percentage of contracts concluded in the year as a basis for monitoring	Potential increase in the number of concluded public-private partnership agreements by 5% compared to the previous year 2) Potential reduction by 10% of concluded public-private partnership agreements in which certain legal obstacles in the realization occurred, compared to the previous year	Potential increase in the number of concluded public-private partnership agreements by 5% compared to the previous year 2) Potential reduction by 10% of concluded public-private partnership agreements in which certain legal obstacles in the realization occurred, compared to the previous year
MEASURE 1: Establishment of the Single Electronic Public Private Partnership System (SEPPPS)					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025

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Ensuring greater transparency in the awarding and implementation of public-private partnership agreements, unifying and sublimating the entire process for their awarding through the establishment of a Unified Electronic Public-Private Partnership system as the only digital database of public-private partnership agreements will generate the Register of awarded contracts for establishing a public-private partnership.	1)Commissioning of the SEPPPS and the Register of awarded contracts for the establishment of a public-private partnership and its functionality 2) Percentage of PPP contracts whose progress in implementation is regularly reported to the system within the deadlines provided by the law 3) Percentage of initiated procedures for awarding a contract for establishing a public-private partnership, which have not been completed	1)Establishment of the UESPPP and start of implementation - The software solution for the establishment of the SEPPPS and the Register of awarded contracts for the establishment of a public-private partnership have been prepared	2) 50% of the public-private partnership agreements, which progress of the implementation is regularly reported in the system within the deadlines provided by law 3) Reduction by 10% of the initiated procedures for awarding a contract for establishing a public-private partnership, which are not completed, compared to the percentage of initiated but not completed procedures in the year as a basis for monitoring	2) 70% of the public-private partnership agreements, which progress of implementation is regularly reported in the system within the deadlines provided by law 3) Reduction by 5% of the initiated procedures for awarding a contract for establishing a public-private partnership, which have not been completed, compared to the previous year	2) 100% of the public-private partnership agreements, of which progress in the implementation is regularly reported in the system within the deadlines provided by law 3) Reduction by 5% of the initiated procedures for awarding a contract for establishing a public-private partnership, which have not been completed, compared to the previous year		
Deliverables in 2022:	Conducted procedure for selection of an IT company and complete activities for preparation of the software solution for solution of SEPPPS and Register of awarded contracts for creation of public-private partnership						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Selection of an IT company for preparation of the SEPPPS and a Register of awarded contracts for the establishment of public-private partnership		2022	2022	MoE	PPB	N/A	N/A
MEASURE 2: Completion of the legal and regulatory framework in the field of public-private partnership							
Measure objective:	Measure indicator:	Target FY 2022		Target FY 2023		Target FY 2024	Target FY 2025

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To adopt the bylaws that will arise from the Law on Public Private Partnership in order to complete the process of normative regulation in the field of public private partnership.	Adoption of the new bylaws by the Minister of Economy and their publication in the Official Gazette of RNM	Publication of 12 bylaws in the Official Gazette of RSM which prescribe in more detail the rules for: Register of awarded contracts for establishing public-private partnership, UESPPP, criteria for preparation of PPP projects, Feasibility study, PPP agreements, planning reporting e.t.c	Implementation of the bylaws	Implementation of the bylaws	Implementation of the bylaws	
Deliverables in 2022:	12 bylaws published in the Official Gazette of RSM					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Preparation of the bylaws that will arise from the Law on Public Private Partnership	2022	2022	MoE	Working group for preparation of the bylaws	N/A	N/A
2.Adoption of the bylaws that will arise from the Law on Public Private Partnership	2022	2023	MoE		N/A	N/A
MEASURE 3: Strengthening and developing the capacities of the Ministry of Economy in the field of public-private partnership						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	

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Strengthening of the administrative capacity of the Ministry of Economy, and increasing the number of civil servants who will work on this issue and their training for effective and consistent execution of competencies in accordance with law.	Increasing the capacity and efficiency of the Public Private Partnership and Concessions Unit	Employment of 2 new civil servants - ratio of approved financial resources for employment from the Ministry of Finance versus the real employment needs in the Department for Public Private Partnership and Concessions and their training in the area of public private partnership	Employment of 1 new civil servant - ratio of approved financial resources for employment from the Ministry of Finance versus the real employment needs in the Department for Public Private Partnership and Concessions and their training in the area of public private partnership	Development and improvement of the capacities of the employees in the Department for Public Private Partnership and Concessions	Development and improvement of the capacities of the employees in the Department for Public Private Partnership and Concessions	
Deliverables in 2022:	Conducted procedure for selection and employment of two (2) new civil servants in accordance with the Systematization of jobs in the Department for Public Private Partnership and Concessions					
ACTIVITY	TIMEFRAME		REONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Increasing the number of employees in the Ministry of Economy and professional training for public-private partnership	2022	2025	MoE	MoE	14,000	Financing gap
					TOTAL:	EUR 14,000

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PILLAR IV: Public procurement					
PRIORITY 3: Appeal Mechanism					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Improved implementation of the PPL, strengthening the capacities of the SAC and increased transparency and efficiency in the decision-making process	1) Number of appeals; 2) Number of appeals before both the Administrative Court and the Higher Administrative Court.	Reduction by 0.5% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission	Reduction by 1% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission	Reduction by 1.5% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission	Reduction by 2% of appeals as well as reduction by 5% of the annulled Decisions of the State Commission
MEASURE 2: Strengthening the administrative capacity of the SAC					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
To increase the number of civil servants in the professional service of the SAC and increase the transparency, efficiency and effectiveness of the SAC is to prepare a new WEB Page and introduce an internal information management system that will be interoperable with the ESPP and thus enable multiple retrieval of all relevant data from the ESPP, especially data related to the public procurement procedure (contracting authority, applicant, subject of the procurement, etc.), as well as all data and statistics required for preparation of annual	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.	/	Employment of 5 civil servants	Additional employment of 5 civil servants	/

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reports, which is expected to make the process more optimized over time and more efficient in resolving complaints and preparing annual reports.						
Deliverables in 2022:	Launch of the new website of SAC					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Development of a new WEB page of the SAC	2022	2022	SAC	/	/	/
					TOTAL:	0

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PILLAR V: Integrated Public Finance					
PRIORITY 1: Implementation of an Integrated Financial Management Information System (IFMIS) to Support the implementation of Public Financial Management Reforms and Organic Budget Law					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Improved operational efficiency and transparency through IFMIS in line with the new OBL.	Annual budget, including climate and gender tagging, prepared and executed through new IFMIS	Indicators defined		2025 budget prepared by using climate and gender tags	2025 budget executed/reported using climate and gender tagging
	The required time for the processing of payments through IFMIS and Treasury Single Account interface was reduced (efficiency)	Several days	Several days	Half a day or less	Same day
	Ratio of budget coverage and comprehensiveness (central government budget managed and reported through IFMIS, %) improved	65%	75%	90%	95%
	Open Budget Index Score (transparency) increased	/	>50 (2023)	/	>60 (2025)
MEASURE 1: IFMIS is fully operational to support the implementation of OBL reforms					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
To improve operational efficiency and transparency in public financial management by supporting the amendment of the legal and institutional organic budget framework and the introduction of Integrated Financial Management Information System (IFMIS) in the Republic of North Macedonia.	The stage of IFMIS development and implementation	IFMIS procurement initiated	IFMIS development mostly completed	First operational year of IFMIS to prepare 2025 budget	IFMIS in use for budget execution & reporting
	Dedicated OBL Reform Unit established	OBL Reform Unit key staff (4) recruited	OBL Reform Unit (12 staff) fully established	OBL Reform Unit takes over IFMIS mgmt. role	OBL Reform Unit is sustained within the MoF structure

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Deliverables in 2022:	OBL Reform Unit key staff (4) recruited, IFMIS procurement initiated					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET	SOURCE
1.Development of IFMIS as an integrated centralized web-based system supporting decentralized operations.	Q4/2022	Q1/2024	Ministry of Finance	World Bank, EU	/	/
2.Expansion of MoF ICT infrastructure (in line with whole-of-government approach) to host new IFMIS.	Q4/2022	Q4/2024	Ministry of Finance	World Bank, EU	/)/
3.Capacity strengthening (PFM Reform Unit), training and change management to support OBL reforms and countrywide IFMIS operations.	Q4/2022	Q4/2024	Ministry of Finance	World Bank, EU	556,000	National Budget, WB Projects (including EU contribution)
					TOTAL:	EUR 556,000

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PILLAR V: Integrated Public Finance							
PRIORITY 2: Strengthen the Accounting of Budgets and Budget Users							
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Improved financial reporting through the establishment of new accounting practices.	Percentage of budget users that apply new accounting practices	0	0	50% of budget users apply new accounting practices	100% of budget users apply new accounting practices		
MEASURE 1: Strengthening the accounting system by applying of new accounting practices							
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Determining the strategic direction for the development of modified cash accounting	Adoption of new accounting standards	Adopted Strategy for improvement of the accounting of budgets and budget users and adopted New Law on accounting of budgets and budget users	New accounting rulebook	/	/		
Deliverables in 2022:	Adopted Strategy for promotion of the accounting of the budgets and budget users						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Preparing a Strategy for Improvement of the Budget Institutions’s Accounting with a gap analysis, setting priorities and goals and action plan		Q2/2022	Q2/2022	MoF /Financial System Department, Treasury Department, Budget Department		20,000	External Financing
2. Adopting a new regulatory framework on accounting of budgets and budget users and bylaws		Q3/2022	Q4/2022	MoF	All budget users	20,000	External Financing

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MEASURE 2: Capacity building of public sector accountants							
Measure objective:	Measure indicator:	Target FY 2022		Target FY 2023	Target FY 2024	Target FY 2025	
Capacity building of public sector accountants for the introduction of modified cash accounting.	Number of certified public sector accountants	0		100 certified accountants	220 certified accountants	350 certified accountants	
Deliverables in 2022:	Prepared draft documents for curriculum training and exam for public sector accountants						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Preparing training and exam curriculum for public sector accountants		Q2 /2022	Q2/2023	MoF	Universities/ CEF	20,000	External Financing
					TOTAL:	EUR 60,000	

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PILLAR V: Integrated Public Finance							
PRIORITY 3: Public Finance Academy							
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Provided continuing education in the field of Public Financial Management	Management's perception of whether the Academy adds value to their employees (low, medium or high level of value added perception)	/	medium	high	high		
MEASURE 1: Establishment of the Public Finance Academy							
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Strengthening the professional capacities of the administration in the field of Public Financial Management through the establishment of a functional Public Finance Academy	Established functional Public Finance Academy in the Ministry of Finance	Employed a total of 5 people	Employed a total of 7 people	Employed a total of 9 people	Employed a total of 9 people		
		Total amended 3 (three) laws in the field of PFM	Total amended 3 (three) laws in the field of PFM	Total amended 3 (three) laws in the field of PFM	/		
	Staffed and equipped Public Finance Academy	Organized 2 (two) trainings / workshops for the employees of the Academy	Organized 2 (two) trainings / workshops for the employees of the Academy	Organized 2 (two) trainings / workshops for the employees of the Academy	Organized 2 (two) trainings / workshops for the employees of the Academy	Organized 2 (two) trainings / workshops for the employees of the Academy	
Deliverables in 2022:	- The acts for organization and systematization of the Ministry of Finance were amended and the Public Finance Academy was established in them; - Amended 3 (three) laws in the field of PFM - Organized 2 (two) trainings / workshops for the employees of the Academy						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Creating a legal basis for the establishment and functioning of the Public Finance Academy		Q1/2022	Q4/2025	Ministry of Finance	/	/	/
2.Strengthen the human resources capacities of the Public Finance Academy, through staffing, training and equipping		Q1/2022	Q4/2025	Ministry of Finance	Twinning project	48,000	National Budget Funds from a EU twinning project

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MEASURE 2: Development and implementation of a curriculum							
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Supporting the work of the Academy through the preparation of appropriate methodological tools and a comprehensive Work Program	Prepared manuals and instructions for work and bylaws	Prepared Manual for organizing and developing trainings	Prepared detailed instruction for the work of the academy or internal work procedure	/	/		
		Three bylaws prepared	Three bylaws prepared	Three bylaws prepared			
	Prepared annual work program and curricula	Work program and curricula prepared for 2023	Work program and curricula prepared for 2024	Work program and curricula prepared for 2025	Work program and curricula prepared for 2026		
	Satisfaction of the participants from the conducted trainings (low, medium or high level of satisfaction)	/	Medium	High	High		
	Number of organized trainings	/	20	30	36		
Deliverables in 2022:	- Prepared manuals and instructions for work and three bylaws - Prepared annual work program and curricula for 2023						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Preparation of methodological tools for implementation of the activities of the Public Finance Academy		Q1/2022	Q4/2023	Ministry of Finance	Twinning project	10,000	Funds from a EU twinning project
2.Preparation of an Annual Work program		Q1/2022	Q4/2025	Ministry of Finance	/	/	/
MEASURE 3: Inter-institutional cooperation							
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		

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Establishment of inter-institutional cooperation in order to ensure the exchange of experiences, providing support in the work and improving the quality of the work of the Academy	Signed cooperation agreements with domestic and foreign institutions	3 contracts	3 contracts	2 contracts	2 contracts	
Deliverables in 2022:	Signed 3 cooperation agreements with domestic and foreign institutions					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Establishment of cooperation with domestic and foreign institutions	Q1/2023	Q4/2025	Ministry of Finance	/	/	/
					TOTAL:	EUR 58,000

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PILLAR VI: Public Internal Financial Control					
PRIORITY 1: Financial Management and Internal Control					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Prepared and applied procedures for key financial management processes based on risk management	percentage of implemented recommendations given during quality checks	0	60	70	80
MEASURE 1: Establishment of a comprehensive system of financial management controls based on risk management					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Establishment of a comprehensive system of controls based on risk management, which guarantees the reasonable use of public funds by applying the principle of managerial accountability.	Prepared Manual for financial management and control	Prepared and published on the MF website Manual for financial management and control	/	/	/
	Adopted and published Guidelines for manner to conduct a review of the quality of financial management and control	Adopted and published Guidelines for manner to conduct a review of the quality of financial management and control	/	/	/
	Strengthen the capacities of CHU	Employed a total of 7 people Trainings 8	Employed a total of 8 people Trainings 8	Employed a total of 9 people Trainings 8	Employed a total of 10 people Trainings 8
	Number of institutions in which quality checks have been performed	6	7	8	10
	Number of institutions member of the web platform	0	100	140	175
Deliverables in 2022:	<ul style="list-style-type: none"> - Prepared Manual for financial management and control - Adopted and published Guidelines for manner to conduct a review of the quality of financial management and control - Amended acts for organization and systematization of the MoF, established Unit for checking the quality of financial management and control and the operation of internal audit 				
ACTIVITY	TIMEFRAME	RESPONSIBLE	OTHER INSTITUTIONS	PLANNED INPUTS	

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	START qq/yy	END qq/yy	INSTITUTION	INVOLVED	BUDGET (IN EUR)	SOURCE
1. Preparation of Financial Management and Control Manual and its publication on the Ministry of Finance's website	Q1/2022	Q2/2023	MF	/	10,000	Twinning project
2. Adoption and publication of Guidelines on the Manner of Checking the Quality of Financial Management and Control	Q3/2022	Q1/2023	MF	/	10,000	Twinning project
3. Strengthen the capacity of the CHU to check the quality of financial management and control	Q3/2022	Q4/2025	MF	/	83,200	National Budget and twinning project
					TOTAL:	EUR 103,200

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PILLAR VI: Public Internal Financial Control					
PRIORITY 2: Internal Audit					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Strengthened internal audit units that operate in line with the standards and contribute to achievement of the goals of the public sector institutions	percentage of implemented recommendations given during quality checks	0	60	70	80
	Number of internal auditors in the Ministries	50	60	70	80
	Percentage of implemented recommendations	66	69	71	73
MEASURE 1: Strengthening the quality of work of the internal audit units in the Ministries					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Strengthening the quality of work of the internal audit units at the Ministries for the purpose of supporting the performance of their new tasks and duties as parent budget users	Number of ministries with an approved plan for organisation of internal audit	16 ministries	/	/	/
	Reorganized and staffed Internal Audit Units in the ministries	50 internal auditors	60 Internal auditors	70 Internal auditors	80 Internal auditors
	Strengthen the capacities of CHU	Employed a total of 7 people	Employed a total of 8 people	Employed a total of 9 people	Employed a total of 10 people
		Trainings 8	Trainings 8	Trainings 8	Trainings 8
	Number of institutions in which quality checks have been performed	6	7	8	10
	Number of institutions member of the web platform	0	80	100	120

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Deliverables in 2022:	<ul style="list-style-type: none">- Approved plans for reorganization of internal audit in the ministries- Amended acts for organization and systematization of the MoF, established Unit for checking the quality of financial management and control and the operation of internal audit					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Preparation and approval of “Internal Audit Organization Plan” for all Ministries by the Government	Q2/2022	Q4/2022	MF	/	8,000	National Budget
2. Modifying and amending the Ministries’ internal acts for organization and systematization in accordance with the “Internal Audit Organization Plan”	Q4/2022	Q1/2023	MF	Ministries	72,000	National Budget
3. Strengthening CHU’s capacities for checking the quality of operations of the internal audit units	Q3/2022	Q4/2025	MF	/	83,000	Twinning project and National Budget
MEASURE 2: Centralization of the powers and the capacities for advanced types of internal audits (performance audit and IT audits) in the Ministry of Finance						
Measure objective:	Measure indicator:		Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Increasing the number of conducted performance audits and IT audits which will contribute to improving the work of central-level institutions.	Number of conducted performance audits and IT audits		0	4	6	6
	Signed Charter for conducting IT audits and performance audits with the ministries		16	/	/	/
Deliverables in 2022:	Amended acts for organization and systematization of the MoF, established Sector for IT audits and performance audits					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Establishment of a Department for Centralized Conducting of IT Audits and Performance Audits	Q4/2022	Q4/2025	MF	/	/	National Budget
					TOTAL:	EUR 163,000

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PILLAR VI: Public Internal Financial Control					
PRIORITY 3: Financial Inspection					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Professional and advanced financial inspection function.	Number of employment / promotion of financial inspectors who can independently perform financial inspection	6	4	4	/
	Number of conducted inspections to control compliance with the provisions of the laws regulating the financial inspection	546	820	1000	1100
	Number of received applications/reports	300	350	400	450
	Amount of funds returned in the Budget of RNM	600,000	610,000	620,000	630,000
MEASURE 1: Strengthening the institutional basis of the financial inspection function					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Improving the institutional set-up of the financial inspection function as basis for achieving optimal level of efficiency and effectiveness of the financial inspection in controlling the use	Adopted new Law on financial inspection in the public sector	Adopted new Law on financial inspection in the public sector	/	/	/
	Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria

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of both public funds by the public sector entities and EU funds. .	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	/	/	/		
	Adopted methodology for gathering and processing of statistical data with indicators for monitoring, measuring and evaluating the effectiveness of the financial inspection in the public sector	Adopted methodology for gathering and processing of statistical data with indicators for monitoring, measuring and evaluating the effectiveness of the financial inspection in the public sector	/	/	/		
	Adopted Rulebooks on organization and systematization of MoF job posts	Adopted Rulebooks on organization and systematization of MoF job posts	/	/	/		
	Number of employment / promotion in financial inspection in public sector	6	6	4	2		
	Conducted exam for obtaining a license for financial inspector	1	1	1	1		
	Deliverables in 2022:	<ul style="list-style-type: none">- New Law on financial inspection in the public sector;- Granted award for the best inspector in accordance with legally established criteria;- Methodological tools for application of analytical and inspection techniques and techniques for financial inspection in public sector;- 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;- Rulebooks on organization and systematization of MoF job posts;- Employment / promotion in financial inspection in public sector;- Conducted exam for obtaining a license for financial inspector.					
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Improving the legal framework		Q1/2022	Q4/2022	Ministry of Finance	EU Twinning Project	2,000	EU Twinning Project

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2. Introducing a system of performance-based annual remuneration for financial inspectors	Q3/2022	Q4/2025	Ministry of Finance	/	1,000	National budget
3.Improved methodologies and systematization (increasing the added value of the financial inspection function)	Q1/2022	Q4/2025	Ministry of Finance	EU Twinning Project	95,000	National Budget EU Twinning Project
MEASURE 2: Strengthening the Capacity of Financial Inspection Human Resources						
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025	
Strengthening the capacities of financial inspection human resources by increasing the number of employees in the public sector financial inspection, organizing and conducting an exam for obtaining a license for financial inspector and increasing the number of financial inspectors who will be able to independently perform financial inspection.	Adopted Program for theoretical training and practical work	Adopted Program for theoretical training and practical work	/	/	/	
	Adopted Program for taking the exam and manner of conducting the exam for obtaining a license for financial inspector	Adopted Program for taking the exam and manner of conducting the exam for obtaining a license for financial inspector	/	/	/	
	Adopted Program for trainings for conducting financial inspection	Adopted Program for trainings for conducting financial inspection for 2022	Adopted Program for trainings for conducting financial inspection for 2023	Adopted Program for trainings for conducting financial inspection for 2024	Adopted Program for trainings for conducting financial inspection for 2025	
Deliverables in 2022:	<ul style="list-style-type: none"> - Program for theoretical training and practical work; - Program for taking the exam and manner of conducting the exam for obtaining a license for financial inspector; - Program for trainings for conducting financial inspection for 2022. 					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Designing a concept for obtaining a license for financial inspector	Q3 /2022	Q4/2022	Ministry of Finance	EU Twinning Project	15,000	EU Twinning Project
2. Preparing an annual training program for financial inspectors	Q1/2022	Q1/2025	Ministry of Finance	/	/	/
					TOTAL:	EUR 113,000

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PILLAR VII: External Control and Parliamentary Oversight					
PRIORITY 1: External Audit					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Reduced tax evasion and increasing fiscal discipline / increasing revenues in the Budget of RNM	Established amount of funds that have not been paid in the Budget of RNM	≥8,100 EUR	≥7,300 EUR	≥ 6,500 EUR	≥5,700 EUR
Adhered principles in awarding public procurement contracts	Established amount of funds in awarding public procurement contracts where irregularities have been identified with the audits	≥9,800 EUR	≥9,000 EUR	≥8,100 EUR	≥7,300 EUR
MEASURE 1: Strengthen the legal framework for external audit					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Strengthening constitutional, financial and operational independence of the State Audit Office by amending the Constitution of RNM and enacting new State Audit Law and bylaws, in accordance with the principles, standards and guidelines of INTOSAI.	Strengthen constitutional, financial and operational independence of the SAO	<ul style="list-style-type: none"> - Draft amendment to the Constitution of the RNM for regulation of the SAO as a constitutional category prepared and submitted to the authorized proposer of the constitutional amendment to be submitted to the Parliament of the RNM; - New draft State Audit Law for strengthening SAO financial and operational independence 	Adopted amendments to the Constitution of RNM for regulation of SAO as a constitutional category	/	/

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		submitted to and adopted by the Assembly of the RNM.					
Deliverables in 2022:	<ul style="list-style-type: none">- Draft amendment to the Constitution of the RNM for regulation of SAO as a constitutional category prepared within the Twinning project and submitted to the authorized proposer of the constitutional amendment to be presented to the Assembly of RNM.- New draft State Audit Law for strengthening SAO financial and operational independence prepared within the Twinning project and submitted to the Assembly of RNM;- Proposals for bylaws based on the improved legal framework.						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Initiating constitutional changes to achieve constitutional independence of the SAO in accordance with the principles, standards and guidelines of INTOSAI		Q2/2022	Q4/2025	SAO	Authorized proposer of the constitutional amendment; Assembly of RNM	7,000	Ongoing EU-funded Twinning project
2. Strengthening external audit legal framework aimed at strengthening financial and operational independence of SAO in line with INTOSAI principles, standards and guidelines		Q1/2022	Q4/2022	SAO	Ministry of Finance, Government of RNM and Assembly of RNM	14,000	Ongoing EU-funded Twinning project
MEASURE 2: Strengthening the institutional capacity and human resource capacities of the SAO							
Measure objective:	Measure indicator:	Target FY 2022		Target FY 2023	Target FY 2024	Target FY 2025	
Strengthening the institutional capacities and human resources capacities of the SAO in order to increase the effects of the performed audits and the added value of the SAO's work.	Percentage of implementation of the SAO Development Strategy 2022-2026	Percentage of implementation of the SAO Development Strategy 2022 – 2026 20%		Percentage of implementation of the SAO Development Strategy 2022 – 2026 40%	Percentage of implementation of the SAO Development Strategy 2022 – 2026 60%	Percentage of implementation of the SAO Development Strategy 2022 – 2026 80%	
	Percentage of audit scope of total public expenditures	≥59%		≥59%	≥59%	≥60%	

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	Perception of stakeholders on SAO value added	Percentage of positive perception of stakeholders on SAO value added ≥70%	Percentage of positive perception of stakeholders on SAO value added ≥75%	Percentage of positive perception of stakeholders on SAO value added ≥78%	Percentage of positive perception of stakeholders on SAO value added ≥80%
Deliverables in 2022:	<ul style="list-style-type: none"> • New SAO Development Strategy for a five-year period with an Action Plan for implementation, and defining the need for preparing new strategic documents arising from the new Development Strategy; • New structure and scope of SAO Annual Work Program in accordance with new SAO strategic documents; • New Performance Audit Manual; • Guidelines for audit of EU funds and detecting fraud and irregularities; • Improved Manual on monitoring recommendations; • Improved guidelines for audit quality control and audit quality assurance; • New Compliance Audit Manual as a separate type of audit; • Audit Practice Guide for Auditing Gender Equality; • Analysis with recommendations for improving the audit process on the Annual Account of the Budget of the Republic of North Macedonia; • New or improved methodological acts and tools on topics relevant to the responsible management and use of public funds (audits of sustainable development goals, audits of financial statements prepared on an accrual basis, audits of value for money (Value for Money), audits of LSGUs , etc.); • New Code of Ethics for SAO employees and introduction of system for monitoring its implementation; • Conduct performance audits in relevant areas of government policy; • Carrying out audits on certain topics of importance for the responsible management and use of public funds (audit of EU funds, audits of sustainable development goals, audits of financial statements prepared on an accrual basis, audits of values for money (Value for Money), audits of LSGUs, audit of gender equality, etc.); • Conducted trainings (study visits, conferences, seminars, workshops) for performance audit; • Conducted trainings (study visits, conferences, seminars, workshops) on certain topics of importance for responsible management and use of public funds (audit of EU funds, prevention and detection of corruption, audits of sustainable development goals, audits of financial reports prepared on an accrual basis, audits for Value for Money, audits of LSGUs, audits of gender equality, etc.); • Conducted audits in cooperation with other SAIs and relevant international organizations (cooperative audits); • Use of modern audit tools, methodologies and techniques • Development of software tools for reclassification of financial statements / software tools for auditing financial statements prepared on an accrual basis; • Use of modern equipment and improved working conditions; • New structure and contents of audit reports in accordance with INTOSAI Framework of Professional Pronouncements; • Amendments to the structure and contents of SAO Annual Report to improve presentation of SAO work and results from audit reports; • Abstracts of audit reports containing information that is relevant to the media and the public; • Abstracts of audit reports containing information relevant to MPs and parliamentary administration; • Monitoring the website traffic of the SAO; • Using virtualization (infographics, video presentations, flyers) for presenting audit results to the public; 				

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	<ul style="list-style-type: none"> • New channels for communication with stakeholders (Assembly, Government, Ministry of Finance, Public Prosecutor's Office, Ministry of Interior, State Commission for Prevention of Corruption, audited entities, the public; • Use of digital tools for achieving efficient cooperation and communication with the parliamentary bodies to support the work of the Assembly of RNM; • Trainings to strengthen cooperation with stakeholders; • New forms for monitoring and presenting implementation of audit recommendations. 					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. Preparation of new and improved strategic, planning and methodological acts of the SAO	Q1/2022	Q4/2025	SAO		160,000	<p>Ongoing EU-funded Twinning project;</p> <p>Project "Promotion of Gender Responsive Policies and Budgets: Towards Transparent, Inclusive and Accountable Governance in the Republic of North Macedonia", (SECO and SIDA by UN Women; UNDP support in accordance with the signed Memorandum of Understanding with the SAO,</p>
2. Strengthen the capacity to conduct audits	Q1/2022	Q4/2025	SAO		354,000	<p>Ongoing EU-funded Twinning project;</p> <p>Project "Promotion of Gender Responsive Policies and Budgets: Towards Transparent, Inclusive and Accountable Governance in the Republic of North Macedonia", (SECO and SIDA by UN Women; UNDP support in accordance with the signed Memorandum of Understanding with the</p>

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						SAO
3. Increasing the visibility of the SAO and communication with the stakeholders	Q1/2022	Q4/2025	SAO	Stakeholders (Assembly, Government, Ministry of Finance, Public Prosecutor's Office, Ministry of Interior, State Commission for Prevention of Corruption, audited entities, the public).	26,000	Ongoing EU-funded Twinning project; Project "Increasing Accountability and Transparency in Macedonia through Improved Implementation of the SAO Recommendations", UK Good Governance Fund implemented by the Westminster Foundation for Democracy (WFD);
					TOTAL:	EUR 561,000

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PILLAR VII: External Control and Parliamentary Oversight							
PRIORITY 2: Parliamentary oversight							
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Enhanced effects of audit	Percentage of external audit recommendations for which corrective measures have been taken	≥70%	≥71%	≥72%	≥74%		
MEASURE 1: Establishing mechanism for reviewing audit reports and measures taken upon audit recommendations by the Assembly of RNM							
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Strengthening institutional mechanism for reviewing audit reports by the Assembly of RNM.	Number of audit reports submitted and scrutinized by the Assembly		Number of audit reports submitted and scrutinized by the Assembly ≥1	Number of audit reports submitted and scrutinized by the Assembly ≥1	Number of audit reports submitted and scrutinized by the Assembly ≥1		
Deliverables in 2022:	<ul style="list-style-type: none">- Memorandum of Cooperation between the Assembly and SAO, emphasizing the need to strengthen cooperation between the institutions, in particular for reviewing and acting upon the submitted audit reports;- SAO procedures for preparing and submitting audit reports and other documents to the Assembly;- Assembly procedures on the mechanism for reviewing audit reports (from receipt of audit reports and other documents to adoption of conclusions and monitoring implementation of audit recommendations).						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Signing of a Memorandum of Cooperation between the Assembly of RNM and SAO		Q1/2022	Q4/2022	SAO	Assembly of RNM	/	/
2.Preparation of procedures in the SAO and the Assembly of RNM for submission and review of audit reports and other documents		Q1/2022	Q4/2022	SAO	Assembly of RNM	46,000	Ongoing EU-funded Twinning project
MEASURE 2: Strengthening the institutional capacities for reviewing audit reports in the Assembly of RNM							

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Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025		
Strengthened institutional capacities for reviewing the audit reports in the Assembly of RNM.	Number of MPs trained on the role of the SAO	Number of MPs trained on the role of the SAO 5	Number of MPs trained on the role of the SAO 5	Number of MPs trained on the role of the SAO 5	Number of MPs trained on the role of the SAO 5		
Deliverables in 2022:	<ul style="list-style-type: none">Amendments to the existing Manual "Introduction to Audit Reports";Training plan for the MPs in the Finance and Budget Committee and other MPs participating in the committees and the administration of the Assembly of RNM to facilitate understanding of audit reports and preparing for debate on audit reports;Conduct trainings in accordance with the Training Plan for the MPs and the parliamentary administration in order to understand the audit reports and prepare for the debate on the audit reports (through study visits, workshops, case studies, debate simulations);Activities for strengthening the cooperation with the Finance and Budget Committee, the Parliamentary Institute at the Assembly of RNM and the Parliamentary Budget Office of the Assembly of RNM.						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Preparation of amendments to the existing Manual "Introduction to Audit Reports"		Q2/2022	Q4/2022	SAO	Assembly of RNM	17,000	Ongoing EU-funded Twinning project
2.Preparing Training Plan for the Members of Parliament 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		Q2/2022	Q2/2022	SAO	Assembly of RNM	11,000	Ongoing EU-funded Twinning project
3.Conducting trainings in accordance with the Training Plan for the Members of Parliament and the administration in the Assembly of the RNM in order to facilitate the understanding of the audit reports and preparation for the debate on the audit reports		Q3/2022	Q4/2025	SAO	Assembly of RNM	20,000	Ongoing EU-funded Twinning project;

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4.Implementation of activities for strengthening the cooperation with the Committee on Finance and Budget, the Parliamentary Institute at the Assembly of RNM and the Parliamentary Budget Office of the Assembly of RNM	Q2/2022	Q4/2025	SAO	Committee on Finance and Budget, Parliamentary Institute at the Assembly of the RNM and Parliamentary Budget Office of the Assembly of the RNM	/	
					TOTAL:	EUR 94,000

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PILLAR VIII: PFM at Local Level					
PRIORITY 1: Fiscal Decentralization					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Improved fiscal capacity and increased municipal revenues	percentage of increased municipal revenues compared to 2020	15%	20%	25%	30%
	percentage of VAT which is transferred to the municipalities as a grant	5%	5,5%	6%	6%
	percentage of the collected personal income tax which is transferred to the municipalities	4%	5%	6%	6%
MEASURE 1: Improving fiscal capacity and increasing municipal revenues					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Increase of the funds distributed to the municipalities from the collected revenues in the Central budget, increase of the own revenues of the municipalities and determination of criteria for distribution of the revenues from the Value Added Tax (VAT) for better financial operations, as well as to	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	50% new bylaws	50% new bylaws	/
	Revised Property Tax law	Report with analysis for amendments to the Property tax law	Modified Property Tax Law	/	/
	Number of new own revenues	/	1	2	/

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reduce of the disparities between the municipalities. Activities will be also undertaken towards increased municipal own revenues by improving the efficiency of the administration, as well as finding new local revenues according to the EU best practices. In cooperation with the competent ministries that finance the transferred competencies in the field of education, child care, elderly homes and firefighting, the existing methodologies for earmarked and block grants will be revised. Determining the criteria for distribution of capital grants from the Central Budget, which will distribute the funds by municipalities in a transparent manner.	Number of revised decrees on block grants, earmarked grant and New Decree/s for distribution of capital grants	Two new decrees for block grants	New Decree on distribution of grant for firefighters and Two new decrees for block grants	One new decrees for block and one Decrees of capital grants	Two new decrees for capital grants	
Deliverables in 2022:	<ul style="list-style-type: none">- New law on financing of local self-government units- Report with analysis for amendments to the Property tax law- Two new decrees for block grants					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS R	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1. New / revision of the Law on Financing Local Government Units	Q2/2022	Q4/2024	MoF - Budget and Funds Department	Municipalities	6,000	National Budget

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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	Q1/2022	Q4/2025	MoF - Budget and Funds Department MoF - Tax and Customs Policy Department	Municipalities	22,000	National Budget
3.Revision of the criteria for allocation of block and earmarked grants and determination of criteria for allocation of capital grants	Q1/2022	Q4/2025	MoF - Budget and Funds Department Ministry of Education and Science Ministry of Labor and Social Policy Ministry of Culture Ministry of Defense Other competent ministries and institutions, fwherefrom capital grants are transferre	Municipalities	22,000	National Budget
MEASURE 2: Regional and local development						
Measure objective:	Measure indicator:		Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025

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Agency for Regional and Local Development will be established, which would have broader competencies than the ones of the Bureau for Regional Development, particularly with respect to providing additional financial resources for financing capital investments. The work will be coordinated by the Ministry of Local Government, and the legal solutions for its establishment would result from a working group that would include representatives from Ministry of Justice, Ministry of Local Government, Ministry of Finance, Cabinet of the Deputy Prime Minister for Economic Affairs, Ministry of Political System and Community Relations, Ministry of Information Society and Administration, Bureau for Balanced Regional Development and Association of the Local Government Units of the Republic of North Macedonia.	Established Agency for regional and local development	Established of a working group composed of representatives of different ministries and stakeholders and analysis of the legal possibilities for establishing the Agency	Report with legal and operational solutions for the establishment of the Agency	Established Agency for regional and local development		
Deliverables in 2022:	Established of a working group composed of representatives of different ministries and stakeholders and analysis of the legal possibilities for establishing the Agency					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE

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1. Establishment of the Agency for Regional and Local Development and achieving balanced regional development	Q1/2022	Q4/2024	Ministry of Local Government	Bureau for Regional Development, Ministry of Finance, Cabinet of the Deputy Prime Minister for Economic Affairs, Ministry of Justice, Ministry of Political System and Community Relations, Ministry of Information Society and Administration	1,000	National Budget
					TOTAL:	EUR 51,000

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PILLAR VIII: PFM at Local Level					
PRIORITY 2: Financial Discipline, Transparency and Accountability at the Local Level					
Priority outcomes	Priority indicators	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Increased financial discipline	percentage of reduction of the amount of due unpaid liabilities in the current year compared to 2020 (the year taken as a baseline)	10%	20%	30%	40%
	reduction of the number of municipalities with blocked account in the current year compared to 2020 (the year taken as a baseline)compared to the base year 2020	2	3	4	5
Increased transparency and accountability of municipalities.	percentage of municipalities out of the total number of municipalities (81) that have published financial documents (annual, semi-annual and quarterly reports) on their websites	70%	80%	90%	100%
MEASURE 1: Increasing the financial discipline					
Measure objective:	Measure indicator:	Target FY 2022	Target FY 2023	Target FY 2024	Target FY 2025
Realistic planning of revenues and expenditures of municipalities, rationalization of operations and reduction of unnecessary expenditures, regular servicing of liabilities, greater financial discipline, procedures for declaring financial instability, issuance of financing instruments to	Percentage of realized revenues in relation to the planned ones during the current year	75%	80%	85%	90%
	percentage of share of capital expenditures in relation to the total expenditures in the current year	25%	30%	33%	35
	percentage of share of local revenues in gross domestic product (GDP)	5,8%	5,9%	6%	6,2%

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overcome the financial instability of municipalities and analysis of existing liabilities of municipalities and public enterprises.	Internal procedures for declaring financial instability	Internal procedures for declaring financial instability	/	/	/	
	Manual (Guidelines) for declaring financial instability	Manual (Guidelines) for declaring financial instability	/	/	/	
	Number of additional employments in the Unit for LGU Budgets, monitoring the financial operations of the municipalities	2	2	1	1	
Deliverables in 2022:	<ul style="list-style-type: none">- 75% realized revenues in relation to the planned ones during the current year:- 25% share of capital expenditures in relation to the total expenditures in the current year:- 5,8% share of local revenues in gross domestic product (GDP);- Adopted Internal procedures for declaring financial instability;- Prepared Manual (Guidelines) for declaring financial instability;- 2 additional employments in the Unit for Budgets of LSGU that follow the financial affairs of the municipalities.					
ACTIVITY	TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
	START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE
1.Realistic planning of the revenues and expenditures of the municipalities	Q1/2022	continuously	MoF - Budget and Funds Department	Municipalities	1,000	National Budget
2.Rationalization of operations and reduction of unnecessary expenses	Q1/2022	continuously	MoF - Budget and Funds Department	Municipalities	1,000	National Budget
3.Analysis of the liabilities of the municipalities, declaring financial instability and taking measures for financial consolidation	Q1/2022	continuously	MoF - Budget and Funds Department MoF- The International Financial Relations and Public Debt Management Department	Municipalities	31,600	National Budget

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MEASURE 2: Increasing the transparency and accountability throughout the operations of the municipalities							
Measure objective:	Measure indicator:	Target FY 2022		Target FY 2023	Target FY 2024	Target FY 2025	
Increased control by the state, especially by the Financial Inspection in terms of compliance with the provisions of the Law on Reporting and Recording of Liabilities, the Law on Financial Discipline and the Law on Financing of Local Self-Government Units, increasing the transparency of municipalities by publishing financial statements in a transparent and understandable manner and greater accountability for the use of budget funds.	Number of supervisions conducted by the Financial Inspection in public sector entities at local level	273		410	500	550	
	Number of reports with data on revenues and expenditures of 81 municipalities on a quarterly basis	4		4	4	4	
	Number of reports with of data on due and unpaid liabilities from the ESPEO system of 81 the municipalities	4		4	4	4	
	Number of supervisions conducted by the Financial Inspection in public sector entities at local level	273		410	500	550	
Deliverables in 2022:	<div>- 273 conducted supervisions of the Financial inspection in public sector (* the delivery of this output depends on the implementation of the activities for amending the Rulebooks of Organization and systematization of jobs in the MoF, staffing the financial inspection in the public sector and conducting an examination for obtaining a license for financial inspector which are part of the Priority FINANCIAL INSPECTION within the Pillar Public Internal Financial Control);</div> <div>- 4 Reports with data on revenues and expenditures of 81 municipalities on a quarterly basis;</div> <div>- 4 Reports with data on due and unpaid liabilities from the ESPEO system for 81 municipalities.</div>						
ACTIVITY		TIMEFRAME		RESPONSIBLE INSTITUTION	OTHER INSTITUTIONS INVOLVED	PLANNED INPUTS	
		START qq/yy	END qq/yy			BUDGET (IN EUR)	SOURCE

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1.Increasing control by the state	Q1/2022	continuously	MoF- Department for Public Sector Financial Inspection and Coordination for combating fraud against EU Funds	/	/	/
2. Improving the transparency and timely informing the broader public about the operations of the municipality	Q1/2022	continuously	MoF - Budget and Funds Department	Municipalities	2,000	National Budget
					TOTAL:	EUR 35,600