

Annex 1: Monitoring Matrix on the 2023 Action Plan

PILLAR	PRIORITY	Measure	Activity	RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
						Completed	Ongoing implementation	Not commenced	

PILLAR I: Economic Analysis, Macroeconomic and Fiscal Framework

PRIORITY 1: Revenue Forecasting and Reporting

MEASURE 1: Improving tax and customs reporting in accordance with the EU best practices

ACTIVITY

1.Training on preparing a report on tax expenditures

MoF

Q4/2023

Ongoing implementation: Realized in first phase in Q2, 2023 (for profit tax, personal income tax and value added tax)

The training will continue in the second phase in Q4 2023 (for excise duties and customs).

MEASURE 2: Enhancing tax and customs modelling capacity

ACTIVITY

1.Training for planning revenues from excise taxes from tobacco

MoF

Q4/2023

Completed: Realized in K2 2023. (additionally in the area of motor vehicle tax)

2.Training on the application of the personal income tax model

MoF

Q4/2023

Ongoing implementation: Models have been developed by the World Bank for the simulation of the fiscal, economic and effects on human health and the environment from potential changes in public policies in the area of excise taxes on tobacco and alcoholic beverages, as well as in the area of tax on motor vehicles.

In the future period, the installation of these models in the Ministry of Finance is planned, as well as the implementation of trainings to improve the capacities for independent simulation of the fiscal effects of different scenarios of public policies in these areas.

3.Training on the application of the profit tax model

MoF

Q4/2023

Ongoing implementation: With the support of the World Bank, trainings for the application of the personal income tax and profit tax models have started, which will continue during 2023.

PRIORITY 2: Economic analysis and Macroeconomic forecasting

MEASURE 1: Capacity building for economic analyses

ACTIVITY

1.Continuation of the development of a new tool for assessing the impact of economic policies and reforms through the use of a financial programming model

MoF (DEPD, DT, DBF, DPD)

Q3/23

Ongoing implementation: In cooperation with the Swiss State Secretariat for Economic Affairs (SECO), the Macroeconomic Planning and Management Project is being implemented through a modular approach (4 modules), whereby module 1 is intended for the MoF and it started to be implemented in 2022 and will continue until the end of 2023. Within the framework of module 1, during 2022, five employee trainings were conducted: three of which were online and two were with physical presence. Namely, these trainings were used to map the data for the framework for macroeconomic planning and began filling it with data by sector, i.e. data for the real and fiscal sectors, and the interconnection of the components within the framework of the real and fiscal sectors was also presented. , as well as the relationship between inflation, the GDP deflator and fiscal revenues. At the same time, the seasonal adjustment of the data with the Jdemetra+ program was presented, as well as the updating of the data already entered in the framework for macroeconomic planning. During the first half of 2023, the following employee trainings were conducted:

- On January 17, 18 and 20, 2023, online consultations were held with the experts regarding the preparation of the macro-fiscal part of the Economic Reform Program (ERP) 2023-2025, that is, the calculation of potential GDP using the CF filter (Christiano-Fitzgerald) and the HP (Hodrick–Prescott) filter.
- In the period from 21.03 - 24.03.2023 training was held with physical presence on the inclusion of data from the financial sector, with a more detailed review of public debt data (debt structure, debt financing plan, etc.) and interaction with the debt analytical tool, which was developed in cooperation with World Bank and IMF, and is used in the medium-term Strategy for Public Debt Management.
- In the period from 16.05. – 19.05.2023 physical presence training for the monetary sector was held, as well as an initial overview of the resilience and interconnectedness of components within the monetary sector.

In the second half of 2023, 27 working days for training are planned, of which 20 days will be realized through 5 missions (four daily trainings), of which 4 missions will be physically present at the MoF and 1 mission will be online. while the remaining 7 days are scheduled for consultation with experts regarding the practical application of the framework for macroeconomic planning, according to our needs. Within the framework of the planned trainings, the following topics will be covered: external sector and the interconnection of the components within the external sector, preparation of a basic macroeconomic scenario, that is, practical application of the Macroeconomic Planning Framework; making assumptions/assessments; understanding the implications of assumptions and potential imbalances, introducing the concept of alternative macroeconomic scenarios, i.e. assessing the impact of changing policies, as well as alternative scenarios for various external assumptions. Also, trainings are planned in connection with the deepening of the analytical abilities of the participants regarding the interpretation of economic data and projections obtained with the macroeconomic model.

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
MEASURE 2: Developing new macroeconomic models							
ACTIVITY							
	1.Completing the development of the new tool for short-term inflation projection in cooperation	MoF (DEPD)	Q2/23	Completed: In the period from 08.06 - 09.06 2023 a final online workshop was held with the experts at which additional development and assessment of the entire inflation model was carried out, i.e. employees with the help of the experts worked on the entire inflation projection process, and modifications were made to the model using tools and techniques for updating it, as well as help and advice for further work with the model	In the second half of 2023, it is planned to continue the cooperation with the expert hired by the World Bank in the direction of holding consultations on the functioning and testing (calibration) of the model for short-term inflation projection.		
	2.An update to the Nowcasting tool, which is a model for short-term economic growth projection	MoF (DEPD)	Q4/23	Not commenced	In the second half of 2023, cooperation with an expert hired by the World Bank is planned for updating and re-establishing the model for short-term projection of GDP economic growth (GDP Nowcasting). Namely, the first training is planned for the period 10.07 - 14.07.2023.		
	3.Conducting trainings in the field of econometrics to several sectors in the Ministry of Finance, as well as to other interested parties.	MoF (DEPD, DBF, DT, DPD); Parliament-BO &PI); FC, Academia	Q4/23	Not commenced: It is expected to confirm a date for holding a presentation in October 2023 for the VAR macrostructural model that is being developed by World Bank experts.	In cooperation with the World Bank, opportunities for additional training within this activity are being considered. If the additional trainings are confirmed with terms of their implementation, they will be listed in the next report.		
	4.Developing a VAR model for projecting economic growth.	MoF (DEPD)	2025	Not commenced	It is expected to confirm a date for holding a presentation in October 2023 for the VAR macrostructural model that is being developed by World Bank experts.		
MEASURE 4: Establishing Fiscal Council							
ACTIVITY							
	1.Nomination and election of Fiscal Council members	Parliament, MANU, NBRSM, SAO and MoF	Q1/23	Ongoing implementation: In the first half of 2023, candidates have been nominated for members of the Fiscal Council, namely: academician Abdulmenaf Bedzeti on the proposal of MANU, professor Marina Trpeska from the Faculty of Economics on the proposal of the SAO and professor Gligor Bishev, a long-time banker and former vice-governor on the proposal of NBRSM.	By the end of the year, it is expected that the nominees will be elected by the Assembly.		
	2.Selection of members of the body for professional - administrative support of the Fiscal Council	FC, Parliament and MoF (DBF, DEPD)	Q2/23	Ongoing implementation: In the second half of 2023, announcements will be published for the selection of a part of the members of the body for professional-administrative support of the Fiscal Council.	By the end of the year, the selection of some of the members of the expert-administrative body is expected to be completed.		
	3.Preparation of by-laws based on international good practice for determining the procedures that will operationalize the work of the Fiscal Council and body for professional and administrative-technical support	FC, Parliament and MoF (DBF, DEPD)	Q4/23	Ongoing implementation: In the second half of 2023, the Statute and Rules of Procedure of the Fiscal Council will be adopted, for which support from a World Bank expert has been provided.	By the end of the year, the Statute and the Rules of Procedure of the Fiscal Council are expected to be adopted.		
	4.Capacity building for the fiscal council and expert body to analyze the implementation of fiscal rules, deviations from the rules, reporting on the analysis and communication with the public.	FC, Parliament and MoF (DBF, DEPD)	Q4/23	Not commenced.	Activities are expected to begin in 2024 with support provided within the framework of a World Bank project		
	5.Preparation of a report based on an international comparative analysis of the experience and way in which Ministries of Finance report on compliance with fiscal rules	MoF (DBF, DEPD, DT, DPD)	Q4/23	Not commenced.	Activities are expected to begin in 2024 with support provided within the framework of a World Bank project		
	6.Development of an internal procedure in the Ministry of Finance for internal coordination for reporting compliance with fiscal rules	MoF (DBF, DEPD, DT, DPD)	2025	Not commenced.	Activities are expected to begin in 2024 with support provided within the framework of a World Bank project		
	7.Capacity building in the Ministry of Finance for ex-ante and ex-post assessment and reporting on the implementation of fiscal rules.	MoF (DBF, DEPD, DT, DPD)	2025	Not commenced.	Activities are expected to begin in 2025 with support provided within the framework of a World Bank project		

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
PRIORITY 3: Strengthening Debt Management							
MEASURE 1: Reduction of operational risks in public debt management							
ACTIVITY							
	1. Introducing e-banking with NBRNM for external debt repayment	MoF	Q1/2025	Completed: The introduction of digitization of payments to foreign creditors has begun, through the introduction of electronic banking with NBRSM, through which repayments to foreign creditors are made. The activity has been completed considering that the target has been reached, which stipulates that 70% of orders for external debt should be realized electronically.		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.	
	2. Strengthening public debt management capacities	MoF	Q4/2025	Ongoing implementation: During the first half of 2023, 2 persons were engaged through the Temporary Employment Agency, thus the activity has been partially implemented.			
	3.Reconciling the debt stock with the creditors	MoF	Q4/2024	Ongoing implementation: The harmonization process has started and it should be finalized at the end of 2024			
MEASURE 2: Increasing public debt transparency							
ACTIVITY							
	1.Modifications and amendments to Public Debt Law to the end of aligning the debt definition with the Maastricht Criteria	MoF	Q4/24	Not commenced.			
	2.Incorporating debt data in the Budget document	MoF	Q4/25	Not commenced.			
MEASURE 3: Issuance of new financial instruments							
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. The law on financing local self-government units was adopted on August 1, 2022. In accordance with the law, the deadline for municipalities to apply for the provision of funds for financing due and unpaid obligations was December 31, 2022. During the first half of 2023, the Ministry of Finance was preparing to issue a new instrument on the financial market – a citizen bond. The prospectus of the citizen bond was published on 30.06.2023, and the auction was held on 13.07.2023, for which there was twice as much interest.		Following the adoption of the Law on Financing Local Government Units, preparation of the issuance of the structural bond commenced, currently is in the final phase, and its realization is expected during the third quarter of 2023.	

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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						
	ACTIVITY						
	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: The activity in question was largely implemented within the Twinning project "Improvement of Revenue Collection and Tax and Customs Policy". In March 2023, the Ministry of Finance submitted an initiative to the DEU in North Macedonia for the approval of a Twinning Light Project entitled "Further harmonization of the tax legislation with the EU Acquis, Improving Revenue Forecasting and Reporting". As of 30 June 2023, the Ministry of Finance has not received a feedback regarding the acceptance of this initiative by the European Commission.			
	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: Following activities were implemented: • Draft Law on Amendments on the Personal Income Tax Law entered into force (based on the recommendations given in the Report on the progress of the MK for 2022, as well as the recommendations from the Joint Conclusions of the Joint Dialogue with the Western Balkans and Turkey, and the draft conclusions of the last Subcommittees on Economic and Financial Affairs and Statistics and on Trade, Industry, Customs and Taxation); • Draft Law on Amendments to the Profit Tax Law has been prepared; • Draft Law on Solidarity Tax has been prepared; • Draft Law on Amendments to the VAT Law has been prepared; • Draft Law on Amendments to the Law on Excise Duties has been prepared; • preparatory activities for draft new Customs Law commenced; • preparatory activities for a new Decree for the implementation of the Customs Law commenced; • Decree amending the Decree on the classification of certain goods in the Combined Nomenclature in accordance with the regulations of the European Commission (11th continuation) was adopted; • Decree on amending the Decree on the distribution of certain goods in the Combined Nomenclature in accordance with the regulations of the European Commission is in the process of being published in the Official Gazette of the RSM (12th continuation).			
PRIORITY 2: Tax Administration							
	Measure 1: Strengthen administrative capacity for better revenue collection and tax						
	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: Working group – Project team established by Decision of the Director of the PRO in accordance with its task to introduce a Center of Excellence for inventory, assessment, seizure and sale of property for the purpose of tax collection, prepared project documentation that provides: • Designing the model of operation of the Center of Excellence, the affiliation in the structure of the internal organization of the Public revenue office and the division of duties with UEC (Unit for Enforced Collection) in Regional office and LTO (Large tax office) • Assessment of the necessary human resources in a Center of Excellence with appropriate professional qualifications • Assessment of other conditions for the practical functioning of the Center of Excellence (accommodation space, software applications, etc.). The proposed model refers to the introduction of a new centralized organizational unit in the PRO - Tax Enforcement Center. The practical implementation of the Tax Enforcement Center is conditioned primarily by amendments to the acts on internal organization and systematization of jobs in the Tax Administration, in order to introduce the new organizational unit and to be able to start the recruitment of human resources through internal redeployments and new employments, public procurement etc. In the meantime, amendments to the Law on the Public Revenue office n came into force, with which the PRO is obliged within six months, that is, by November 2023, to adopt new acts for the internal organization of the PRO.			Future steps that should be taken in the next period to improve the implementation is the formal-legal introduction of the Tax Enforcement Center as a new organizational unit in the PRO that will merge with the overall changes - the new internal organization of the PRO, followed by others activities for its practical implementation.

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
Measure 2 : Digital transformation of the PRO with the establishment of an Integrated Tax Information System (ITIS)							
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: The project "Building effective, transparent and accountable institutions for the management of public finances" became effective with the conclusion of an Agreement with the World Bank through which financial resources were provided for certain modules of the new integrated TIS of the PRO, namely: (i) IT solutions for the modernization of taxpayer services by improving the e-Taxes/e-Services portal and additional online opportunities to support citizen engagement in the tax domain through feedback mechanisms, smart applications or other software tools (ii) Data Warehousing and Business Intelligence Tools - Software and hardware required for the new DW for online analytical processing, statistics and reporting and software required for the development of compliance risk management tools and the PRO decision-making process (iii) Combined Call Center/Help Desk - Software and hardware required to set up a Call Center/Help Desk (iv) Hardware required for the implementation of the TIS modules - Procurement and installation of additional servers, data storage units, replication systems and other solutions required for the implementation of the TIS modules (including the e-invoicing module), expanding the operations of TIS in the existing PRO data center and the new joint DRC managed by the Ministry of Interior. With the amendments to the Law on the Public Revenue Office, which are in force from 05/03/2023, the formal organization and structure for the implementation of the digital transformation reform of thePRO has been arranged. n accordance with the legal provisions, the Director of the Public revenue office with a decision dated 05/18/2023, established a Working Body for the implementation of a tax information system	Future steps to be taken in the next period to improve the implementation of the activities and achieve the planned result implementation, upgrade, optimization, execution, regulation, maintenance, control, staff education and analysis of all processes and functionalities related to the tax information system .		
PRIORITY 3: Customs							
	MEASURE 2: Modernization of customs services and their digitalization						
	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 past 6 months, several trainings have been organized for the users of the customs IT systems, namely: one training for external users in which 30 representatives from diplomatic missions participated, as well as seven trainings for employees (21 participants) who manage or use the IT systems of the Customs Administration.	During the second semester, the organization of at least 4 trainings is expected, which would fulfill the target by the end of 2023.		
PILLAR III: Planning and Budget							
PRIORITY 1: Budget Planning							
	MEASURE 1: Improving medium-term planning						
	ACTIVITY						
	1. Medium-Term Fiscal Strategy based on a sectoral approach	Ministry of Finance/ Budget and Funds Department	2025	Ongoing implementation: The Ministry of Finance with the Fiscal Strategy 2024-2028 initially gave a sectoral approach that explains every policy that is implemented and it is necessarily supported by three output indicators in order to measure performance, one of which refers to the improvement of the gender component.	Advancement and development of the Sectoral approach through the preparation of a new Organizational and Program classification.		
	2.Improving planning through tools- baseline scenario and new initiatives	Ministry of Finance/ Budget and Funds	2025	Ongoing implementation: Fiscal projections with the Fiscal Strategy 2024-2028 are made on the basis of the permanent legislation and existing obligations (basic scenario) and a proposal for new projects and new financial obligations (new initiatives), determined by the new Law on Budgets.	Prescribing bylaws for baseline scenario tools and new initiatives.		
	3.Strengthening medium-term planning at public enterprises and companies at central level	Ministry of Finance/ Budget and Funds Department	2025	Completed. The activity has been implemented, that is, the mid-term projections for these entities are an integral part of the fiscal strategy for the period 2023-2028.	Monitoring and updating of data for the next period, in accordance with the provisions of the new Law on Budgets, which foresees increased transparency, accountability and responsibility among these entities.		

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
MEASURE 2: Improved Budget planning and developing measurable performance indicators							
	ACTIVITY						
	1.Preparation and implementation of bylaws and several types of classifications - administrative / organizational, economic, program, functional and classification of sources of funding	Ministry of Finance	2025	Ongoing implementation: Through the IPA project "Strengthening of budget planning, execution and internal financial control", trainings for the preparation of the by-laws of the new Law on Budgets are being implemented. trainings on program budgeting and preparation of the by-laws of the new Law on budgets were carried out.			According to the new law on budgets, which was adopted in September 2022, by-laws should be adopted in September 2024
	2.Developing and monitoring of performance indicators in the implementation of budget policies	Ministry of Finance/ Budget and Funds Department	2025	Ongoing implementation: With the RSM Budget for 2023, indicators are used: input indicators that represent expenditures for a specific purpose and output indicators that measure specific results and the same for each budget user are presented in the general part of the budget.			Through the IPA project "Strengthening of budget planning, execution and internal financial control" and other international institutions, realization of trainings for the preparation of the by-laws of the new Law on Budgets.
	3. Increasing the staff in MoF and the budget users in the process of providing comprehensive information by volume and contents, when preparing the Budget, as well as harmonizing the processes with the international methodologies and the good practices	Ministry of Finance/ Budget and Funds Department	2025	Ongoing implementation: Constant strengthening of capacities through employment of new staff and trainings for existing and newly employed persons.			Realization of trainings for employees of the Ministry of Finance and budget users in the process of providing comprehensive information in terms of volume and content during the preparation of the Budget, as well as harmonizing the processes with international methodologies and good practices, through the IPA project and other international institutions.
MEASURE 3: Fiscal consolidation for gradual and sustainable reduction of budget deficit							
	ACTIVITY						
	1.Reducing the current expenditures in the total expenditure structure by determining spending standards and defined allocation criteria	Ministry of Finance and Government	2025	Ongoing implementation: The Fiscal Strategy 2024-2028 envisages a phased fiscal consolidation (by determining rationalization measures for separate categories of expenditures, activities and measures to improve the efficiency and effectiveness of the public revenue collection system that will ensure greater collection and improvement of the revenue side of the budget), while with the new fiscal projections the annual level of the budget deficit is consistent with the projections in the previous fiscal strategy.			Reduction of current expenditure by redesigning public expenditure in total expenditure through increased investment in infrastructure.
	2. Improving capital expenditure structure and execution	Ministry of Finance and Government	2025	Ongoing implementation: With the RSM Budget for 2023 and the Fiscal Strategy 2024-2028, the share of capital expenditures is over 5% of GDP on an annual basis.			Realization of measures from the plan for fiscal sustainability and support for economic growth to ensure greater collection and improvement of the revenue side of the budget and reduction of public debt below 60% of the country's GDP in the medium term.
PRIORITY 2: Strengthened Public Investment Management							
MEASURE 1: Planning sustainable Levels of Investment							
	ACTIVITY						
	1.Strengthen the role, the supporting legal framework and the institutional set up of the MoF in PIM system	MoF	Q4/2025	Ongoing implementation: Staffing of the new PIM dept. established in end-Dec. 2022, started in the beginning of 2023. Out of 13 envisaged employees, 3 employees were redeployed to the new PIM department. The procedure for new recruitments (2 new employments) and internal promotions (2 employees) is ongoing.			Continue the procedures for new recruitments and internal promotion.
MEASURE 2: Improved project appraisal, selection and allocation of resources for capital investments							
	ACTIVITY						
	1.Provide training to professionals of the MoF on project appraisal and review of preinvestment studies	MoF	Q4/2025	Not commenced: This activity should start in Q3/23.			Training of staff on project appraisal and review of preinvestment studies is planned to be carried out within the TA project provided by the World Bank.
	2.Develop a general project appraisal methodology and determine shadow prices	MoF	Q4/2024	Ongoing implementation: The process of developing new PIM methodology for appraisal, selection and prioritisation of public investment projects has started in June 2023, with TA support provided by the World Bank.			Prepare draft PIM methodology.

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PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
MEASURE 3: Efficient and effective monitoring of capital investments							
	ACTIVITY						
	1. Introduce risk-based centralized monitoring	MoF	Q4/2025	Ongoing implementation: New PIM methodology which is currently being developed with TA support by the World Bank shall set up rules and procedures for project monitoring.		Prepare draft PIM methodology. Start collecting data on public investment projects from budget users/PE/JSC.	
	2. Develop an IT system functional requirements for comprehensive physical and financial monitoring of public investment projects	MoF	Q4/2025	Ongoing implementation: PIM department has provided input for drafting the technical specification requirements for the PIM module of the IFMIS.		Design of the PIM module in the IFMIS	
	3. Develop a short-term IT solution to capture basic public investment project information (including climate change related impacts on infrastructure)	MoF	Q4/2025	Ongoing implementation: The implementation of this activity started in March 2023, when an IMF FAD mission was carried out to further define the main business processes for PIM and exploring the options for integrating these into the budget preparation procedures. The mission also discussed the development of a short term Public Investment Management Information System (PIMIS) solution to capture basic public investment project information and create a database to manage project data from inception to monitoring (including climate change related impacts on infrastructure). This short term solution is expected to bridge the period until the new PIM module of the IFMIS becomes operational.		The process of implementing such short - term PIMIS solution shall continue with IMF FAD support after the PIM department designs a Project Concept Note (PCN) as part of the new PIM methodology.	
PRIORITY 3: Effective Instruments under the Growth Acceleration Plan							
	MEASURE 1: Establishment of different funds in the state institutions and development of different financial instruments						
	1.Establishment of Hybrid National Green and Digital MSME Fund for start-ups and innovative enterprises	FITD	Q1/24	Not commenced			
	2.Establishment of “Greening Business” Facility	FEZ	Q1/24	Ongoing implemenation: Amendments to the Law on TIRZ and the Law on Industrial Zones		Delivery of the legal texts and their forwarding in the Government procedure	
	3.Establishment of Energy Efficiency fund	Development bank	Q1/24	Ongoing implementation: A draft law to amend and supplement the Law on the Development Bank of North Macedonia was adopted by the Government on 25.07.2023, with the adoption of this law a legal framework for the Energy Efficiency Fund was established		Submission in Parliamentary Procedure	
MEASURE 2: Strengthening the capacities of various institution							
	ACTIVITY						
	1.Establishment of a Delivery unit for infrastructure projects coordination	Government	Q1/24	Ongoing implemenation: A project financed by the British Embassy, with the involvement of UNOPS, through which the entire unit and the way of functioning are created, but there are not enough positive opinion about it and it has not been adopted by the Government		In Government Procedure	
	2.Establishment of Project Monitoring unit	Government	Q1/24	Not commenced			
	3.Establishment of a Capacity Building and Training Unit for strengthening management and institutional capacities	NOT SPECIFIED	Q1/24	Not commenced			

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PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
PILLAR IV: Public Procurement							
PRIORITY 1: Public Procurement Policy							
MEASURE 1: Strengthening the institutional capacity							
ACTIVITY							
	1.Improving the cooperation among the key institutions in the public procurement system	PPB	Q4 2025	Ongoing implementation: Action Plan of 2023 for implementing the Strategy of the Public Procurement System 2022 - 2026 is accepted by GoRNM ; Report of established indicators for monitoring risks in public procurements for 2022 - Red Flags Report is prepared and forwarded sent to SAO, SCPC and CPC.	Holding working meetings among key institutions in the public procurement system within the framework of the Advisory Body.		
	2.Introducing new system for education within PPB	PPB	Q4 2025	Ongoing implementation: Drafting of the Legal Amendment Proposal is in progress, which would cover the part of Education in order to modernize it and harmonize it with the EU recommendations. At the same time, advisory assistance is requested from international institutions and experts, all with the aim of creating a comprehensive and modernized Education Program for public procurement officials	Analysis of the participants’ evaluation questionnaires received from the regular and recertification trainings, identifying the weaknesses, suggestions and proposals, and creating new, improved and modernized Education programme for public procurement officials.		
PRIORITY 2: Public Private Partnership (PPP)							
MEASURE 1: Establishment of a Single Electronic System for Public-Private Partnership							
ACTIVITY							
	1.Preparation and implementation of the software solution for the establishment of public-private partnership and a Register of awarded contracts the establishment of public-private partnership	ME	2025	Not commenced. The enactment and effective implementation of the Law on Public Private Partnership is closely related to the establishment of the SESPPP, it is necessary to provide financial resources for the procurement of the SESPPP and the Register of awarded contracts for the establishment of the public private partnership.The main challenge is still open issue of providing financial funds from donors/budget.After the adoption of the Law on public private partnership by the Assembly of the Republic of North Macedonia, the procedure for preparation and establishment of the SESPPP will begin.			
MEASURE 2: Completion of the legal and regulatory framework in the field of public-private partnership							
ACTIVITY							
	1.Preparation of the bylaws that will arise from the Law on Public Private Partnership	MoE	2024	Not commenced. The Proposal Law on Public Private Partnership was submitted for re-opinion to the European Comission,and after reciving it, it was aligned with the comments and recommendation of the European Comission.The Proposal Law was send for opinion to the Secretariate of Legislation and after its harmonization it will be submitted into Government procedure. After the adoption of the Law the procedure for drafting the By-laws will begin.			
MEASURE 3: Strengthening and development of the capacities of the Ministry of Economy in the field of public private partnership		MoE	2024				
ACTIVITY							
	1.Increasing the number of employees in the Ministry of Economy and professional training for public private partnership	MoE	2025	Not commenced: Accorded to the proposed regulation on public private partnership and its constant implementation, there is need to increase the number of employees to perform their activities in accordance with their competencies.Two new employments are planned for 2023 and another employment for 2024.This activity will be delayed and the procedure will start in 2024.			
PRIORITY 3: Appeal Mechanism							
MEASURE 1: Strengthening the legal and regulatory framework of legal protection in the public procurement process							
ACTIVITY							
	Preparation of a special law on legal protection in the field of public procurement	SAC/Assembly of the N.R. of Macedonia	2023	Not commenced. Perception of comparative analyzes and experiences from EU member states.			
MEASURE 2: Strengthening the administrative capacity of the SAC							
ACTIVITY							

Pillar		Responsible Institution	Deadline	Progress of Implementation of Activities			Next Steps
Priority							
Measure				Completed	Ongoing Implementation	Not commenced	
Activity							
	Increasing the number of civil servants in the professional service of the SAC in order to increase the transparency, efficiency and effectiveness of the SAC.	Ministry of Finance	2024	Not commenced.			

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
PILLAR V: Integrated Public Finances							
PRIORITY 1: Implementation of an Integrated Financial Management Information System (IFMIS) to Support the implementation of Public Financial Management Reforms and Organic Budget Law							
MEASURE 1: IFMIS is fully operational to support the implementation of OBL reforms							
ACTIVITY							
	1.Development of IFMIS as an integrated centralized webbased system supporting decentralized operations.	MoF	Q4/25	Ongoing implementation: Realized steps as of June 30, 2023: - Loan agreement in the amount of 20 million euros from the World Bank concluded in January 2023 - Grant agreement in the amount of 5 million euros from the European Commission concluded in January 2023 - Updating the Technical Specification and preparation of Tender documentation for IFMIS - Prepared and adopted Action Plan for the preparation of by-laws arising from the Law on Budgets		Final update and adoption of the Technical Specification and Tender Documentation for IFMIS by the Working Body (WB); Publication of a public announcement for engaging a company/consortium of companies for IFMIS procurement (development and implementation); Preparation of by-laws arising from the Law on budgets; Signing an agreement with a selected company/consortium of companies for IFMIS procurement; Commencing with the development of IFMIS and subsequent pilot testing of the system; Operationalization of IFMIS (IFMIS goes live).	
	2.Expansion of MoF ICT infrastructure (in line with wholeof-government approach) to host new IFMIS.	MoF	Q4/25	Not commenced.			
	3.Capacity strengthening (PFM Reform Unit), training and change management to support OBL reforms and countrywide IFMIS operations.	MoF	Q4/25	Ongoing implementation: Realized steps as of June 30, 2023: - Established a Project Unit - Established a Working Body within the Ministry of Finance for the development and implementation of IFMIS - Adopted Terms of Reference for engaging a consulting company to support WB		Publication of a public announcement for expressions of interest for technical assistance to the WB of the MF; Staffing of the WB with new members; Establishment of the Working Commissions responsible for the development and implementation of individual modules of IFMIS.	
PRIORITY 2: Strengthen the Accounting of Budgets and Budget Users							
MEASURE 1: Strengthening the accounting system by applying of new accounting practices							
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	map.23	Ongoing implementation: In January-June 2023, by the consultants engaged through the UNDP project were held two missions regarding the preparation of the Strategy for Improvement of Budget Institutions' Accounting. In June was presented the GAP Analysis for the introduction of accrual accounting in the Republic of North Macedonia prepared by the consultants.		Preparing a Strategy for Improvement of the Budget Institutions's Accounting .	
	2. Adopting a new regulatory framework on accounting of budgets and budget users and bylaws	MoF	дек.23	Not commenced.		Adoption of amendments of the Law on accounting of budgets and budgets users in the part of prescribing the obligation for certification of accountants in the public sector. The preparation of the new regulatory framework for accounting of budgets and budget users and the necessary by-laws will follow after adoption of the Strategy for the Advancement of Accounting of Budgets and Budget Users in accordance with the guidelines and deadlines established in the Action Plan.	

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
PRIORITY 3: Public Finance Academy							
	MEASURE 1: Establishment of the Public Finance Academy						
	ACTIVITY						
	1.Creating a legal basis for the establishment and functioning of the Public Finance Academy	MoF	Q4/2025	Completed: The Public Finance Academy was established by the Rulebook on Organizational Setup and the Ministry of Finance No. 01-11277/1 of December 29, 2022		In accordance with the annual employment plan for 2023, the employment of two more employees is planned.	
	2.Strengthen the human resources capacities of the Public Finance Academy, through staffing, training and equipping	MoF	Q4/2025	Ongoing implementation: The process of staffing the Public Finance Academy has already started. A public announcement was published for the filling of two job positions, and this procedure is in the final stage. And there are two active procedures for transferring employees from other institutions to the Public Finance Academy. In accordance with the annual employment plan for 2023, the employment of two more employees is planned The process of securing premises in the ministry has started			
	MEASURE 2: Development and implementation of a curriculum						
	ACTIVITY						
	1.Preparation of methodological tools for implementation of the activities of the Public Finance Academy	MoF	Q4/2023	Ongoing implementation: With expert support from CEF, Ljubljana, a draft version of the Rulebook and program on conducting training and examination for obtaining certificate for a certified accountant in the public sector and ToR for the training coordinator have been prepared.		After the staffing and start of work of the Academy for Public Finance, a final version of these documents will be prepared.	
	2.Preparation of an Annual Work program	MoF	Q4/2025	Not commenced		analysis and preparation of an annual work program	
	MEASURE 3: Inter-institutional cooperation						
	ACTIVITY						
	1.Establishment of cooperation with domestic and foreign institutions	MoF	Q4/2025	Ongoing implementation: In October 2023, a study visit is planned to the National Academy for Finance and Economics, Ministry of Finance of the Netherlands, through which it is expected to establish inter-institutional cooperation with the exchange of experiences, the provision of support in the work, and the improvement of the quality of the work of the Academy.		Also, until the end of 2023, additional activities are planned with CEF, Ljubljana	
PILLAR VI: Public Internal Financial Control							
PRIORITY 1: Financial Management and Internal Control							
	MEASURE 1: Establishment of a comprehensive system of financial management controls based on risk management						
	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: Within the framework of the Central Harmonization Unit with the Rulebook on Internal Organization and Work of the Ministry of Finance No. 01-11277/1 of 29.12.2022, a Unit for Quality Check of Financial Management and Control and the Operations of Internal Audit was established.		The staffing of this unit should begin in 2023.	
PRIORITY 2: Internal Audit							
	MEASURE 1: Strengthening the quality of work of the internal audit units in the Ministries						
	ACTIVITY						
	1. Preparation and approval of “Internal Audit Organization Plan” for all Ministries by the Government	MoF	Q4/2022	Ongoing implementation. According to the conclusion of the Government of RNM on the „Annual Report on the functioning of the public internal financial control system for 2021”, it was necessary for the ministries to submit Plans for organizing and staffing the internal audit units in the ministries to CHU. The Ministry of Finance - CHU, based on the received data from the ministries, analyzed them and prepared and submitted Information to the Government of RNM on 31.03.2023, the same is in the governmental procedure for approval.			
	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. Within the framework of the Central Harmonization Unit with the Rulebook on Internal Organization and Work of the Ministry of Finance No. 01-11277/1 of 29.12.2022, a Unit for Quality Check of Financial Management and Control and the Operations of Internal Audit was established.		The staffing of this unit should begin in 2023.	

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	PROGRESS OF IMPLEMENTATION OF ACTIVITIES			NEXT STEPS
PRIORITY							
	Measure			Completed	Ongoing implementation	Not commenced	
	Activity						
	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						
	ACTIVITY						
	1. Establishment of a Department for Centralized Conducting of IT Audits and Performance Audits	MoF	Q4/2025	Not commenced.			
PRIORITY 3: Financial Inspection							
	MEASURE 1: Strengthening the institutional basis of the financial inspection function						
	ACTIVITY						
	1.Improving the legal framework	MoF	Q1/2023	Completed: On the 30th of January 2023 the Parliament of the RNM adopted the new Law on Financial Inspection in the Public Sector (*) ("Official Gazete of Republic of North Macedonia" no.19/23)			
	2. Introducing a system of performance-based annual remuneration for financial inspectors	MoF	Q4/2025	Ongoing implementation: The preparation of the Guidelines for the manner of monitoring, measuring and evaluating the effectiveness of inspectors, as a basis for awarding prize for the best inspector in accordance with the legally established criteria and Procedure for conducting financial inspections with annexes to it, is underway.			
	3.Improved methodologies and systematization (increasing the added value of the financial inspection function)	MoF	Q4/2025	Ongoing implementation: The procedure for adopting the Procedure for conducting financial inspections with annexes to it and promotion of the employees in the financial inspection is underway.			
	MEASURE 2: Strengthening the Capacity of Financial Inspection Human Resources						
	ACTIVITY						
	1.Designing a concept for obtaining a license for financial inspector	MoF	Q4/2023	Ongoing implementation: The preparation of the Guidelines for the manner of monitoring, measuring and evaluating the effectiveness of inspectors, as a basis for awarding prize for the best inspector in accordance with the legally established criteria and Procedure for conducting financial inspections with annexes to it, is underway.			
	2. Preparing an annual training program for financial inspectors	MoF	Q1/2025	The finalization and adoption of the Program for theoretical training and practical work for obtaining a license for a financial inspector, as well as the form and content of the certificate of successfully completed training and the Program for taking an exam for obtaining a license for financial inspector is underway.			
				The procedure for the adoption of the Training Program for financial inspection for 2023 is underway.			

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	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							
MEASURE 1: Strengthen the legal framework for external audit							
ACTIVITY							
1. Following constitutional changes to achieve constitutional independence of the SAO in accordance with the principles, standards and guidelines of INTOSAI		SAO	Q4/2025	Completed: Draft amendments have been prepared within the Twinning Project for amending and supplementing RNM Constitution aimed at regulating SAO as a constitutional category.These draft amendments are submitted to the Assembly, Ministry of justice and Goverement.		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		SAO	Q4/2022	Ongoing implementation: Draft State Audit Law has been prepared within the Twinning Project. In 2022, opinion on the draft law has been provided from the twinning partners - 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. In February 2023, Ministry of Finance started the process of public consultation for the State Audit Law on the platform National Electronic Registry of Regulations (www.ener.gov.mk). Ministry of Finance submitted the draft State Audit Law to the Secretary for legislation, Ministry of Information Society and Andministration and Ministry for Justice opinions were requested. Opions were received by competetent insitutions addtionaly SAO representatives held meetings with Minister of Justice and Minister of Information Society and Andministration concerning SAL.		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							
ACTIVITY							
1. Preparation of new and improved strategic, planning and methodological acts of the SAO		SAO	Q4/2024	Completed: Within the Twining project, draft SAO Development Strategy 2023-2027 has been prepared. SAO adopted started the implementation of the new Development Strategy 2023-2027 as well as new SAO methodology acts. Other strategic documents and methodology acts will be prepared in cooperation with other SAIs and international organizations in the upcoming period.		SAO will continue with the implementation of the Strategy for Development of SAO 2023 - 2027. New Stratigic documents will be prepared on the base of the SAO Development Strategy. The remaining methodology acts will be prepared in accordance with SAO strategic and planning documents and INTOSAI framework.	
2. Strengthen the capacity to conduct audits		SAO	Q4/2025	Completed: 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 act and SAO Annual Plan for continous profesional development for 2023.	
3. Increasing the visibility of the SAO and communication with the stakeholders		SAO	Q1/2025	Completed: Activities for increasing SAO visibility and communication with stakeholders have been carried out in accordance with SAO Communication Strategy 2020-2023. During 2022, new internal procedures have been adopted for timely and improved presentation of audit activities and results as well as for improvement of SAO internal and external communication and in the same time the number of stakeholders to which audit report are sent has incresed.		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. In the period to come, activities will be undertaken for drafting a new Communication Strategy 2024-2027.	

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

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	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							
MEASURE 1: Improving fiscal capacity and increasing municipal revenues							
ACTIVITY							
1. New / revision of the Law on Financing Local Government Units		MoF - Budget and Funds Department	Q4/2024	Not commenced: With the technical assistance of UNDP in 2022, an assessment of the existing Law on the financing of local self-government units was made, and the conclusions and recommendations obtained will be a good basis for preparing for the adoption of a new Law.	In the second half of 2023, activities will begin for the preparation of the new Law on the financing of local self-government units, which should comply with the provisions of the new law on budgets, receiving opinions and comments from interested parties and submitting the Law to the Government of RSM and the Assembly of RNM. After the adoption of the Law, by-laws will be prepared and adopted.		
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: Revenues from personal income tax is gradually increasing from 3% to 6% by 2024, so that the rate for 2023 is 5%, and an increase in revenues is expected to 800 million denars. In 2023, municipalities are provided funds in the amount of 5.5% of the collected value added tax realized in the previous fiscal year, distributed in three parts: basic part - 4.5%, part for performance - 0.5 % and equalization part - 0.5%.The performance fund rewards municipalities that have a better realization of own revenues compared to planned own revenues and a higher collection of own revenues in the current year compared to the average of realized own revenues in the previous three years. The equalization part is intended to overcome the differences according to the fiscal capacity of the municipalities due to the limited capacity of resources. As a result of the changes in the Law, in 2022 the municipalities received an additional 291 million denars, in 2023 an additional 684 million denars. An excel tool was created for the distribution of revenues from the VAT subsidy and the new Decree for the distribution of revenues from the value added tax. Also, the revenues of the municipalities have increased taking into account the latest changes in the Law on Property Taxes, which refer to property tax rates, while the basic property tax rates have not changed, but the rate for property that is not used for more than six months during the year by the owner or is not leased, as well as the rate if it is not reported whether the real estate is used or not.	The next steps are in the direction of monitoring the increase in the income of the local self-government units and finding opportunities for new sources of financing that will enable an increase in revenues. Revenues from personal income tax and income from value added tax in 2024 are provided at a rate of 6%. Amendments to the Law on Property Taxes will be prepared in the coming period.		
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 from which the block and dedicated grants are transferred, the possibilities for changing the criteria according to which these funds are distributed by municipalities are being considered. The Ministry of Education and Science, in cooperation with UNICEF and the World Bank, has prepared a new methodology for the distribution of the block grant for primary education, and it is currently being reviewed. With the technical support of SIGMA, the development of experiences from the member countries for the redistribution of the block grant for construction is underway, and possibilities for the distribution of dedicated grants for fire protection and block grants for preschool age, experiences and proposals are being considered. Within the technical assistance of UNDP, a comparative analysis will be prepared with experiences in neighboring countries and EU member states for the distribution of capital transfers.	In cooperation with the competent ministries from which block and dedicated subsidies are transferred, the possibilities for changing the criteria for the distribution of these funds by municipalities are analyzed. Within the technical assistance of UNDP, a comparative analysis will be made with some of the neighboring countries and EU member states for the distribution of capital transfers, the experiences will be analyzed and a Decree on the distribution of capital grants will be prepared.		
MEASURE 2: Regional and local development							
ACTIVITY							
1. Establishment of the Agency for Regional and Local Development and achieving balanced regional development		Ministry of Local Government	Q4/2024	Ongoing implementation: A working group was formed for the preparation of legal solutions for the establishment of the Agency for Regional and Local Development, consisting of representatives of the Ministry of Local Self-Government, the Ministry of Finance, the Bureau of Regional Development, the Cabinet of the Deputy Prime Minister in charge of economic affairs, the Ministry for Justice, Ministry of Political System and Inter-Community Relations, Ministry of Information Society and Administration and ZELS. With technical assistance from USAID, a local expert was hired and a comparative analysis was made with the experiences of countries that have this type of institutions and proposed scenarios for the model for transformation, and the Ministry of Local Self-Government submitted information to the Government of RNM.	In the coming period, the Government is expected to consider the proposed scenarios and undertake the following activities regarding the establishment of the Agency for Regional and Local Development.		

PILLAR		RESPONSIBLE INSTITUTION	DEADLINE	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							
	MEASURE 1: Increasing the financial discipline						
	Activity						
	1.Realistic planning of the revenues and expenditures of the municipalities	MoF - Budget and Funds Department	continuously	Completed: The Law on Amendments and Supplements to the Law on Financing of Local Self-Government Units was passed, which enables more realistic planning of the municipalities' budget, whereby the percentage of 30% is returned to 10%, but the opportunity is given if the municipality concludes with the third quarter achieved the realization of its own revenues of the basic budget over 75%, to have the opportunity to further increase the planned revenues up to a maximum of 20%. During this period, it is regularly monitored and controlled whether the budgets of LGUs are prepared according to the existing legislation. For 2023, the percentage is 20% with an additional 10% as of the third quarter. While for 2024, the percentage will be 15% with an additional 15% if the realization of own revenues as of the third quarter exceeds 75% of the planned.			With the adoption of the law, the provisions related to the revenue planning of the municipalities are implemented. Continuous monitoring of the actual budget planning of LGUs continues
	2.Rationalization of operations and reduction of unnecessary expenses	MoF - Budget and Funds Department	continuously	Ongoing implementation: The intended spending of funds and reduction of non-productive spending are being monitored			The monitoring and analysis of the obtained results will continue
	3.Analysis of the liabilities of the municipalities, declaring financial instability and taking measures for financial consolidation	MoF - Budget and Funds dept., Public Debt Management dept.	continuously	Ongoing implementation: The overdue unpaid obligations reported in the ESPEO system are monitored, as well as the overdue unpaid obligations reported in the periodic reports, on a quarterly level, as well as monitoring of the fulfillment of the conditions for declaring financial instability and monitoring of borrowing of the municipalities			the monitoring and analysis of the obtained results will continue, a greater financial check from a financial inspection
	MEASURE 2: Increasing the transparency and accountability throughout the operations of the municipalities						
	ACTIVITY						
	1.Increasing control by the state	MoF Department for Public Sector Financial Inspection and Coordination for combating fraud against EU Funds	continuously	Ongoing implementation: The new Law on Financial Inspection in the Public Sector was adopted. In order to strengthen control by the state, out of a total of 266 financial inspection procedures initiated at public sector entities at the local level, a total of 159 procedures have been carried out, while 107 procedures are ongoing.			Completing the remaining 107 procedures and initiation of new financial inspection procedures at public sector entities at the local level.
	2. Improving the transparency and timely informing the broader public about the opeartions of the municipality	MoF - Budget and Funds Department	continuously	Ongoing implementation: On the website of the Ministry of Finance, the data on realized revenues and expenditures of the municipalities for the fourth quarter of 2022 and for the first quarter of 2023, data on due unpaid obligations received from the ESPEO system for the fourth quarter of 2022 and for the first quarter have been published. 2023, Predog The Final Account of the Budget of the Republic of North Macedonia for 2022, which also includes the final accounts of the municipalities for 2022. With the support of UNDP, financial indicators from the periodic financial reports of about 40 municipalities are published on the websites of the municipalities and the website of the Ministry of Finance.			Monitoring of transparency continues

EXPECTED TIME OF REALISATION

Q4/23

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Q4/23

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Q3/23

EXPECTED TIME OF
REALISATION

Q4/23

Q4/23

2025

Q1/23

Q2/23

Q4/23

Q3/24

Q4/24

Q1/25

Q4/25

EXPECTED TIME OF
REALISATION

Q4/23

Q4/24

Q4/24

Q4/25

Q4/25

EXPECTED TIME OF
REALISATION

2025

2025

2023-2025

EXPECTED TIME OF REALISATION
2023-2025
Q4/2023
2025
2025
2025

EXPECTED TIME OF
REALISATION

September 2024

2025

2025

2025

2025

July 2023

Q3/2023 - Q4/2024

Q4/24

EXPECTED TIME OF
REALISATION

Q4/25

Q4/25

Q4/24

Q1/24

Q1/24

Its adoption and
publication in the
Official Gazette

[illegible]

EXPECTED TIME OF REALISATION
2024

EXPECTED TIME OF REALISATION
08/2023
08/2023
as of 03/2024 11/2023
12/2023
12/2025
07/2023
08/2023 08/2023
According to the work plan of the consultants, the Strategy for improving the accounting of budgets and budget users with an Action Plan has been prepared.
Adoption of amendments of Law on accounting of budget and budgets users are expected by the end of 2023

EXPECTED TIME OF
REALISATION

December 2023

December 2023

January 2024

Q4/23

Q1/24

Q4/25

Q4/24

Q4/25

EXPECTED TIME OF REALISATION
Q4/25
K4/2023 (awarded prize for best inspector for 2023)
Q3/23
Q3/23
Q3/23

EXPECTED TIME OF REALISATION
Q4/25
Q4/23
Q4/25
Q4/25
Q4/25

EXPECTED TIME OF REALISATION
Q4/24
Q4/24
In continuity.
Q4/24
In continuity
In continuity.

EXPECTED TIME OF
REALISATION

Q4/24

Q4/24

Q4/25

Q4/2024

EXPECTED TIME OF REALISATION

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Q4/25

Q4/25

Q4/25

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Q4/25

Q4/24
