

Annex 1: Monitoring Matrix on the 2022 Action Plan

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PERFORMANCE INDICATOR	TARGET FY 2022	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY									
Measure						Completed	Ongoing implementation	Not commenced	
Activity									
PILLAR 1: Economic Analysis, Macroeconomic and Fiscal Framework									
PRIORITY 1: Revenue Forecasting and Reporting									
				Variance in revenue composition between planned and actual figures (as used in PEFA PIS)	Considering that the target is not determined in the Action Plan for 2022, it is defined by this Report: Targets - indicators based on PEFA Pillar 3 (defined based on past trends) Indicator 1. BCG aggregate revenue deviation - under 8%; Indicator 2. BCG revenue composition variance- under 15%;				
MEASURE 1: Improving tax and customs reporting in accordance with the EU best practices				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 CEfficiency)				
ACTIVITY									
1. Reviewing availability of data needed for revenue analysis and preparation of Action Plan for submission of the required data		MoF	Q4/2022	/	/	Ongoing implementation. Two workshops have been held, aimed at considering the current state-of-play related to the availability of data necessary for analysis and Action Plan for submitting the required data to MoF.	Preparation of a review of the current state-of-play related to the availability of data necessary for analysis, and preparation of Action Plan for submitting the required data to MoF; Drafting a Protocol for submitting the necessary data to MoF, for the purpose of projecting the public revenues.		
2. Preparing reports in line with EU best practices		MoF	Q4/2025	/	/	Ongoing implementation. Workshop has been held, and Report on Assessed Tax Expenditures and Report on VAT Gap have also been prepared.	Coefficients for Tax Buoyancy and Tax Elasticity, Report on Revenue inequality and C-Efficiency.		
MEASURE 2: Enhancing tax and customs modelling capacity									
				Number of provided tailor-made training	6-Trainings for opensource 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.,				
ACTIVITY									
1. Trainings in open-source programming languages (Python and R)		MoF	Q4/2025	/	/	Ongoing implementation. Basic trainings were held, related to programming languages with open source (Python et R), in the previous years.	Training for programming languages with open source (Python and R), TSQL, Power Bi, R Markdown and Shiny, etc.		
2. Implementation of models developed in the Twinning Project "Improving Revenue Collection and Tax and Customs Policy"		MoF	Q4/2025	/	/	Ongoing implementation. In cooperation with the World Bank, updating of the data as regards the PIT and VAT models is in progress, as well as with respect to installation and updating of the data in the profit tax model.			
PRIORITY 2: Economic Analysis, Macroeconomic and Fiscal Framework									
				Impact assessments and economic analyses published in the Ministry of Finance's reports	Trainings provided				
				Macroeconomic forecasting tools and a CGE model built and trainings provided.	Trainings and workshops provided				
				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				
				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				
MEASURE 1: Capacity building for economic analyses									
				Impact assessment of certain economic policies, reforms or measures and additional economic analyses conducted	Trainings provided				
ACTIVITY									
1. Increasing the scope of economic analyses		MoF (MFD, BD, TD, PDD)	2025	/	/	Ongoing implementation: First part of the financial programming training has been carried out, covering the following: - fundamentals of financial programming and data processing; - deseasoning of data in Jdemetra+ Programme and high-frequency data processing; - training for preparation of a Screening Report, which is a tool for a comprehensive analysis of the economy.	Filling in the database as regards the Screening Report and consultations with the experts: In the course of October/November, the second part of the onsite financial programming training will be carried out, i.e. mission with SECO experts will be held.		
MEASURE 2: Developing new macroeconomic models									
				New macroeconomic models used during the preparation of the budgetary documents and Economic Reform Programme	Trainings provided				

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PRIORITY									
	Measure					Completed	Ongoing implementation	Not commenced	
	Activity								
	ACTIVITY								
	1. Develop macroeconomic forecasting tools	MoF (MPD)	2025	/	/	Ongoing implementation. Creation of a short-term and medium-term inflation forecasting model by World Bank experts, and carried out training of the employees, for the purpose of its usage and getting familiar therewith.			Additional online meetings with the respective experts for the purpose of improving the skills for using the model. Filling in the database for the model and consultations with experts for the purpose of overcoming the potential issues. Ensuring the functioning of the model from technical aspect (IT infrastructure).
MEASURE 3: Fiscal risks				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	/				
	Activity								
	1. Strengthening the capacity for fiscal risk assessment	MoF (BD)	2025	/	/	Not commenced.			In the upcoming period, in cooperation with the international partners, technical assistance will be provided for carrying out trainings aimed at strengthening the capacities and analysing the fiscal risks.
MEASURE 4: Establishing Fiscal Council				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				
	Activity								
	1. Legal framework – preparation of bylaws for establishment and operationalization of Fiscal Council	MoF, Assembly of the RNM, Fiscal Council	2023	/	/	Not commenced. New Organic Budget Law is in a parliamentary procedure.			Organic Budget Law is expected to be adopted in the course of September 2022, thus creating conditions for commencing procedures for election of Fiscal Council members, and accordingly preparation of bylaws aimed at establishment and operationalisation of the Fiscal Council.
	2. Building administrative capacity	MoF, Assembly of the RNM, Fiscal Council	2025	/	/	Not commenced. New Organic Budget Law is in a parliamentary procedure.			Providing support by international institutions (World Bank and IMF) for capacity building for the purpose of performing the functions and completing the tasks, the Fiscal Council should perform as per the experience of the Fiscal Councils in the EU.
PRIORITY 3: Strengthening Debt Management				Improved debt refinancing risk indicators	/				
				Increased grade in SIGMA report	/				
MEASURE 1: Reduction of operational risks in public debt management				Number of external debt orders paid electronically	50% of external debt orders to be realized electronically				
				Increased number of employees responsible for public debt management	13 employees for public debt management				
				Procedure for Quarterly debt reconciliation with foreign creditors	/				
	Activity								
	1. Introducing e-banking with NBRNM for external debt repayment	MoF	Q1/2025	/	/	Completed. Digitalised payments towards foreign creditors have started to be introduced, by introducing electronic banking with NBRNM, through which repayments to foreign creditors are being made. Activity has been completed considering that the target has been achieved, envisaging 50% of the external debt orders to be paid electronically.			
	2. Strengthening public debt management capacities	MoF	Q4/2025	/	/	Ongoing implementation. In the course of 2022, 2 persons were engaged through the Temporary Employment Agency, thus the activity has been partially implemented.			It is necessary to employ full-time employees, on the basis of a job announcement, as well as to carry out candidate selection and appointment process.
MEASURE 3: Issuance of new financial instruments				Diversification of debt instruments	Structural bond issued for financing the municipalities				
	Activity								
	1. Issuance of new financial instruments	MoF	Q4/2025	/	/	Ongoing implementation. Under the modifications and amendments to the Law on Financing Local Government Units, structural bonds, stand-by loans, as well as issuance of municipal bonds, are envisaged as instruments to overcome the financial instability. Law on Financing Local Government Units is in parliamentary procedure, pending its adoption.			Following the adoption of the Law on Financing Local Government Units, preparation of the issuance of the structural bond should commence, which will be issued should a need arise at certain municipalities facing financial instability.

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PRIORITY									
	Measure					Completed	Ongoing implementation	Not commenced	
	Activity								
PILLAR: II: Revenue Mobilisation									
PRIORITY 1: Tax and Customs Policy									
	MEASURE 1: Improved revenue legislation framework, harmonized with the EU acquis			Progress made toward fulfillment 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				
	ACTIVITY			Number of legislative acts (regarding Ch. 16 and Ch.29)	Not less than 4 legislative acts				
	1.Gap analysis of national legislative provisions (laws and bylaws and methodology) compared to the latest EU legislation and best practices, in the area of tax and customs legislation	MoF	2025	/	/	Ongoing implementation. In the period January - June 2022, the following activities were implemented: - reviewing the results from the carried out gap analysis of the PIT Law, and preparation of recommendations for its improvement; - reviewing the results from the carried out gap analysis of Customs Administration Law and preparation of recommendations for its improvement; and - reviewing the results from the carried out gap analysis of the Law on Property Taxes, and preparation of recommendations for its improvement.			Workshops are planned to be carried out in the following period, pertaining to the following: gap analysis and preparation of a report for the purpose of implementing the archiving and keeping the electronic documents in the customs system; reviewing the results from the carried out gap analysis of the Law on Public Revenue Office, Law on Motor Vehicles and Law on Property Taxes and preparation of recommendations for their improvement;
	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	MoF	2025	/	/	Ongoing implementation. In the period January - June 2022, the following activities were implemented: - preparation of new draft Customs Code; - preparation of draft amendments to the Law on Value Added Tax, and - preparation of draft amendments to the Profit Tax Law.			Workshops are planned to be realised in the following period, pertaining to the following: Activities for preparing draft version of the new Customs Code and the bylaws, and draft amendments to the Personal Income Tax Law, Law on Excise Duties, Law on Customs Tariff, Law on Customs Measures for Protection of Intellectual Property Rights and Law on Property Taxes.
PRIORITY 2: Tax Administration									
	Measure 1: Strengthen administrative capacity for better revenue collection and tax compliance			% percentage of digitized tax services Improved rate of tax payment on time (VAT) Improved age structure of the tax debt (VAT) - reduced share of the debt older than 12 months in the total tax debt	83% Rate on number of timely payments - 60% Rate on amount of timely payments 70% Share of VAT debt (principal debt) over 12 months old in the total VAT debt at the end of FP - 77%				
				Increasing the amount of the established tax guarantee Increasing the collection of tax debt based on an established tax guarantee Value of collectible core tax arrears in FY end in percent of total core tax revenue collection for FY Increase in the amount of additionally assessed tax with audit compared to the previous year	Increase the amount of the established tax guarantee by 10% compared to 2021. Increase in the amount of debt collected based on the established tax guarantee by 5% compared to 2021. VAT debt / VAT income ratio 16% Additional tax assessed per audit program increased per 3% compared to the results from the previous year				
	ACTIVITY								
	1.Strengthening the institutional capacity of the tax administration, especially in management of the overdue tax debt and the tax compliance	PRO	2025	/	/	Ongoing implementation. A working group composed of tax officials with specialized knowledge and professional experience in the scope of collection of arrears, in the period January-June 2022, prepared a Proposal-instruction for the procedure and methodology for determining a tax guarantee. The same is now in the discussion phase with other functions in the PRO that are affected and through their competent organizational units are involved in this procedure. In the period January-June 2022, the discussions in the PRO continued on new processes that should be regulated by the amendments to the Law on tax procedure. First of all, it is about harmonizing with the Ministry of Finance, the banks and the clearing house for a service from the PRO with the delivery of a payment order to a bank at the request of a taxpayer (tax order) and for introducing a prescribed order of settlement when paying tax. Several working meetings were held on these issues. In the next period should be improve the implementation of the activities and achieve the planned result. There are more activities to complete compliance for the processes that should be regulated by the legal amendments.A draft Compliance Plan for personal services for companies that offer personal services, such as hairdressers, beauty salons, car washes and car mechanics, is being drafted in order to combat the gray economy.			Future steps that should be taken in the next period to improve the implementation of the activities and achieve the planned result is after the adoption of the new Guidelines for the procedure and methodology for determining the tax guarantee, training of tax officials and communication with concerned external parties will follow, especially with the courts. There are still activities ahead until full harmonization of the processes that should be regulated by the legal amendments to the Law on tax procedure. Preparation of a proposal for the Register of Risks 2023-2025, as well as preparation of other compliance plans.
	Measure 2 : Digital transformation of the PRO with the establishment of an Integrated Tax Information System (ITIS)			Number of institutions with which the Integrated Tax Information System exchanges information Completion of modules for the new IT IS	20 least 1 module in use				
	ACTIVITY								
	1.Implementation of the activities envisaged in the Strategic Plan of the PRO related to the completion of the Integrated Tax Information System	PRO	2025	/	/	Ongoing implementation. Within the framework of Component 2: Support of the tax reforms of the IT strategy of the PRO and promotion of the integrated tax information system (or ITIS), from the project with the World Bank, a working meeting was held in June 2022 with the experts from the World Bank regarding the definition of the remaining projects / modules to complete the IT system, as well as the overall project management. Part of this project is the establishment of a data warehouse and tools for business intelligence - Data Warehouse and BI and the establishment of a Disaster Recovery Center, which are part of this Program. In the period January-June 2022, the PRO continued with the activities to complete the remaining modules from IDIS. A technical specification for the development of new modules for the integrated tax information system is under preparation: for e-commerce and e-invoice. In the area of development and restructuring of the IT subsystems of the PRO, they are currently being adjusted depending on the requirements and legal changes.			Future steps to be taken in the next period to improve the implementation of the activities and achieve the planned result is further coordination of all relevant parties to start the project with the World Bank, timely adoption of legal amendments and improvement of the tender specifications.

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PRIORITY											
	Completed					Ongoing implementation	Not commenced				
	Measure										
	Activity										
PRIORITY 3: Customs											
				Percentage of physical controls that resulted in the detection of irregularities in relation to the total number of physical controls performed using the new equipment	/						
				Implemented at least two (2) new IT systems / modules from the EU Multiannual Strategic Plan (MASP) at national level on appropriate hardware (ICS2 and e-commerce)	/						
MEASURE 2: Modernization of customs services and their digitalization											
				Average yearly availability of the new customs IT systems for interconnectivity with the EU systems Conducted appropriate professional trainings for the employees of the Customs Administration and the economic operators for implementation of systems (number of events)	10						
ACTIVITY											
	1. Implementation of modern systems in order to comply with the Multiannual Strategic Plan of the EU (MASP), integration with European systems and procurement of appropriate hardware	Customs Administration	2025	/	/		Ongoing implementation. In the period January - June 2022, 2 trainings were carried out within the framework of the EU-IPA 2018 twinning project "Improvement of revenue collection and tax and customs policy".	In the next six-month reporting period, 8 more trainings are planned, financed from various sources, with which the expected results and the set target will be achieved.			
PILLAR III: Planning and Budget											
PRIORITY 1: Budget Planning											
				Reduction of the budget deficit as % compared to the previous year	4,3% oq 5/01 -						
MEASURE 1: Improving medium-term planning											
				Changes in relation to the initial projections / achievements (Fiscal deficit)	10-11%						
ACTIVITY											
	1. Medium-Term Fiscal Strategy based on a sectoral approach	Ministry of Finance/ Budget and Funds Department	2025	/	/		Ongoing implementation. The 2023-2025 Fiscal Strategy of the Republic of North Macedonia (with prospects until 2027) aimed at undertaking activities, which contribute to improving the medium-term planning, includes new tables and charts for the Central Budget and local government budget, as well as data on projects financed with IPA funds. The following is presented: Main financial indicators for public enterprises and fully state-owned companies (Denar million), PROJECTED TOTAL REVENUES AND EXPENDITURES IN PEs and JSCs in the period 2022-2027, and tables for comparison purposes with the revised 2022-2026 Fiscal Strategy.				
	2.Improving planning through tools- baseline scenario and new initiatives	Ministry of Finance/ Budget and Funds Department	2025	/	/		Completed. Ministry of Finance, collects, on continuous basis, data on the baseline scenario and new initiatives, as a basis for preparing the maximum expenditure ceilings set under the Fiscal Strategy of the Republic of North Macedonia and the Budget Circular.				
	3.Strengthening medium-term planning at public enterprises and companies at central level	Ministry of Finance/ Budget and Funds Department	2025	/	/		Ongoing implementation. In April, circular letter was submitted to all public enterprises and state-owned companies at central level, requiring data on the financial operations of these entities in the period 2022-2027, to the end of their consolidation and presentation in the Fiscal Strategy of the Republic of North Macedonia.				
MEASURE 2: Improved Budget planning and developing measurable performance indicators											
				First line number of budget users and home budget users	About 100						
ACTIVITY											
	1.Preparation and implementation of bylaws and several types of classifications - administrative / organizational, economic, program, functional and classification of sources of funding	Ministry of Finance	2025	/	/		Not commenced. Activity is included in the new Organic Budget Law. Its realisation will start by implementing the new Organic Budget Law, which is in a parliamentary procedure. At the same time, additional indicators for monitoring the results are introduced in the 2022 Budget. At the same time, trainings for preparing bylaws are being carried out under the IPA Project.	Adoption of the new Organic Budget Law			
	2.Developing and monitoring of performance indicators in the implementation of budget policies	Ministry of Finance/ Budget and Funds Department	2025	/	/		Not commenced. Activity is included in the new Organic Budget Law. Its realisation will start by implementing the new Organic Budget Law, which is in a parliamentary procedure. At the same time, additional indicators for monitoring the results are introduced in the 2022 Budget. At the same time, trainings for preparing bylaws are being carried out under the IPA Project.	Adoption of the new Organic Budget Law			
MEASURE 3: Fiscal consolidation for gradual and sustainable reduction of budget deficit											
				Share of capital in total expenditures	14%						
ACTIVITY											
	1.Reducing the current expenditures in the total expenditure structure by determining spending standards and defined allocation criteria	Ministry of Finance and Government	2025	/	/		Ongoing implementation. As part of the set of anti-crisis measures, cuts have been made at the expenditures for goods and services by 10% at all budget users.				
PRIORITY 2: Strengthened Public Investment Management											
				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).	/						
MEASURE 1: Planning sustainable Levels of Investment											
				Average effectiveness score of institutions 2, 3 and 6 of PIMA	/						
ACTIVITY											
	1.Strengthen the role, the supporting legal framework and the institutional set up of the MoF in PIM system	MoF	Q4/2025	/	/		Ongoing implementation. For the purpose of strengthening the role, the supporting legal framework and the institutional setup of MoF in the PIM system, draft internal acts on MoF organisational setup and systematisation have been prepared, aimed at establishing a new Public Investment Management Department.	Following the adoption of MoF's organisational setup and systematisation acts, activities will commence aimed at equipping the Public Investment Management Department, developing methodological acts and training for MoF professionals on project appraisal and review of preinvestment studies.New acts on organizational set-up and systematization of the MoF are expected to be adopted by the end of October or beginning of November 2022.			

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PRIORITY									
Measure						Completed	Ongoing implementation	Not commenced	
Activity									
MEASURE 2: Improved project appraisal, selection and allocation of resources for capital investments				Average effectiveness score of institutions 4 and 10 of PIMA	/				

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PRIORITY									
	Measure					Completed	Ongoing implementation	Not commenced	
	Activity								
ACTIVITY									
	1. Provide training to professionals of the MoF on project appraisal and review of preinvestment studies	MoF	Q4/2023	/	/	Not commenced. This activity should start upon establishing and staffing the Public Investment Management Department as planned for Q4 2022.			
	2. Develop a general project appraisal methodology and determine shadow prices	MoF	Q4/2023	/	/	Not commenced. This activity should start upon establishing and staffing the Public Investment Management Department as planned for Q4 2022.			
PRIORITY 3: Effective Instruments under the Growth Acceleration Plan				Accumulated public and private investments in millions of euros using the new financial instruments.	Public investments = 800 million euros Private investments = 4039 million euros				
MEASURE 1: Establishment of different funds in the state institutions and development of different financial instruments				Number of established funds in the institutions	6				
	1. Establishment of Hybrid National Green and Digital MSME Fund for start-ups and innovative enterprises	FTD	>2025	/	/	Not commenced.			Establishment of the Fund
	2. Establishment of "Greening Business" Facility	FEZ	>2025	/	/	Not commenced.			Establishment of the Facility
	3. Establishment of Guarantee fund	Development bank	>2025	/	/	Completed. Guarantee fund Facility has been established within the Development Bank of the Republic of North Macedonia.			Calls for proposals
	4. Establishment of Energy Efficiency fund	Development bank	>2025	/	/	Ongoing implementation. Foreign experts are engaged, with the task of offering several alternatives for the establishment of the Energy Efficiency Fund within the DBRNM. Options regarding the establishment of the respective Fund have been presented to the employees with the DBRNM and the MoF. Final option regarding the Fund establishment, will be offered in the course of the second half of 2022.			Establishment of the Fund
	5. Establishment of Research and Development Fund	Development bank	>2025	/	/	Completed. Research and Development Fund has been established within the Development Bank of the Republic of North Macedonia.			Calls for proposals
	6. Establishment of Local and Regional Development Fund	Agency for local and regional development	>2025	/	/	Not commenced.			Establishment of the Fund
MEASURE 2: Strengthening the capacities of various institution				Establishing of new units in the institutions	3				
ACTIVITY									
	1. Establishment of a Delivery unit for infrastructure projects coordination	Government		/	/	Not commenced.			Commencing activities for establishment of a Delivery Unit for infrastructure project coordination.
	2. Establishment of Project Monitoring unit	Government		/	/	Not commenced.			Commencing activities for establishment of a Project Monitoring Unit.
	3. Establishment of a Capacity Building and Training Unit for strengthening management and institutional capacities	NOT SPECIFIED		/	/	Not commenced.			Commencing activities for establishment of a Capacity Building and Training Unit.
PILLAR IV: Public Procurement									
PRIORITY 1: Public Procurement Policy									
				Percentage one bid tenders	/				
				Percentage cancelled procedures	/				
MEASURE 1: Strengthening the institutional capacity				Established new system for education within PPB	Analysis of the system for education within PPB				
				Number of new methodological tools	/				
				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				
				Number of received requests for opinion in relation to implementation of the PPL	≤1580				
				Number of implemented Technical Dialogue (Preliminary market consultation)	400				
ACTIVITY									
	1. Adopting an overall Strategy for improvement of the public procurement system in Republic of North Macedonia 2022-2026	PPB MF; GRNM	Q2 2022	/	/	Completed: The activity is completed. The strategy was adopted with Action plan for 2022 by the Government .			
	2. Improving the cooperation among the key institutions in the public procurement system	PPB	Q4 2025	/	/	Under implementation: Draft memorandums of cooperation have been sent to key institutions.			Coordination between key institutions and signing memorandums of cooperation. It is expected that the advisory group will be officially established in the second half of 2022.
	3. Introducing new system for education within PPB	PPB	Q4 2025	/	/	Under implementation: The analysis is in the final stage.			The concept of certification and re-certification of public procurement officers will be re-examined through the rationalization of the training program and the creation of an improved, expanded and more flexible program. The conducted analysis should allow to continuously increase the knowledge, skills and good practices of the persons who are implementing public procurements
MEASURE 2: Improvements in statistical data and analysis of the open data				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				

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PRIORITY									
	Measure					Completed	Ongoing implementation	Not commenced	
	Activity								
	ACTIVITY								
	1.Improving the statistical database	PPB	Q1 2023	/	/	Completed.The measure and the activity are completed and the target is achieved. The tool for downloading published data from notices of concluded contracts has been installed on the ESPP application, which ensures more transparency and opening of data for further processing by all interested groups such as, participants in public procurement, relevant institutions and the general public.			
PRIORITY 2: Public Private Partnership (PPP)				1)Number of concluded agreements for establishing a publicprivate partnership. 2 Effective and consistent implementation of the obligations of the contracting parties in accordance with the agreements for establishment of publicprivate partnership	/				
	MEASURE 2: Completion of the legal and regulatory framework 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				
	ACTIVITY								
	1.Preparation of the bylaws that will arise from the Law on Public Private Partnership	MoE	2022	/	/	Under implementation. The preparation of the Draft by-laws is underway.			
	2 Adoption of the bylaws that will arise from the Law on Public Private Partnership	MoE	2023	/	/	Not commenced. Realization of this activity depends on the completion of the process of enacting the Law on Public Private partnership. The by-laws will describe in more detail the rules for the Register of awarded contracts for PPP, EESJPP, the criteria for the preparation of projects for PPP, the feasibility study, the contract for PPP , planning, reports, etc. The success of the implementation of this measure depends on the completion of the process of passing the Law.			After the adoption of the Law on Public Private Partnership, 12 by-laws will be adopted by the Minister of Economy and they will be published in the Official Gazette of the Republic of North Macedonia.
PRIORITY 3: Appeal Mechanism				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				
	MEASURE 2: Strengthening the administrative capacity of the SAC			Strengthening the administrative capacity of the SAC through the employment of a sufficient number of qualified experts to work on the tasks of the core competence of the SAC is considered one of the preconditions not only for achieving the required level of efficiency of the SAC, but also for proper functioning of the public procurement in general.	/				
	ACTIVITY								
	1. Development of a new WEB page of the SAC	SAC	2022	/	/	Complete. The new WEB page of SAC was created and put into use at the beginning of the month of February and the novelty in it is that it is possible to search by keyword.			

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PRIORITY									
Measure						Completed	Ongoing implementation	Not commenced	
Activity									
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									
				Annual budget, including climate and gender tagging, prepared and executed through new IFMIS	Дефинирани показатели				
				The required time for the processing of payments through IFMIS and Treasury Single Account interface was reduced (efficiency)	Неколко дена				
				Ratio of budget coverage and comprehensiveness (central government budget managed and reported through IFMIS, %) improved	65%				
				Open Budget Index Score (transparency) increased	/				
MEASURE 1: IFMIS is fully operational to support the implementation of OBL reforms				The stage of IFMIS development and implementation	IFMIS procurement initiated				
				Dedicated OBL Reform Unit established	OBL Reform Unit key staff (4) recruited				
ACTIVITY									
1.Development of IFMIS as an integrated centralized webbased system supporting decentralized operations.		MoF	Q1/2024	/	/	Not commenced. As per the Action Plan, this activity should commence in Q4 2022.			As per the Action Plan, this activity should commence in Q4 2022.
2.Expansion of MoF ICT infrastructure (in line with wholeof- government approach) to host new IFMIS.		MoF	Q1/2024	/	/	Not commenced. As per the Action Plan, this activity should commence in Q4 2022.			As per the Action Plan, this activity should commence in Q4 2022.
3.Capacity strengthening (PFM Reform Unit), training and change management to support OBL reforms and countrywide IFMIS operations.		MoF	Q1/2024	/	/	Ongoing implementation. On 29th June 2022, Decision on Modifications and Amendments to the Decision on Establishment of a Working Group was adopted, for the purpose of undertaking preparatory activities for establishment of IFMIS in MoF, by which this working group was additionally staffed with new members.			In line with the Action Plan, this activity should commence in Q4 2022. Adoption of the Organic Budget Law, being in a parliamentary procedure as of 20th July inclusive, is a precondition for establishment of a Project Unit and a working body for implementation of IFMIS.
PRIORITY 2: Strengthen the Accounting of Budgets and Budget Users									
				Percentage of budget users that apply new accounting practices	0				
MEASURE 1: Strengthening the accounting system by applying of new accounting practices				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				
ACTIVITY									
1. Preparing a Strategy for Improvement of the Budget Institutions's Accounting with a gap analysis, setting priorities and goals and action plan		MoF departments (Financial System, Treasury, Budget	Q2/ 2022	/	/	Not commenced. Preparatory activities for the Strategy for Improvement of Budget Institutions' Accounting have not been commenced, due to which UNDP technical assistance has not been approved yet, with CEF expected to also participate.			Communication with the institutions for speeding up the procedure for approval of funds for this activity.
2. Adopting a new regulatory framework on accounting of budgets and budget users and bylaws		MoF	Q4/2022	/	/	Not commenced. First, it is necessary to adopt the Strategy so as to be able to launch the adoption of the new regulatory framework.			Upon adopting the strategy, preparatory activities for the new regulatory framework will commence.
MEASURE 2: Capacity building of public sector accountants				Number of certified public sector accountants	0				
ACTIVITY									
1. Preparing training and exam curriculum for public sector accountants		MoF	Q2/2023	/	/	Not commenced. This activity will start following the adoption of the Strategy for Improvement of Budget Institutions' Accounting.			
PRIORITY 3: Public Finance Academy									
				Management's perception of whether the Academy adds value to their employees (low, medium or high level of value added perception)	/				
MEASURE 1: Establishment of the Public Finance Academy				Established functional Public Finance Academy in the Ministry of Finance	Employed a total of 5 people				
					Total amended 3 laws in the field of PFM				
				Staffed and equipped Public Finance Academy	Organized 2 trainings /workshops for the employees of the Academy				
ACTIVITY									
1.Creating a legal basis for the establishment and functioning of the Public Finance Academy		MoF	Q4/2025	/	/	Ongoing implementation. Draft internal acts on MoF organisational setup and systematisation have been prepared, to the end of establishing the new organisational unit Public Finance Academy.			Following the adoption of MoF organisational setup and systematisation acts, activities for Academy staffing will commence.
2.Strengthen the human resources capacities of the Public Finance Academy, through staffing, training and equipping		MoF	Q4/2025	/	/	Not commenced.			
MEASURE 2: Development and implementation of a curriculum				Prepared manuals and instructions for work and bylaws	Prepared Manual for organizing and developing trainings				
					Three bylaws prepared				
				Prepared annual work program and curricula	Work program and curricula prepared for 2023				
				Satisfaction of the participants from the conducted trainings (low, medium or high level of satisfaction)	/				

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PERFORMANCE INDICATOR	TARGET FY 2022	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY								
Measure					Completed	Ongoing implementation	Not commenced	
Activity								
			Number of organized trainings	/				

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PERFORMANCE INDICATOR	TARGET FY 2022	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY									
Measure						Completed	Ongoing implementation	Not commenced	
Activity									
	1.Preparation of methodological tools for implementation of the activities of the Public Finance Academy	MoF	Q4/2023	/	/	Ongoing implementation. Draft version of Manual or Training Organising and Developing has been prepared.			Upon establishing the Academy, final version of this Manual will be prepared.
	2.Preparation of an Annual Work program	MoF	Q4/2025	/	/	Not commenced.			
MEASURE 3: Inter-institutional cooperation				Signed cooperation agreements with domestic and foreign institutions	3 contracts				
ACTIVITY									
	1.Establishment of cooperation with domestic and foreign institutions	MoF	Q4/2025	/	/				
PILLAR VI: Public Internal Financial Control									
PRIORITY 1: Financial Management and Internal Control				Percentage of implemented recommendations given during quality checks	0				
MEASURE 1: Establishment of a comprehensive system of financial management controls based on risk management				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				
				Number of institutions in which quality checks have been performed	6				
ACTIVITY									
	1. Preparation of Financial Management and Control Manual and its publication on the Ministry of Finance's website	MoF	Q2/2023	/	/	Ongoing implementation. Draft Financial Management and Control Manual has been prepared.			Prepared/harmonised final versions of the documents for publication on MoF's website, following the adoption of the Law on Public Internal Financial Control System.
	2. Adoption and publication of Guidelines on the Manner of Checking the Quality of Financial Management and Control	MoF	Q1/2023	/	/	Ongoing implementation. Draft Guidelines on the Manner of Checking the Quality of Financial Management and Control have been prepared.			
	3. Strengthen the capacity of the CHU to check the quality of financial management and control	MoF	Q4/2025	/	/	Ongoing implementation. Draft text for the new acts for MoF organisational setup and systematisation has been prepared, to the end of establishing Unit for Quality Check of Financial Management and Control and the Operations of Internal Audit.			Once the acts on organisational setup and organisation are adopted, staffing of this new Unit, will commence.
PRIORITY 2: Internal Audit				Percentage of implemented recommendations given during quality checks	0				
				Number of internal auditors in the Ministries	50				
				Percentage of implemented recommendations	66				
MEASURE 1: Strengthening the quality of work of the internal audit units in the Ministries				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				
				Strengthen the capacities of CHU	Employed a total of 7 people. Trainings 8				
				Number of institutions in which quality checks have been performed	6				
ACTIVITY									
	1. Preparation and approval of "Internal Audit Organization Plan" for all Ministries by the Government	MoF	Q4/2022	/	/	Not commenced. Activities will start in the second half of 2022, i.e. following the adoption of the Law on Public Internal Financial Control System.			Prepared and approved Internal Audit Organisation Plan for all Ministries.
	2. Modifying and amending the Ministries' internal acts for organization and systematization in accordance with the "Internal Audit Organization Plan"	MoF	Q1/2023	/	/				
	3. Strengthening CHU's capacities for checking the quality of operations of the internal audit units	MoF	Q4/2025	/	/	Ongoing implementation. Draft text for the new acts for MoF organisational setup and systematisation has been prepared, to the end of establishing Unit for Quality Check of Financial Management and Control and the Operations of Internal Audit.			Following the adoption of the acts for organisational setup and systematisation, the staffing of this new Unit will commence.
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				Number of conducted performance audits and IT audits	0				
				Signed Charter for conducting IT audits and performance audits with the ministries	16				
ACTIVITY									
	1. Establishment of a Department for Centralized Conducting of IT Audits and Performance Audits	MoF	Q4/2025	/	/	Not commenced.			

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PERFORMANCE INDICATOR	TARGET FY 2022	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY								
Measure					Completed	Ongoing implementation	Not commenced	
Activity								
PRIORITY 3: Financial Inspection								
			Number of employment / promotion of financial inspectors who can independently perform financial inspection	6				
			Number of conducted inspections to control compliance with the provisions of the laws regulating the financial inspection	546				
			Number of received applications/reports	300				
			Amount of funds returned in the Budget of RNM	600 000				
MEASURE 1: Strengthening the institutional basis of the financial inspection function								
			Adopted new Law on financial inspection in the public sector	Adopted new Law on financial inspection in the public sector				
			Granted award for the best inspector in accordance with legally established criteria	Granted award for the best inspector in accordance with legally established criteria				
			Prepared methodological tools for application of analytical and inspection techniques and techniques for financial inspection in public sector	Adopted Procedure for conducting financial inspection with annexes to the procedure				
			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				
			Conducted exam for obtaining a license for financial inspector	1				
ACTIVITY								
	1.Improving the legal framework	MoF	Q4/2022	/	/	Ongoing implementation. Draft Law on Financial Inspection in the Public Sector is in a parliamentary procedure.	Adoption of the Draft Law on Financial Inspection in the Public Sector by the Parliament of the Republic of North Macedonia	
	2. Introducing a system of performance-based annual remuneration for financial inspectors	MoF	Q4/2025	/	/	Not commenced. Adoption of the new Law on Financial Inspection in the Public Sector, pending parliamentary procedure, is a precondition for implementing this activity.	Upon the adoption and the entry into force of the new Law on Financial Inspection in the Public Sector, a system of performance-based annual remuneration for financial inspectors, will be introduced.	
	3.Improved methodologies and systematization (increasing the added value of the financial inspection function)	MoF	Q4/2025	/	/	Ongoing implementation. Methodological tools for application of analytical and inspection techniques and techniques for financial inspection in the public sector have been prepared, there are ongoing preparatory activities for the methodology for gathering and processing statistical data with indicators for monitoring, measuring and evaluating the effectiveness of the financial inspection in the public sector, there are ongoing preparatory activities for amending rulebooks on organisational setup and systematisation of work posts in the MoF, there are no new employments/promotion in the public sector financial inspection and no exam for obtaining a financial inspector license has been conducted.	Preparation of a methodology for gathering and processing statistical data with indicators for monitoring, measuring and evaluating the effectiveness of the financial inspection in the public sector, preparation and adoption of amended rulebooks on organisational setup and systematisation of work posts in the MoF promotion/new employments in the public sector financial inspection, conducting exam for obtaining a financial inspector license.	
MEASURE 2: Strengthening the Capacity of Financial Inspection Human Resources								
			Adopted Program for theoretical training and practical work	Adopted Program for theoretical training and practical work				
			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				
ACTIVITY								
	1.Designing a concept for obtaining a license for financial inspector	MoF	Q4/2022	/	/	Not commenced. Adoption of the new Law on Financial Inspection in the Public Sector, pending a parliamentary procedure, is a precondition for implementing this activity. Programme for Theoretical Training and Practical Work and Programme for Taking and Conducting the Exam for Obtaining a Financial Inspector License, will be prepared within the Twinning Project, starting November 2022.	Following the adoption and the entry into force of the new Law on Financial Inspection in the Public Sector, Programme for Theoretical Training and Practical Work and Programme for Taking and Conducting the Exam for Obtaining a Financial Inspector License, will be adopted.	
	2. Preparing an annual training program for financial inspectors	MoF	Q1/2025	/	/	Completed. 2021-2022 Programme for Training of Financial Inspectors has been prepared, containing detailed review of topics and contents, implementation periods, lecturers from different areas.		

		RESPONSIBLE INSTITUTION	DEADLINE	PERFORMANCE INDICATOR	TARGET FY 2022	PROGRESS OF IMPLEMENTATION OF ACTIVITIES		NEXT STEPS
PRIORITY								
	Measure					Completed	Ongoing implementation	Not commenced
	Activity							
PILLAR VII: External Control and Parliamentary Oversight								
PRIORITY 1: External Audit								
				Established amount of funds that have not been paid in the Budget of RNM	≥ 8.100 EYP			
				Established amount of funds in awarding public procurement contracts where irregularities have been identified with the audits	≥ 9.800 EYP			
MEASURE 1: Strengthen the legal framework for external audit								
				Strengthen constitutional, financial and operational independence of the SAO	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			
ACTIVITY								
	1. Initiating constitutional changes to achieve constitutional independence of the SAO in accordance with the principles, standards and guidelines of INTOSAI	Q4/2025	SAO	/	/	Under implementation. Draft amendments have been prepared within the Twinning Project for amending and supplementing RNM Constitution aimed at regulating SAO as a constitutional category.		Expecting procedure for adoption of constitutional amendments to be initiated by the Parliament.
	2. Strengthening external audit legal framework aimed at strengthening financial and operational independence of SAO in line with INTOSAI principles, standards and guidelines	Q4/2022	SAO	/	/	Under implementation. Draft State Audit Law has been prepared within the Twinning Project. In 2022, opinion on the draft law has been provided from the twinning partners - SAI of Croatia and SAI of Bulgaria, as well as from DG Budget. Auditor General has handed over the Draft State Audit Law to the authorized proposer i.e. the Ministry of Finance for further action.		Expecting procedure for adoption of the Draft State Audit Law by the Parliament.
MEASURE 2: Strengthening the institutional capacity and human resource capacities of the SAO								
				Percentage of implementation of the SAO Development Strategy 2022- 2026	Percentage of implementation of the SAO Development Strategy 2022 – 2026 20%			
				Percentage of audit scope of total public expenditures	≥59%			
				Perception of stakeholders on SAO value added	Percentage of positive perception of stakeholders on SAO value added ≥70%			
ACTIVITY								
	1. Preparation of new and improved strategic, planning and methodological acts of the SAO	SAO	Q4/2025	/	/	Under implementation. Within the Twinning project, draft SAO Development Strategy 2023-2027 has been prepared, as well as new SAO methodology acts. Other methodology acts will be prepared in cooperation with other SAIs and international organizations in the upcoming period.		New SAO Development Strategy is expected to be adopted in Q4/2022. The remaining methodology acts will be prepared in accordance with SAO strategic and planning documents.
	2. Strengthen the capacity to conduct audits	SAO	Q4/2025	/	/	Under implementation. Activities for strengthening audit capacities have been carried out in accordance with SAO Annual Plan for continuous professional development for 2022 and SAO Strategy for the Development of Human Resources 2021-2023.		Activities for further strengthening of audit capacities are expected to be carried out in accordance with SAO strategic and planning acts.
	3. Increasing the visibility of the SAO and communication with the stakeholders	SAO	Q4/2025	/	/	Under implementation. Activities for increasing SAO visibility and communication with stakeholders have been carried out in accordance with SAO Communication Strategy 2020-2023. During 2022, new internal procedures have been adopted for timely and improved presentation of audit activities and results as well as for improvement of SAO internal and external communication.		Activities to further increasing of SAO visibility and communication with stakeholders will be carried out in accordance with SAO Communication Strategy 2020-2023 and planned project activities.
PRIORITY 2: Parliamentary oversight								
				Percentage of external audit recommendations for which corrective measures have been taken	≥70%			
MEASURE 1: Establishing mechanism for reviewing audit reports and measures taken upon audit recommendations by the Assembly of RNM								
				Number of audit reports submitted and scrutinized by the Assembly	/			
ACTIVITY								
	1. Signing of a Memorandum of Cooperation between the Assembly of RNM and SAO	SAO	Q4/2022	/	/	Under implementation. Memorandum of Cooperation has been prepared. Signing of the Memorandum is expected in Q4/2022. To sign the Memorandum of Cooperation sooner, in June 2022 high-level delegations of SAO of the Republic of North Macedonia and SAO of the Republic of Croatia participated in a working meeting with the President of RNM Assembly.		Signing of Memorandum of Cooperation between the Assembly of RNM and SAO.
	2. Preparation of procedures in the SAO and the Assembly of RNM for submission and review of audit reports and other documents	SAO	Q4/2022	/	/	Under implementation. SAO and RNM Assembly have prepared procedures for submitting and reviewing audit reports and other documents. The procedures will be final once they are approved by the Assembly after signing of the Memorandum of Cooperation and harmonizing the contents of the procedures with the contents of the Memorandum.		Expecting approval of procedures by the Assembly.
MEASURE 2: Strengthening the institutional capacities for reviewing 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			
ACTIVITY								
	1. Preparation of amendments to the existing Manual "Introduction to Audit Reports"	SAO	Q4/2022	/	/	Under implementation. New Manual titled "The role of the State Audit Office and the Assembly in strengthening efficiency in public finance management" has been prepared. It will be final once it is approved by the Assembly after signing of the Memorandum of Cooperation and harmonizing the contents of the Manual with the contents of the Memorandum.		Expecting approval of the Manual by the Assembly.
	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	SAO	Q2/2022	/	/	Not commenced. The activity will be implemented after the signing of the Memorandum of Cooperation.		Preparing a Plan for training of MPs and Assembly administration to facilitate understanding of audit reports and preparing for a debate on audit reports.
	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	SAO	Q4/2025	/	/	Not commenced. The activity will be implemented after the signing of the Memorandum of Cooperation.		New SAO Development Strategy is expected to be adopted in Q4/2022. The remaining methodology acts will be prepared in accordance with SAO strategic and planning documents.
	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	SAO	Q4/2025	/	/	Not commenced. The activity will be implemented after the signing of the Memorandum of Cooperation.		Initiating activities for strengthening cooperation with the Finances and Budget Committee, the Parliamentary Institute of RNM Assembly and the Parliamentary Budget Office of RNM Assembly.

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PERFORMANCE INDICATOR	TARGET FY 2022	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY									
	Measure					Completed	Ongoing implementation	Not commenced	
	Activity								
PILLAR VIII: PFM at Local Level									
PRIORITY 1: Fiscal Decentralization									
				percentage of increased municipal revenues compared to 2020	15%				
				percentage of VAT which is transferred to the municipalities as a grant	5%				
				percentage of the collected personal income tax which is transferred to the municipalities	4%				
MEASURE 1: Improving fiscal capacity and increasing municipal revenues									
				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				
				Revised Property Tax law	Report with analysis for amendments to the Property tax law				
				Number of new own revenues	/				
				Number of revised decrees on block grants, earmarked grant and New Decree/s for distribution of capital grants	Two new decrees for block grants				
ACTIVITY									
	1. New / revision of the Law on Financing Local Government Units	MoF - Budget and Funds Department	Q4/2024	/	/	Not commenced. This activity will not be implemented in 2022, taking into account that its implementation should be preceded by adoption of the new Organic Budget Law by the Parliament of RNM. This activity is planned to provide for harmonisation of the Law on Financing the Local Government Units with the provisions of the new Organic Budget Law.			Upon adopting the new Organic Budget Law, activities will be commenced, pertaining to adoption of the new Law on Financing Local Government Units. In the upcoming period, existing Law on Financing Local Government Unit will be assessed with UNDP technical assistance.
	2. Increasing the own revenues of the municipalities, increasing the funds allocated to the municipalities from the Central Budget and introducing criteria for good performance and equalization	MoF - Budget and Funds Department MoF - Tax and Customs Policy Department	Q4/2025	/	/	Ongoing implementation. Excel tool for distribution of VAT grant funds has been prepared, as well as new text of the Decree on Distribution of Value Added Tax Revenues. In addition, municipal revenues increased, taking into account the recent amendments to the Law on Property Taxes, pertaining to property tax rates, whereby base property tax rates have not been changed, but rather the property tax rate has been increased for real estate not used or leased for more than six months in the course of the year by its owner, as well as in case the owner fails to declare whether the real estate is used or not. Legal amendments have been applied since 1st January 2022.			Adoption of the Law on Modifications and Amendments to the Law on Financing Local Government Units and adoption of new Decree on Distribution of Value Added Tax Revenues.
	3.Revision of the criteria for allocation of block and earmarked grants and determination of criteria for allocation of capital grants	MoF - Budget and Funds, MoES, MLSP, MoCult, MoDef, other ministries and institutions,wherefrom capital grants are transferred	Q4/2025	/	/	Ongoing implementation. In cooperation with the competent ministries, wherefrom block and earmarked grants are transferred, opportunities for amending the criteria are being considered, as per which, these funds are distributed by municipalities.			Under UNDP technical assistance, comparative analysis will be carried out with some of the neighbouring countries and EU Member States for distribution of capital transfers and Decree on Distribution of Capital Grants will be prepared.
MEASURE 2: Regional and local development									
				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				
ACTIVITY									
	1. Establishment of the Agency for Regional and Local Development and achieving balanced regional development	Ministry of Local Government	Q4/2024	/	/	Ongoing implementation. Working Group for preparation of legal solutions for establishment of Agency for Regional and Local Development has been set up, comprising representatives from the Ministry of Local Government, Ministry of Finance, Bureau for Regional Development, Cabinet of the Deputy Prime Minister in charge of Economic Affairs, Ministry of Justice, Ministry of Political System and Community Relations, Ministry of Information Society and Administration and Association of the Local Government Units. To the end of supporting the working group, technical assistance was required from USAID, call for selection of expert was published by USAID, for the purpose of providing technical assistance for the needs of the Ministry of Local Government aimed at preparing models for transformation of the Regional Development Bureau.			In the coming period, following the selection of the expert, it is expected to analyse the proposed models, hold consultations with all stakeholders as regards the proposed models and select the feasible model.

PILLAR	RESPONSIBLE INSTITUTION	DEADLINE	PERFORMANCE INDICATOR	TARGET FY 2022	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY								
	Measure				Completed	Ongoing implementation	Not commenced	
	Activity							
PRIORITY 2: Financial Discipline, Transparency and Accountability at the Local Level								
			percentage of reduction of the amount of due unpaid liabilities in the current year compared to 2020 (the year taken as a baseline)	10%				
			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	200%				
MEASURE 1: Increasing the financial discipline								
			Percentage of realized revenues in relation to the planned ones during the current year	75%				
			percentage of share of capital expenditures in relation to the total expenditures in the current year	25%				
			percentage of share of local revenues in gross domestic product (GDP)	5,8%				
			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				
ACTIVITY								
	1.Realistic planning of the revenues and expenditures of the municipalities	MoF - Budget and Funds Department	continuously	/	/	Ongoing implementation. Draft Law on Modifications and Amendments to the Law on Financing Local Government Units is in a parliamentary procedure. It will provide for more realistic planning of the municipal budget, whereby the 30% is again reduced to 10%, however, in case the collection of own revenues of municipalities' core budget, as of the third quarter inclusive, accounts for more than 75%, they are given the opportunity to further increase the projected revenues to a maximum of 20%. During this period, LGUs budgets are regularly monitored and controlled if they are prepared in line with the existing legal regulations.	Upon adoption of the Law, provisions pertaining to the projecting of municipal revenues, will be implemented. Continuous monitoring of the real planning of LGUs' budgets will be pursued.	
	2.Rationalization of operations and reduction of unnecessary expenses	MoF - Budget and Funds Department	continuously	/	/	Ongoing implementation. Earmarked spending of funds and reduction of non-productive expenditures, is monitored.	The obtained results will continue to be monitored and analysed.	
	3.Analysis of the liabilities of the municipalities, declaring financial instability and taking measures for financial consolidation	MoF - Budget and Funds dept., International Financial Relations and Public Debt Management dept.	continuously	/	/	Ongoing implementation. Arrears reported in the Electronic System for Reporting and Recording of Liabilities - ESRRL are monitored, revenue performance and expenditure execution of the municipalities, arrears and fulfillment of the requirements for declaring financial instability, as well as borrowing by the municipalities, are monitored quarterly.	The obtained results will continue to be monitored and analysed.	
MEASURE 2: Increasing the transparency and accountability throughout the operations of the municipalities								
			Number of supervisions conducted by the Financial Inspection in public sector entities at local level	273				
			Number of reports with data on revenues and expenditures of 81 municipalities on a quarterly basis	4				
			Number of reports with of data on due and unpaid liabilities from the ESPEO system of 81 the municipalities	4				
ACTIVITY								
	1.Increasing control by the state	MoF Department for Public Sector Financial Inspection and Coordination for combating fraud against EU Funds	continuously	/	/	Ongoing implementation. To the end of strengthening the control by the government, in the period January - June 2022, out of total of 179 inspections carried out by the Public Sector Financial Inspection Department, 86 inspections were carried out and 93 inspections are ongoing at local public sector entities.		
	2.Improving the transparency and timely informing the broader public about the operations of the municipality	MoF - Budget and Funds Department	continuously	/	/	Ongoing implementation. Data on revenue performance and expenditure execution of the municipalities and arrears from the Electronic System for Reporting and Recording Liabilities for Q4 2021 and Q1 2022, draft 2021 Annual Budget Report, including 2021 Annual Municipal Budget Reports, are published on MoF's website. With UNDP support, financial indicators from the periodic financial reports of around 30 municipalities are published on municipalities' and MoF's website.		