REPUBLIC OF NORTH MACEDONIA

BUILDING EFFECTIVE, TRANSPARENT AND ACCOUNTABLE PUBLIC FINANCIAL MANAGEMENT INSTITUTIONS IN NORTH MACEDONIA

STAKEHOLDER ENGAGEMENT PLAN (SEP)

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Stakeholder Engagement Plan

Abbreviation	Full word
EU	European Union
PFM	Public Finance Management
OBL	Organic Budget Law
E&S	Environment and Social
MoF	Ministry Of Finance
PRO	Public Revenue Office
DPM	Deputy President of the Government in charge of economic affairs, coordination of economic sectors and investments
PIU	Project Implementation Unit
IFI	International Finance Institutions
WB	World Bank
ESS	Environmental and Social Standards
ESF	Environmental and Social Framework
GRM	Grievance Redress Mechanism
COVID – 19	Coronavirus Disease (2019)
IFMIS	Integrated Financial Management Information System
POM	Project's Operational Manual
SEP	Stakeholder Engagement Plan
PAP	Project Affected Parties
OIP	Other Interested Parties
CSO	Civil Society Organization
GoNM	Government of North Macedonia
CRM	Compliance Risk Management
DIAMOND	Development of Implementation and Monitoring Directives
DRC	Disaster Recovery Center
GRS	Grievance Redress Service
ICT	Information and Communication Technologies
IFC	International Finance Corporation
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession
IPF	Investment Project Financing
IT	Information Technology
ITIS	Integrated Tax Information System
MDC	Main Data Center
OECD	Organization for Economic Cooperation and Development
PPP	Public-Private Partnership
SAMIS	State Aid Management Information System
TADAT	Tax Administration Diagnostic Assessment Tool
UK	United Kingdom
USAID	United States Agency for International Development
VAT	Value-Added Tax
MISA	Ministry of Information Society and Administration
MoI	Ministry of Interior
MoIS	Ministry of Information Society
FATCA	Foreign Account Tax Compliance Act
FAD	Fiscal Affairs Department
JSC	Joint Stock Company
ZELS	Association of local-self-government units of North Macedonia
IBRD	International Bank for Reconstruction and Development

Stakeholder Engagement Plan

1. INTRODUCTION/PROJECT DESCRIPTION

1.1. Background and Project Challenges

The Republic of North Macedonia is a small upper-middle-income country in the Western Balkans that aspires to achieve the living standard of the European Union (EU). North Macedonia's population, about 2 million, is aging and prone to emigration. Nearly 25 percent of the population lives in the capital, Skopje, and close to 40 percent live in rural areas. In 2019, North Macedonia's gross domestic product (GDP) per capita was US$6,042, about one-sixth of the average for EU member states. Its GDP per capita in purchasing power standards stood at EUR11,530 in 2018, 39 percent of the EU-27 average.

The outbreak of the COVID-19 pandemic swiftly plunged the country's economy into the deepest recession in almost three decades. The pandemic has had an adverse effect on fiscal accounts and public debt. Private consumption, the main driver of growth in the past, experienced a marked decline of 5.6 percent year over year as a result of containment measures and low consumer confidence. Investments also declined by more than 10 percent on average, and external demand plummeted. An increase in government consumption by over 10 percent partly alleviated the decline as the fiscal stimulus ramped up to protect jobs and firms. Except for agriculture, information and communication, and real estate, all other sectors declined. This has led to a fall in employment, although government response measures partially alleviated the crisis impact.

Over recent years, slow economic growth and inconsistent fiscal policies have adversely affected North Macedonia's fiscal outcomes, and it is currently facing important challenges in bolstering the economy's resilience to external shocks. Public investment faces important challenges, related to both the quality and efficiency of expenditures as well as in the utilization of allocated resources.

Other challenges associated with overall fiscal governance and public financial management include a missing link between strategies/policies and prioritization of budget allocations; the prevalence of extrabudgetary units that impact the comprehensiveness of the budget; difficulties in producing credible medium-term fiscal targets; the existence of only basic notions of program budgeting; the lack of a developed system for monitoring fiscal risks and contingent liabilities; etc.

Furthermore, the country currently lacks the legal framework (the existing budget law does not include gender budgeting) to integrate gender into budgeting decisions, an important input for generating data and analytics to support informed dialogue on opportunities for gender inclusion. Also, due to its slow systemic institutional response for action, North Macedonia's economy is vulnerable to the impacts of climate change.

The lack of an integrated financial management information system (IFMIS) also poses important challenges, including inefficiencies in the processing of payments for invoices; current manual processes create significant delays in many sectors (in some instances, these delays are longer than a month). Efforts to manage state aid programs are also complicated by the lack of a central registry, standard reporting, or data exchange mechanisms to be used by the Commission for Protection of Competition (CPC) to monitor the status of such programs.

North Macedonia needs to accelerate structural reforms that will boost productivity and strengthen investors' confidence over the medium term. Governance reforms, including public finance management, are part of the government's reform agenda, and infrastructure, both publicly and privately funded,

remains a priority.

1.2. Project Description

1.2.1. Project Objectives

The main project objective is to improve the efficiency, transparency and sustainability of public expenditure and increase the effectiveness of revenue administration in the country.

Also, specific objectives that project aims to achieve, are the following:

- Reduction of the rate of accumulation of new central government arrears (efficiency)
- Increased comprehensiveness of publicly published general government reporting that includes critical extra-budgetary funds in line with the new OBL-Organic Budget Law[1] (transparency)
- Climate change considerations integrated into project screening (sustainability)
- Reduction in VAT compliance gap (effectiveness)

1.2.2. Project Components

Project will include the following components and sub-components:

Component 1: Supporting Public Expenditure Management Reforms

The objective of Component 1 is to support the implementation of PFM reforms by strengthening institutional capacity and improving the processes and technology platforms in line with the new OBL, including the introduction of an IFMIS, SAMIS and other GovTech solutions[2] in North Macedonia. These activities are key to establishing the foundations for the implementation of the OBL and improving the efficiency, transparency and sustainability of public expenditure, including impacts upon the accumulation of government arrears through coverage of expenditure cycle from budget formulation and expenditure commitment to expenditure verification and payment. In order to more tangibly demonstrate the impact of these reforms, during preparation, pilot ministries in which the implementation of public expenditure management reforms can be tested and highlighted will be selected.

> ***Subcomponent 1.1 - Implementation of adjustments to legal frameworks:*** This subcomponent will provide support for the design and implementation of the public financial management legal framework, and its associated public sector processes, through:
>
> (a) Support to the design and implementation of regulations and guidelines related to OBL, including the fiscal risk management framework, the public accounting and reporting framework, and new budget classifications including program-based budgeting – and within that, climate-sensitive and gender-informed budgeting to facilitate the tagging of and reporting on of such expenditures – informed by citizen engagement and within the framework set forward by the OBL; and

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[1] **Organic Budget Law** is specifying the schedule and procedures by which the budget should be prepared, approved, executed, accounted for, and final accounts submitted for approval.

[2] ***GovTech*** is a whole-of-government approach to public sector modernization that promotes simple, efficient, and transparent government, with citizens at the center of reforms.

(b) updating the legal framework for PIM ; and preparation of procedures for standardization of planning and coordination at the sectoral and cross-sectoral levels, the national infrastructure strategy, and guidelines and manuals for , preparing, and implementing public investment projects both for the MoF and other public agencies,, all of which should integrate a climate-informed perspective informed by citizen engagement in areas such as project screening, appraisal and evaluation of climate change impacts and climate induced risks; establishing and implementing climate-related disaster resilience standards, energy efficiency and greenhouse gas emission standards for public infrastructure; and vulnerability and physical risk assessment of public infrastructure assets, and identification of critical infrastructure.

Subcomponent 1.2 – Development of GovTech Solutions to Support PFM Reforms: This subcomponent will contemplate support to the development of key GovTech solutions needed to operationalize the new OBL, including the strengthening of expenditure verification (including commitment controls) and payment, as well as the new/enhanced PFM processes. In particular, it includes:

(a) development of an IFMIS for the central and local governments based on a cost-effective custom application software, including capabilities for climate and gender tagging expenditures informed through support to climate-sensitive budget tagging under Subcomponent 1.1(a), a data warehouse and interfaces with other government systems, as well as a PIM module,

(b) installation of IFMIS hardware in the existing MoF Main Data Center (MDC) and the shared Disaster Recovery Center (DRC) operated by the Ministry of Interior (including energy efficient hardware and engineering systems) as part of the IFMIS development contract,

(c) the implementation of digital citizen engagement (CivicTech) solutions to improve budget transparency and accountability, and

(d) establishment of secure backup network connections between the MDC and DRC.

Subcomponent 1.3 – Development of State Aid Management Information System: This subcomponent will support the development of a new State Aid Management Information System (SAMIS), which will be used by all state aid providers, to improve the CPC's institutional capacity to effectively manage state aid and increase internal and external transparency and accountability for the monitoring and evaluation of state aid. It includes:

(a) development of SAMIS as a custom software to automate state aid program management through an integrated platform linked with other government systems; and

(b) capacity building in state aid providers for effective use of the new system and improving the publication of public data on available state aid.

Subcomponent 1.4 – Institutional Structures and Enabling Environment - This subcomponent will contemplate support to the new institutional structures needed for the implementation of the OBL and create a supportive enabling environment to ensure the success of the new model. In particular, it includes:

(a) advisory support to new MoF Working Body during the procurement and implementation of IFMIS solution to ensure that the new system meets the functional and technical

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requirements and the MoF specialists are trained as necessary to take over the system management roles;

(b) strengthening of the business continuity model through the development of a business continuity plan and disaster recovery skills that contemplates consideration of climate change associated vulnerabilities; and

(c) capacity building activities to, inter alia, (i) assist the MoF in introducing PFM reforms, the OBL, and IFMIS capabilities, (ii) provide training support for the line agencies to implement the new PFM requirements, including the new climate informed methodologies, (iii) carry out other relevant training and awareness raising activities related to implementation of the OBL; and (iv) support capacity building on PIM, including PPP related capacities.

Component 2: Strengthening Tax Administration Practices and Systems in PRO

The objective of Component 2 is to strengthen operational effectiveness of PRO operations with focus on strengthening its tax compliance management system and selected management functions. It will finance selected activities that are complementary to the PRO's ongoing investments in the development of the core modules (Registration, Filling and Service Management, Accounting, Payments, and Refunds, Debt management, Assessments, Legal, and Audit) of the Integrated Tax Information System (ITIS) being undertaken under the national budget.

Subcomponent 2.1 - Improvements in the effectiveness of revenue management: This subcomponent will provide capacity building activities critical for the implementation of an effective tax compliance management system which will, among others, contribute to the reduction of the VAT compliance gap, including:

(a) implementation of a compliance risk management framework including enhanced enforcement mechanisms, tax audit, and risk analysis;

(b) the development of methodologies and tools to strengthen the tax administration capacity in functional areas, including, among other things, taxpayer registration, tax return and payment processing (including VAT reporting and refund process); the adjustment and improvement of periodic taxpayer surveys on experiences with taxpayer services; and the development of feedback mechanisms and smart apps to support citizen engagement related to revenue administration;

(c) support to the strengthening of the Large Taxpayer Office through capacity building and advisory work;

(d) implementation of international conventions and agreements for more effective tax collection; and

(e) support for the modernization of taxpayer services to increase taxpayers' voluntary compliance, through support for the enhancement of e-Tax / e-Services portal and additional online capabilities to support citizen engagement in the tax domain through feedback mechanisms and smart apps (e.g., human-centric design, universal / omnichannel access / sentiment analysis / smart apps for access, etc.). This will be done by taking into account the personal data protection and privacy regulations including the EU's General Data Protection Regulation framework.

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Subcomponent 2.2 - Enhancing and expanding PRO's tax revenue management information systems (ITIS): This subcomponent will support the ongoing modernization of the PRO's tax revenue management information system through a series of complementary activities that serve as a critical foundation to efforts to increase the effectiveness of revenue administration:

(a) advisory support for the preparation of detailed functional/technical requirements and bidding documents (including cost/duration estimates) to support the implementation of above activities (DW/BI software and hardware, data center equipment and the establishment of PRO call center);

(b) support to the implementation of new Data Warehouse (DW) for online analytical processing, statistics and reporting through the procurement of related software and hardware;

(c) development of business intelligence (BI) tools (software solutions) for compliance risk management, and decision-making support;

(d) support for the establishment of PRO combined call center/help desk; and

(e) based on the conclusions of the recent technical assistance activities reviewing the ITIS's capabilities, installation of additional servers, data storage units, replication systems and other solutions needed for the implementation of new ITIS modules (including the e-invoicing module being developed by the PRO and expansion of ITIS operations in the existing PRO data center, as well as the new shared DRC operated by the Ministry of Interior and hardware for additional ITIS modules could also be included; and

Subcomponent 2.3 - Strengthening of PRO management functions: This subcomponent will support the strengthening of the PRO's management functions through:

(a) support to the adoption of new human resource management procedures;

(b) increasing PRO's analytical capacity for proper segmentation of taxpayers, revenue forecasting and monitoring and evaluation;

(c) adoption of a modern information governance structure and procedures;

(d) support the implementation of innovative tax compliance approaches implemented by the PRO Center for Excellence through capacity building and advisory work; and

(e) capacity building activities to, inter alia, (i) support the PRO with adequate internal communication strategies, (ii) provide coaching and facilitation support to the PRO's implementation teams, (ii) develop strategies to help the PRO introduce the use of business intelligence data, and (iii) carry out other relevant training and awareness raising activities related to PRO investments, including on data recovery and back-up plans to prevent data loss and increase resilient design for server systems and data centers against climate vulnerabilities. In all these trainings, a gender balance will be taken into account.

Component 3: Supporting Change Management, Donor Coordination and Project Management

The objective of Component 3 is to build ownership and catalyze action for reforms by providing ongoing and continuous support to the implementation of work under Components 1 and 2 through activities focused on change management, stakeholder engagement, and reform management based on a change management plan (to be developed under the Project). Increased ownership and a focus on results will contribute to addressing current challenges in inter-institutional coordination; state-society relations; and

institutional capacity constraints; all of which have the potential to hinder the implementation of planned public expenditure and revenue management activities. This component will support change management activities for improved organizational learning, facilitating collaboration on key areas of the reform, including on associated cross-cutting issues linked to the country's priorities in areas such as climate change and gender equality, and the achievement of results. It will take an adaptive management approach by instituting learning by employing methods with strong stakeholder feedback loops. The adaptive management approach will also ensure flexible and responsive capacity development support that can be adjusted over time.

Sub-component 3.1 Operationalization of change management for improved stakeholder engagement and communication. This sub-component will cover:

(a) development of change management strategies for stakeholder engagement with integrates communication strategies for OBL, SAMIS and PRO activities targeted at stakeholders within and outside of the Government, including direct support to senior management and the establishment of an advisory body focused on the PFM reform agenda including civil society organizations, taxpayers' associations and private sector stakeholders, and awareness raising on the Project's actions to support climate change mitigation and adaptation through support to climate-sensitive budgeting and public investment management;

(b) implementation of change management and communication plans developed under Subcomponent 3.1.(a), including mass and social media support for communications with taxpayers and broader citizens;

(c) technical assistance for workshops and team-based coaching support to support the uptake of technical training and upgrading of the leadership competency framework; and

(d) facilitation support for change management interventions that develop high performance teams within the MoF, Cabinet of the DPM within the General Secretariat of the Government and PRO to bridge implementation gaps and strengthen incentives and momentum for reforms through the definition and communication of strategic short-term results.

Sub-component 3.2 Staffing and operation of a Project Implementation Unit. This subcomponent will support the staffing (including focal points for change management and citizen engagement) and the provision of overall support for project coordination and management, including the operation of a Project Implementation Unit within the MoF, and the provision of support for carrying out project audits, as well as technical assistance to the Project Implementation Unit, the PRO Reform team, SAMIS working group and the Steering Committee. The sub-component will also support action to enhance donor coordination to strengthen the efficacy of the program including facilitation support for the development of inter-agency/departmental coordination and consultation mechanisms; technical assistance and facilitation support to associated steering committees and working groups when relevant.

1.2.3. Project Implementation

The key implementing agency of the project is Ministry of Finance (MoF). The MoF will be accountable for the execution of project activities and implementation would rely on its existing structures within MOF,

PRO and Cabinet of the Deputy Prime Minister, with the additional support of a PIU. The PIU will report to the MoF and will be responsible for overseeing day-to-day project management, overall project coordination, monitoring and evaluation, safeguards, fiduciary functions, and reporting in coordination with the Component Managers of IFMIS Working Body, Component Manager of PRO Working Body and Component Manager of DPM Working Body .

The scheme of Project organization can be found in Annex 1.

1.3. Objectives of Stakeholder Engagement Plan

This Stakeholder Engagement Plan (SEP) was developed by the Ministry of Finance of the Republic of North Macedonia in order to clearly communicate to all interested and affected parties of the stakeholder engagement program which is to be implemented throughout the entire Project cycle, on national level.

The objective of this SEP is to improve and facilitate Project-related decision-making and create opportunities for active involvement of all stakeholders in a timely manner, and to provide possibilities for all stakeholders to voice their opinions and concerns that may influence Project decisions. The purpose of the SEP is, therefore, to enhance stakeholder engagement throughout the life cycle of the Project (consequently, the sub-projects), and to carry out stakeholder engagement in line with the laws of the Republic of North Macedonia, as well as the requirements of World Bank's *Environmental and Social Framework.*

This SEP will be updated as necessary.

2. BRIEF SUMMARY OF PREVIOUS STAKEHOLDER ENGAGEMENT ACTIVITIES

There were numerous dialogues, meetings and consultations that preceded this project and were held with ministries, PRO, governmental agencies, local self-government units and other relevant institutions operating on national and local level.

The following table presents the stakeholder engagement activities held so far with reference to the overall Project.

Table 1: Summary of previous stakeholder engagement activities

Place and type of engagement	Date	Participants	Key issues discussed
Skopje	April 9, 2019	68 participants	IFMIS options
Skopje, Consultation's workshop	June 25, 2019,	47 participants	OBL
Skopje, Consultation's workshop	December 19, 2019,	50 participants	IFMIS requirements
DIAMOND Assessment	June 15 to July 30, 2020	World Bank team	Performed Tax Development of Implementation and Monitoring Directives (DIAMOND) assessment for the PRO,

Place and type of engagement	Date	Participants	Key issues discussed
			highlighting the need for a transformative reform agenda on process reengineering, technical infrastructure, and human resource management areas.
Public Consultation Event	December 4, 2020,	Unknown	OBL
TADAT Performance Assessment	7/12/2020 to 5/02/2021	IMF FAD	Assessment of the system of tax administration of Republic of North Macedonia Tax Administration Diagnostic Assessment Tool (TADAT).
WB Mission (January 25th-February 5th 2021)			
Virtual pre-identification mission	January 25th-February 5th 2021	World Bank team, officials from Treasury, Budget, Information Technology, and International Relations and Debt Management Departments of the Ministry of Finance (MoF), Public Revenue Office (PRO), the Ministry of Information Society and Administration (MISA), the Ministry of Interior (MoI), development partners and other key stakeholders	Identify and discuss the scope and activities to be supported under the proposed new lending operation to finance implementation of the new Organic Budget Law (OBL), including capacity building, the Integrated Financial Management and Information System (IFMIS), strengthening of tax administration functions, and provide additional support during the implementation of the Integrated Tax Information System (ITIS).
Discussions with MoF departments	January 25th-February 5th 2021	World Bank team ,MoF departments	Formulation and agreeance upon proposed action plan for draft regulation for the IFMIS Unit, clarifying the business objectives, organizational structure, staff composition, selection of internal and external experts and other aspects. Discussion for the requirements for the establishment of a Disaster Recovery Center (DRC) to support the MoF's operational needs as a part of the IFMIS implementation with the Ministry of Interior (MoI) officials

Stakeholder Engagement Plan

Place and type of engagement	Date	Participants	Key issues discussed
Meeting and Discussion with MoIS (Ministry of Information Society)	January 25th-February 5th 2021	MoIS, World Bank team	Learn more about the Government Interoperability Platform
Meeting and discussion with MoF Department for Second-Instance Administrative Procedures, Administrative Courts and Claim Collection	January 25th-February 5th 2021	World Bank team, MoF Department for Second-Instance Administrative Procedures, Administrative Courts and Claim Collection	Discuss possible additional functional requirements that can be included in IFMIS design
Meeting and discussion with MoF Tax and Customs Department	January 25th-February 5th 2021	World Bank team and MoF Tax and Customs Department	Discuss their automation and information needs as part of the IFMIS design
Meeting and discussion with Public Procurement Bureau (PPB)	January 25th-February 5th 2021	World Bank team and Procurement Bureau (PPB)	Discussed the upcoming changes in processes and data exchange needs between the IFMIS and the Electronic System for Public Procurement (ESPP) platform managed by the PPB
Meetings and discussion with PRO departments	January 25th-February 5th 2021	World Bank team and PRO departments	Discuss and identify preliminary list of activities that could be supported by the new project. Those activities would complement current initiatives implemented by the PRO including those supported by other development partners (EU and the IMF). Areas that were discussed were: *Tax registration and assessment, Compliance risk management, Tax audit, Taxpayer's services, Human Resources (HR) and training, Strategic Planning and Analysis, Internal Audit, Internal control, Debt Management*
Meetings and discussion with PRO IT Department	January 25th-February 5th 2021	World Bank team and PRO IT Department	Clarify the details of the additional needs to support the ongoing ITIS implementation
Online platform for public for disclosure and review of draft Law versions	26.11.2021	Unknown	VAT tax law *www.ener.gov.mk*

3. STAKEHOLDER IDENTIFICATION AND ANALYSIS

Key stakeholders who are to be informed and consulted about the Project are:

A. Affected or likely to be affected by the project (**Project-affected parties**); and
B. May have an interest in the project (**Other interested parties**).

In order to properly identify Project's stakeholders, a detail analysis of the stakeholders in relation to separate Project's components has been undertaken and the results are presented in the separate sub-chapters (3.1, 3.2, 3.3).

3.1. Affected Parties

Project Affected Parties for this project are Implementing agencies along with their employees, particularly those who will be involved in the project development or project implementation, private and business taxpayers and World Bank. These are presented in the following table:

Table 2: Project Affected Parties

Stakeholders	Appearance within Project Components									Main interests in the Project
Stakeholders	1.1	1.2	1.3	1.4	2.1	2.2	2.3	3.1	3.2	Reasons
Implementing Agencies:										
Ministry of Finances	✓	✓	✓	✓	✓	✓	✓	✓	✓	Successful implementation of the project
Public Revenue Office	✓	✓	✓	✓	✓	✓	✓	✓	✓	Successful implementation of the project
Cabinet of the DPM			✓					✓		Successful implementation of the project
Ministry of Interior (Disaster Recovery Center - DRC)		✓				✓				Successful connection of planned hardware and information infrastructure
Taxpayers:										
Citizens	✓	✓						✓		Successful implementation of the project with visible and measurable results
Companies	✓	✓	✓	✓				✓		Improved tax-collection system and standardized monitoring and control of PRO, relieved of individual biased approach during regular controls
World Bank	✓	✓	✓	✓	✓	✓	✓	✓	✓	Successful implementation and functionality of the project with visible and measurable results and outputs

3.2. Other Interested Parties

Other Interested Parties for this project are Business Associations, Civil Society Organizations, Private Sector Companies, International Donors, Government of the Republic of North Macedonia with its Ministries and other Agencies (and JSCs), as well as trade unions and general public. All are presented in the following table:

Table 3: Other Interested Parties

Stakeholders	Appearance within Project Components									Main interests in the Project
Other Interested Parties	1.1	1.2	1.3	1.4	2.1	2.2	2.3	3.1	3.2	Reasons
Business associations:										
Associations of Taxpayers	✓	✓	✓	✓				✓		Successful implementation of the project
Associations of Accountants	✓	✓		✓				✓		Improved and standardized system of taxes collection and control
Economic Chambers	✓	✓	✓	✓				✓		Successful implementation of the project
CSOs with main activity in:										
Gender Inclusion	✓	✓	✓	✓	✓	✓	✓	✓	✓	Increased Gender Inclusion Effects in the society
Transparency and Fiscal Policy governmental reforms	✓	✓	✓	✓	✓			✓		Successful implementation of the project in all aspects
Taxes and Expenditures	✓	✓		✓	✓			✓		Clearer picture of tax money spendings
Private Sector Companies:										
Consultancy & Advisory		✓	✓	✓	✓	✓	✓	✓	✓	Successful delivery of services and outputs to the Project and to other non-project related work
Media & communication		✓	✓	✓				✓	✓	Successful delivery of services and outputs to the Project
Software development		✓	✓		✓	✓	✓	✓	✓	Successful delivery of services and outputs to the Project
Hardware suppliers		✓				✓				Successful delivery of equipment to the Project
Accountants and Bookkeepers companies	✓	✓	✓		✓	✓				Better understanding of uncertainties in their work related to taxes
Other companies: equipment suppliers and service providers		✓				✓				Successful delivery of equipment, services and outputs to the Project
International donors: EU, EU-IPA, IMF - FAD, EU-IPA, USAID, OECD, SECO (Switzerland), Ministry of Finance of EU countries: (Netherlands, Croatia, Bulgaria, Latvia, Austria), Austrian Development Agency, Agency for European Integration Austria and Other donors	✓	✓	✓	✓	✓	✓	✓	✓	✓	Successful implementation of the Project, without interferences, disruptions and conflicts with their ongoing activities within MoF and PRO
Government of the	✓		✓	✓	✓	✓			✓	Overall successful

Stakeholders	Appearance within Project Components									Main interests in the Project
Republic of North Macedonia with its Ministries and other Agencies /JSCs and ZELS										implementation of the project
Trade unions	✓	✓	✓	✓			✓	✓	✓	Protection of workers
General Public	✓	✓						✓		Successful implementation of the project

3.3. Disadvantaged / Vulnerable Individuals or Groups

Disadvantaged or **vulnerable** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

Disadvantaged/vulnerable individuals and groups are also those who may do not have a voice to express their concerns or understand the impacts of the Project.

The following table describes the needs of the disadvantaged or vulnerable groups.

Table 4: Disadvantaged and vulnerable groups need

Project component	Vulnerable Groups and Individuals	Characteristics/ Needs	Preferred means of notification/consultation	Additional Resources Required
Component 3: Supporting Change Management, Donor Coordination and Project Management				
Sub-component 3.1 *Operationalization of change management for improved stakeholder engagement and communication.*	Unemployed youth, women, people living beneath the poverty line, (IT) illiterate women, Roma etc.	Their voice to be heard and their needs to be taken into account.	Mass media Social media	Translated messages into Roma language Contracting Stakeholder engagement (or Social aspects and services) Professionals or company

3.4. Summary of Project Stakeholder Needs

The following table presents Matrix that will facilitate in determination where to concentrate stakeholder

engagement efforts during project implementation.

Level of Influence

High	Involve/engage	Involve/Engage	Partner
Medium	Inform	Consult	Consult
Low	Inform	Inform	Consult
	Low	Medium	High

Level of Interest

Color-coding	**Engage closely and influence actively:** require regular and frequent engagement, typically face-to-face and several times per year, including written and verbal information
	Keep informed and satisfied: require regular engagement (e.g. every half-a-year), typically through written information
	Monitor: require infrequent engagement (e.g. once a year), typically through indirect written information (e.g. mass media).

The following table summarizes the Stakeholder needs and gives overview of the PAP and OIP needs.

Table 5: Stakeholder needs

Stakeholder Group	Stakeholders sub-Groups	Nature of interest in the project	Interest	Influence
	Project-affected parties			
Implementing Agencies	Ministry of Finances	Interest in project impact on their livelihoods and understanding the compensation procedure	**High**	**High**
	Public Revenue Office	Successful implementation of the project	**High**	**High**
	Cabinet of Deputy Prime Minister	Successful implementation of the project	**High**	**High**
	Ministry of Interior (Disaster Recovery Center - DRC)	Successful connection of planned hardware and information infrastructure	**Low**	**Low**
Taxpayers	Citizens	Successful implementation of the project with visible and measurable results	**Medium**	**Medium**

Stakeholder Group	Stakeholders sub-Groups	Nature of interest in the project	Interest	Influence
	Companies	Improved tax-collection system and standardized monitoring and control of PRO, relieved of individual biased approach during regular controls	**High**	**Medium**
World Bank	World Bank	Successful implementation and functionality of the project with visible and measurable results and outputs	**High**	**High**
Other interested parties				
Business associations	Associations of Taxpayers	Successful implementation of the project	**Medium**	**Medium**
	Associations of Accountants	Improved and standardized system of taxes collection and control	**High**	**Low**
	Economic Chambers	Successful implementation of the project	**Medium**	**Low**
CSOs with main activity in:	Gender Inclusion	Increased Gender Inclusion Effects in the society	**Medium**	**Medium**
	Transparency and Fiscal Policy governmental reforms	Successful implementation of the project in all aspects	**High**	**Medium**
	Taxes and Expenditures	Clearer picture of tax money spendings	**High**	**Medium**
Private Sector Companies	Consultancy & Advisory	Successful delivery of services and outputs to the Project and to other non-project related work	**High**	**Medium**
	Media & communication	Successful delivery of services and outputs to the Project	**Low**	**Low**
	Software development	Successful delivery of services and outputs to the Project	**Low**	**Medium**
	Hardware suppliers	Successful delivery of equipment to the Project	**Medium**	**Low**

Stakeholder Group	Stakeholders sub-Groups	Nature of interest in the project	Interest	Influence
	Accountants and Bookkeepers companies	Better understanding of uncertainties in their work related to taxes	High	Low
	Other companies: equipment suppliers and service providers	Successful delivery of equipment, services and outputs to the Project	Low	Low
International donors	EU, EU-IPA, IMF - FAD, EU-IPA, USAID, OECD, SECO (Switzerland), Ministry of Finance of EU countries: (Netherlands, Croatia, Bulgaria, Latvia, Austria), Austrian Development Agency, Agency for European Integration Austria and Other donors	Successful implementation of the Project, without interferences, disruptions and conflicts with their ongoing activities within MoF and PRO	Low	High
Government of the Republic of North Macedonia with its Ministries and other Agencies /JSCs and ZELS	Government of the Republic of North Macedonia with its Ministries and other Agencies /JSCs and ZELS	Overall successful implementation of the project	High	High
Trade unions	Trade unions	Protection of workers	Low	Low
General Public	General Public	Successful implementation of the project	Medium	Low
Vulnerable/Disadvantaged Groups				
Vulnerable/Disadvantaged Groups	Unemployed youth, women, people living beneath the poverty line, (IT) illiterate women, Roma etc.	To receive information that Macedonian society is improving and public spendings are becoming more transparent and applicable to the citizen's needs. Their voice to be heard and their needs to be taken into account.	Medium	Medium

4. STAKEHOLDER ENGAGEMENT PROGRAM

4.1. Purpose and Timing of Stakeholder Engagement Program

The Stakeholder Engagement Program aims at establishing effective communication channel for interaction with the Project Affected Parties and Other Interested Stakeholders. The SEP should Ensure

meaningful engagement with citizen, disseminate project information and above, all include all stakeholders in the strategy for communication and information disclosure of the project, particularly vulnerable groups.

The stakeholder engagement activities have already included series of engagement activities, but it is expected significant interaction to occur with the start of the project activities.

4.2. Proposed Strategy for Information Disclosure

Table 6: Information disclosure strategy

Project stage	List of information to be disclosed	Methods proposed	Timetable: Locations/ dates	Target stakeholders	Responsibilities
Preparation Phase	Share and exchange of relevant Project information, such as progress reports, exchange of ideas	Online presentation materials. Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Individual and/or group meetings online, or with physical presence Direct email communication	Regular, as the information is updated it is redisclosed	Implementing Agencies	PIU and MoF
	Share and exchange of relevant Project information, such as progress reports, exchange of ideas	Direct email communication Individual and/or group meetings online, or with physical presence	Regularly	World Bank	PIU and MoF
	Project preparation's progress information	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other.	on need bases	Taxpayers	PIU and MoF
	Project preparation's progress information	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other.	information is redisclosed as gets updated	CSOs	PIU and MoF

Project stage	List of information to be disclosed	Methods proposed	Timetable: Locations/ dates	Target stakeholders	Responsibilities
		Direct email communication			
	Project preparation's progress information	Information through tender procedure and contracts. Email communication.	as needed	Private Sector Companies	PIU and MoF
	Project preparation's progress information	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Direct email communication	Regularly	International donors	PIU and MoF
	Project preparation's progress information	Individual and/or group meetings online, or with physical presence Direct email communication	Regularly	Government of the Republic of North Macedonia with its Ministries and other Agencies /JSCs	PIU and MoF
	Project preparation's progress information	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other	Regularly	Trade unions	PIU and MoF
	Project preparation's progress information	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other	update through the channels of communication	General Public	PIU and MoF
	Project preparation's progress information	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official	update through the channels of communication	Vulnerable/Disadvantaged Groups	PIU and MoF

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Project stage	List of information to be disclosed	Methods proposed	Timetable: Locations/ dates	Target stakeholders	Responsibilities
		website, Viber & WhatsApp, other			
Implementation Phase	Coordination, share and exchange of relevant Project information, such as progress reports, exchange of ideas Report on Project Implementation Progress	Online presentation materials. Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Individual and/or group meetings online, or with physical presence Direct email communication	Monthly	Implementing Agencies	PIU and MoF
	Share and exchange of relevant Project information, such as progress reports, exchange of ideas Report on Project Implementation Progress	Direct email communication Individual and/or group meetings online, or with physical presence	Monthly	World Bank	PIU and MoF
	Performing separate surveys with taxpayers (companies and citizens) in order to determine needs and efficiency of proposed project activities and measures. Surveys can also include section satisfaction of implemented measures Implementation of Stakeholder Engagement Strategy Awareness rising campaign	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Direct email communication Individual and/or group meetings online, or with physical presence. Other means.	Defined by separate Task for each subcomponent.	Taxpayers	PIU, PRO and MoF

Stakeholder Engagement Plan

Project stage	List of information to be disclosed	Methods proposed	Timetable: Locations/ dates	Target stakeholders	Responsibilities
	Performing Survey with relevant organizations and holding Focus group discussions in order to determine needs and proposed measures for realization of planned project activities.	Direct email communication Performing Questionnaires and Focus Group discussions Individual and/or group meetings online, or with physical presence Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other platforms in use	During development and implementation of planned Tasks	CSOs	PIU, PRO and MoF
	Bidding documentation and Implementation reports. Knowledge share.	Information through tender procedure and contracts. Monthly reports on progress of works to be submitted by contractors during works performance. Trainings. Individual and/or group meetings online, or with physical presence Email communication.	Upon request or need.	Private Sector Companies (Bidding and Contracting companies)	PIU, PRO and MoF
	Share and exchange of relevant Project information and implementation progress	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Direct email communication	Upon request or need, otherwise, annually.	International donors	PIU, PRO and MoF

Project stage	List of information to be disclosed	Methods proposed	Timetable: Locations/ dates	Target stakeholders	Responsibilities
	Discussion on Project's relevant Laws and bylaws Information exchange during Project implementation Awareness rising campaign	Individual and/or group meetings online, or with physical presence Direct email communication	Monthly.	Government of the Republic of North Macedonia with its Ministries and other Agencies /JSCs and ZELS	PIU, PRO and MoF
	Share of relevant Project information Awareness rising campaign	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other	Bi-monthly	Trade unions	PIU
	Share of relevant Project information Awareness rising campaign	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other	Bi-monthly	General Public	PIU
	Share of relevant Project information	Individual and/or group meetings online, or with physical presence Performing Questionnaires and Focus Group discussions Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other Direct email communication	Defined by separate Task for each subcomponent.	Vulnerable/Disadvantaged Groups	PIU, PRO and MoF

4.3. Proposed Strategy for Consultation

Table 7: Stakeholder engagement strategy

Project Component	Topic of consultation	Method used	Timetable: Location and dates	Target stakeholders	Responsibilities
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.1)	Updating the legal framework for PIM (including bylaws)	Individual and/or group meetings online, or with physical presence Direct email communication	TBC	Government of the Republic of North Macedonia with its Ministries and other Agencies /JSCs and ZELS	PIU, , MoF
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.2)	Bidding documentation and Implementation reports. Knowledge share. Trainings Implementation of digital citizen engagement (CivicTech) solutions	Information through tender procedure and contracts. Direct email communication	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication; Software development; Hardware suppliers;	PIU, , MoF
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.2)	Installation of IFMIS hardware in the existing MoF Main Data Center (MDC) and the shared Disaster Recovery Center (DRC	Direct email communication Individual and/or group meetings online, or with physical presence	TBC	Implementing Agencies (Ministry of interior - Disaster Recovery Center DRC)	PIU, , MoF
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.3)	Development of SAMIS	Direct email communication Individual and/or group meetings online, or with physical presence	TBC	Government of the Republic of North Macedonia with its Ministries and other Agencies /JSCs and ZELS	PIU, , , DPM

Project Component	Topic of consultation	Method used	Timetable: Location and dates	Target stakeholders	Responsibilities
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.4)	Topic?	Direct email communication Individual and/or group meetings online, or with physical presence	TBC	Government of the Republic of North Macedonia with its Ministries and other Agencies /JSCs and ZELS	PIU, MoF.
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.4)	Bidding documentation and Implementation reports. Knowledge share. Trainings	Information through tender procedure and contracts. Direct email communication	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication; Software development;	PIU, MoF
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.4)	Awareness raising activities related to implementation of the OBL Bidding documentation and Implementation reports.	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Direct email communication Individual and/or group meetings online, or with physical presence. Other means.	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication;	PIU, MoF + contractor

Project Component	Topic of consultation	Method used	Timetable: Location and dates	Target stakeholders	Responsibilities
Component 1: Supporting Public Expenditure Management Reforms (Subcomponent 1.4)	Awareness raising activities related to implementation of the OBL	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Direct email communication Individual and/or group meetings online, or with physical presence. Other means.	TBC	All stakeholders	PIU, MoF + contractor
Component 2: Strengthening Tax Administration Practices and Systems in PRO (Subcomponent 2.1)	Awareness raising activities related to implementation of the OBL Bidding documentation and Implementation reports.	Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Direct email communication Individual and/or group meetings online, or with physical presence. Other means.	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication;	PRO

Project Component	Topic of consultation	Method used	Timetable: Location and dates	Target stakeholders	Responsibilities
Component 2: Strengthening Tax Administration Practices and Systems in PRO (Subcomponent 2.1)	Bidding documentation and Implementation reports. Knowledge share. Trainings Capacity building activities, taxpayer surveys on experiences with taxpayer services and development of feedback mechanisms and smart apps	Information through tender procedure and contracts. Direct email communication	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication; Software development; Hardware suppliers; Taxpayers (Companies and Citizens)	PRO and Contractor
Component 2: Strengthening Tax Administration Practices and Systems in PRO (Subcomponent 2.1)	taxpayer surveys on experiences with taxpayer services and development of feedback mechanisms and smart apps	Online tools Direct email communication	TBC	Taxpayers (Companies and Citizens) Business associations CSOs General Public	Contractor and PRO
Component 2: Strengthening Tax Administration Practices and Systems in PRO (Subcomponent 2.3)	Bidding documentation and Implementation reports. Knowledge share. Trainings Capacity building activities,	Information through tender procedure and contracts. Direct email communication	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication; Software development; Hardware suppliers; Other companies: equipment suppliers and service providers	PRO

Project Component	Topic of consultation	Method used	Timetable: Location and dates	Target stakeholders	Responsibilities
Component 3: Supporting Change Management, Donor Coordination and Project Management (Subcomponent 3.1)	Bidding documentation and Implementation reports. Knowledge share. Trainings Capacity building activities, Stakeholder engagement and communication strategies including mass and social media support for communications with taxpayers and broader citizens	Information through tender procedure and contracts. Direct email communication	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication; Software development; Hardware suppliers; Other companies: equipment suppliers and service providers	PIU, PRO, MoF
Component 3: Supporting Change Management, Donor Coordination and Project Management (Subcomponent 3.1)	Implementation of Stakeholder engagement and communication strategies including mass and social media support for communications with taxpayers and broader citizens	Individual and/or group meetings online, or with physical presence Performing Questionnaires and Focus Group discussions Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other. Direct email communication	TBC	All Stakeholders	Contractor, MoF and PRO
Component 3: Supporting Change Management, Donor	Workshops and coaching	Individual and/or group meetings online, or with	TBC	Implementing Agencies (Ministry of interior - Disaster Recovery Center	Contractor, MoF and PRO

Project Component	Topic of consultation	Method used	Timetable: Location and dates	Target stakeholders	Responsibilities
Coordination and Project Management (Subcomponent 3.1)		physical presence Performing Questionnaires and Focus Group discussions Direct email communication		DRC)	
Component 3: Supporting Change Management, Donor Coordination and Project Management (Subcomponent 3.1)	Develop separate strategy for communication and engagement with vulnerable groups. Incorporate the View of Vulnerable Groups	Dedicated small focus group meetings (where possible with physical presence, otherwise online) - Conducting survey (Questionnaires)	TBC	All stakeholders	PIU, PRO, MoF + Contractor
Component 3: Supporting Change Management, Donor Coordination and Project Management (Subcomponent 3.1)	Develop separate strategy for communication and engagement with vulnerable groups. Incorporate the View of Vulnerable Groups	Dedicated small focus group meetings (where possible with physical presence, otherwise online) - Conducting survey (Questionnaires)	TBC	Vulnerable/Disadvantaged Groups	PIU, PRO, MoF + Contractor
Component 3: Supporting Change Management, Donor Coordination and Project Management (Subcomponent 3.1)	Performing separate surveys with different vulnerable groups in order to determine needs and efficiency of proposed project activities and measures. Surveys can also include section satisfaction of implemented measures Implementation of Stakeholder Engagement Strategy	Individual and/or group meetings online, or with physical presence Performing Questionnaires and Focus Group discussions Media/press releases. Online social media (Facebook, YouTube, Instagram), Official website, Viber & WhatsApp, other Direct email communication	TBC	Vulnerable/Disadvantaged Groups	PIU, PRO, MoF + Contractor

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Project Component	Topic of consultation	Method used	Timetable: Location and dates	Target stakeholders	Responsibilities
Component 3: Supporting Change Management, Donor Coordination and Project Management (Subcomponent 3.2)	Bidding documentation and Implementation reports. Knowledge share. Trainings Capacity building activities,	Information through tender procedure and contracts. Direct email communication	TBC	Private Sector Companies (Bidding and Contracting companies) Consultancy & Advisory; Media & communication; Software development; Hardware suppliers; Other companies: equipment suppliers and service providers	PIU, PRO, MoF
Component 3: Supporting Change Management, Donor Coordination and Project Management (Subcomponent 3.2)	Implementation of Project activities. Enhanced donor coordination	Direct email communication	TBC	International donors	PIU, PRO, MoF

4.4. Proposed Strategy to Incorporate the View of Vulnerable Groups

The Project recognizes that vulnerable people require particular consideration, as they might be unable to participate, to the full extent, in the consultation activities, and may also be disproportionately affected by some impacts. The MoF/PIU will closely monitor the consultation process to ensure entree and equal access to the consultation process and to guarantee that their voice is taken into account in order to find and implement solutions to some specific situations or issues.

Table 8: Strategy to Engage Vulnerable Groups

Component	Target Group	Strategy
Implementation Phase		
Sub-component 3.1 Operationalization of change management for improved stakeholder engagement and communication.	Unemployed youth, women, people living beneath the poverty line, (IT) illiterate women, Roma etc.	- Separate, targeted consultations with vulnerable people. - Develop separate strategy for communication and engagement with vulnerable groups. - Engage with local organizations representing the interests of vulnerable groups or individuals, or hire consulting company that will perform planned stakeholder engagement and consultation activities with the vulnerable groups. - Dedicated small focus group meetings (where possible with physical presence, otherwise online) - Conducting survey (Questionnaires) - Employ adequate communication channels tailored to the needs of vulnerable groups (e.g. TV, Radio).

4.5. Timelines

Activities described in this SEP are planned to be performed in the period of 2023-2027.

4.6 Review of Comments

The Project will gather all comments during consultations held as well as during performance of planned surveys, and a Report will be published on annual base (see chapter 7).

The Report will hold information regarding conducted stakeholder engagement activities, stakeholder views and concerns, as well as section on grievance accepted and solved.

This stakeholder engagement report will be delivered to all registered and consulted stakeholders, including vulnerable groups, to voice their views, comments and opinions, prior to its officialization.

The Report will be published on the websites of MoF and PRO, and it will be delivered to vulnerable groups who participated in stakeholder engagement activities and WB.

4.7 Future Project Phases

Throughout the life of the Project, MoF, DPM and PRO, along with PIU, will continue to engage with stakeholders and this Stakeholder Engagement Plan will be updated to reflect Project progress.

All presentation materials, as well as relevant project documentation, will be available on the websites of Ministry of Finance (*www.finance.gov.mk*) and Public Revenue Office (*www.ujp.gov.mk*) during the lifetime of the project.

Any information regarding this project in the implementation phase will be publicized on the MoF and PRO websites, and social media they operate.

5. RESOURCES AND RESPONSIBILITIES FOR IMPLEMENTING STAKEHOLDER ENGAGEMENT ACTIVITIES

5.1. Resources

Lump sum budget to be defined during the appraisal of the project

Table 9: Budget

Budget categories	Quantity	Unit costs	Times/ Years	Total costs	Remarks
1. Staff salaries and related expenses					
1a. *E.g. Communications consultant*	*1*	21600	2	43000	
1b. *E.g. Travel costs for staff*	50	500		25000	
1c. *E.g. Salaries for Community Liaison Officers*	2	12000	2	48000	
2. Events					
2a. *E.g. Project launch meetings*	10	500		5000	
2b. *E.g. Organization of focus groups*	50	500		25000	
3. Communication campaigns					
3a. *E.g. Posters, flyers*	100000	0.1		10000	
3b. *E.g. Social media campaign*	1	5000		5000	
4. Trainings					
4a. *E.g. Training on social/environmental issues for PIU and contractor staff*	1	3000		3000	
4b. *E.g. Training on GBV for PIU and contractor staff*	1	3000		3000	
5. Beneficiary surveys					
5a. *E.g. Mid-project perception survey*	*1*	*10000*		*10000*	
5b. *E.g. End-of-project perception survey*	*1*	*10000*		*10000*	
6. Grievance Mechanism					
6a. *E.g. Training of GM committees*	1	1000		1000	

6b. *E.g. Suggestion boxes in villages*	500	20		10000	
6c. *E.g. GM communication materials*	10000	0.1		1000	
7. Other expenses					
7a. …					
TOTAL STAKEHOLDER ENGAGEMENT BUDGET:				199000	

5.2. Management Functions and Responsibilities

The PIU (to be established within the MoF) will report to the Minister of Finance and will be responsible for overseeing day-to-day project management, overall project coordination, monitoring and evaluation, safeguards, fiduciary functions, and reporting in coordination with the Component Managers of IFMMIS Working Body, of PRO Working Body and of DPM Working Body Communication or Social consultant within the PIU whose primary working responsibilities, among others, will be related to Stakeholder engagement. Responsibilities include:

- Develop a communications strategy covering the lifetime of the project
- Liaise with and manage the relationship with any contracted companies producing communication materials (posters, flyers, video/TV spots…)
- Receive and register any grievance voiced by project-affected parties or other interested parties and communicate them immediately to the PIU
- Plan and manage the project's communications via all media channels (social media, TV, radio, written press…)
- Support the planning and logistics for capacity-building and communication events at the village level
- Build and maintain constructive relationships with all stakeholder groups, particularly with the vulnerable groups and Taxpayers

6. GRIEVANCE MECHANISM

PIU/MoF/PRO/DPM will establish a grievance procedure for the overall project, including sub-component's activities. All stakeholders, engaged on various planned activities, will be informed on the existence and availability of the grievance mechanism, the PIU's appointed contact persons responsible for implementation of grievance mechanism, as well as the forms of submitting complaints.

Table 10: Summarized Grievance Redress Procedure

Step	Description of process	Timeframe	Responsibility
GM implementation structure			
Grievance uptake	Grievances can be submitted via the following channels: Online, Mail, In person, Telephone, email,	/	Communication or Social consultant
Sorting, processing	Any complaint received is forwarded to Communication or Social consultant. Logged in Grievance Log. Categorized according to the following complaint types: (TBC)	Upon receipt of complaint	Communication or Social consultant
Acknowledgement and follow-up	Receipt of the grievance is acknowledged to the complainant by email, SMS or mail.	Within 2 days of receipt	Communication or Social consultant
Verification, investigation, action	Investigation of the complaint is led by Communication or Social consultant. A proposed resolution is formulated by PIU member and communicated to the complainant by Communication or Social consultant	Within 10 working days	Complaint Committee composed of 2 PFM Reform Unit members, 2 PIU members and Communication or Social consultant
Monitoring and evaluation	Data on complaints are collected in Grievance Report and reported to PIU and PFM Reform Unit every 30 days	Monthly	PIU
Provision of feedback	Feedback from complainants regarding their satisfaction with complaint resolution is collected by email	Upon demand	Communication or Social consultant
Training	Training needs for staff/consultants in the PIU, Contractors and Supervision Consultants are Communication skills	two months upon engagement	PIU

At all times, complainants may seek other legal remedies in accordance with the legal framework of North Macedonia, including formal judicial appeal.

A separate grievance mechanism will be available for workers.

Contact information for enquiries and grievances:

Description	Contact details
Implementing agency:	Ministry of Finance (MoF)
Main contact:	Mr./Ms.to be defined
Address:	Dame Gruev nr.12, 1000 Skopje
E-mail:	*finance@finance.gov.mk*
Website:	*https://finance.gov.mk/contact/?lang=en*
Telephone:	Tel: +389 2 3255-300

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond.

For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit *http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service*. For information on how to submit complaints to the World Bank Inspection Panel, please visit *www.inspectionpanel.org*

7. Monitoring and Reporting

7.1. Involvement of Stakeholders in Monitoring Activities

In order to summarize stakeholder engagement process, the PIU will prepare separate monitoring report (Stakeholder Engagement Activities Report) whereas the first report should be produced three months upon start of the Project implementation activities and will be continued on an annual basis until competition of planned activities. The report will include summarized information for stakeholder engagement activities by separate sub-component activity

Monitoring reports should contain information about:

- Consultation meetings with stakeholders (place, time, issues discussed, mitigation measures provided by PIU)
- Grievances identified in the reporting period (and all detailed information about it)
- PIU will also report on stakeholder engagement activities (on annual basis), to the WB.

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▪ Each Stakeholder Engagement Activities Report for this Project will be published on MoF, DPM/Government and PRO web sites for public review and further comments.
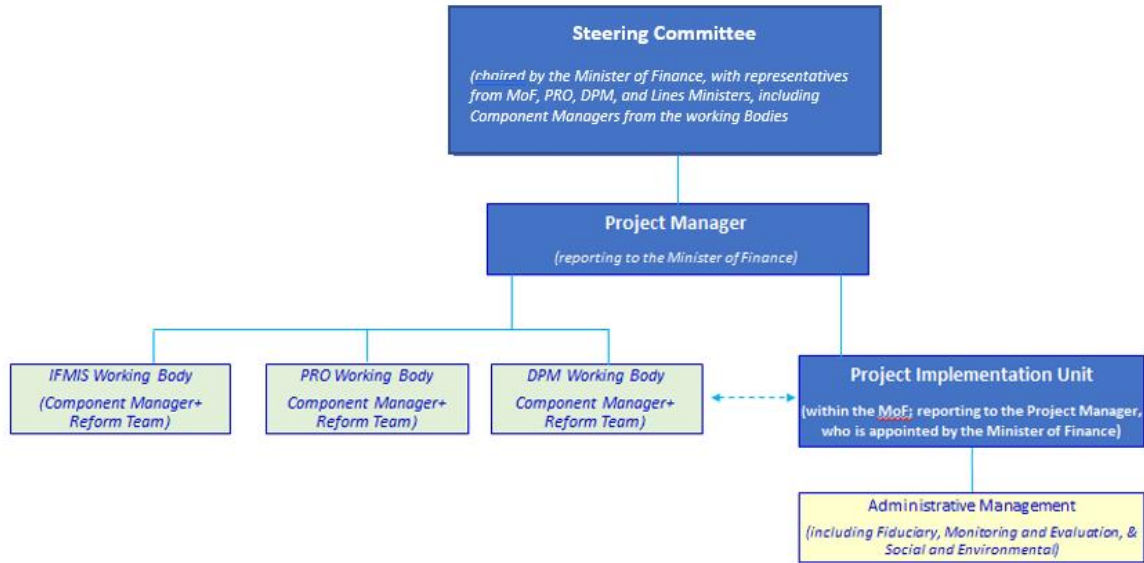
PIU will invite external monitoring by interested NGO/CSO to monitor implementation of SEP activities. More on this issue can be found at World Bank's Good Practice Note on Third-Party Monitoring.

Indicators to be monitored during SEP implementation are:

▪ All stakeholders are communicated prior project activity starts.

▪ Dissemination of information – availability and accessibility of Project documents; frequency of distribution of information, reached stakeholders;

▪ Realization of planned engagement activities – the number and level of participation by specific stakeholder groups;

▪ Number of vulnerable groups identified and engaged;

▪ Minutes of meetings created;

▪ Correction actions delivered;

▪ Numbers and type of grievances;

▪ Compliance with the grievance mechanism – Completed records in grievance log (Annex 4);

▪ Percentage of grievances resolved within prescribed timelines; and

▪ Number of repeated grievances.

APPENDICIES

APPENDIX 1: Project Implementation Arrangements

APPENDIX 2: Records of meetings or consultations

Number: _____	Date and location of meeting: _____

The purpose of the engagement: *(for example, to inform stakeholders of an intended project or to gather their views on potential environmental and social impacts of an intended project)*

The form of engagement and consultation: *(for example, face-to-face meetings such as town halls or workshops, focus groups, written consultations, online consultations)*

Number of participants and categories of participants:

List of relevant documentation disclosed to participants:

Summary of main points and concerns raised by stakeholders:

Summary of how stakeholder concerns were responded to and taken into account:

Issues and activities that require follow-up actions, including clarifying how stakeholders are informed of decisions:

APPENDIX 3: Grievance Submission Form

Reference Number	
Full name (optional) ☐ I wish to raise my grievance anonymously. ☐ I request not to disclose my identity without my consent**.**	
Contact information **Please mark how you wish to be contacted (mail, telephone, e-mail).**	☐ By Post: *Please provide mailing address:* _____ _____ _____By telephone: _____ ☐ By E-mail
Preferred language of communication	☐ Macedonian ☐ Albanian ☐ Other: _____
Description of Incident for Grievance	What happened? Where did it happen? Who did it happen to? What is the result of the problem?
Date of Incident / Grievance	
	☐ One-time incident/grievance (date _____) ☐ Happened more than once (how many times? _____) ☐ On-going (currently experiencing problem)
What would you like to see happen?	
Contact information for enquiries and grievances: Attention: **Name & Surname** Address: **XYZ n., 1000 Skopje** Tel: **+ 389 02 XXX XXX** E-mail: email@email.com	Signature: _____ Date: _____

APPENDIX 4: Grievance Register

Reception date	Name of Complainant	Communication Channel (how)	Component	Description of Problem	Actions taken	Date of resolution

APPENDIX 4: Active CSO's in the relevant domain in the country

Relevant civil society organizations (CSOs) who has their focus on transparency and governmental reform in Macedonia

1. Westminster Foundation for Democracy - Macedonia
2. Association for research and development of society FORUM PLUS Skopje
3. Association for research, analysis and development ZELENA LUPA Skopje
4. Citizens' Association Media Plus
5. IMPETUS Center for Internet, Development and Good Governance – Skopje
6. Initiative for European Perspective
7. Institute for Good Governance and Euro-Atlantic Perspectives
8. Macedonian Center for International Cooperation (MCIC)
9. Transparency International – Macedonia
10. Foundation for Local Development and Democracy "Focus" – Veles
11. Foundation for Sustainable Economic Development PREDA Plus
12. Center for Economic Analysis
13. The Balkan Economic Forum
14. Center for Legal Research and Analysis
15. Association for the Development of Democracy and improvement of the quality of life and improvement of education "Delta Society"
16. Social and economic activities development association-ERGOS Skopje
17. LEGAL RESEARCH NETWORK
18. Association of economists, statisticians and econometricians SIGMA STAT Skopje
19. Righteous and Professional Skopje
20. Association of Finance Officers of the Local Governments and Public Enterprises
21. Association of Economic Researchers Stoke Skopje