Thank you for joining.

Workshop: Challenges of Public Administration Reform in the Republic of North Macedonia:

*Key findings of the 2021 SIGMA Monitoring Report*
# Agenda

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<th>Time</th>
<th>Session</th>
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<tr>
<td>10:00 – 10:25</td>
<td>Introductory remarks:</td>
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<td>10:25 – 12:00</td>
<td>Presentation of the key findings of the 2021 SIGMA Monitoring Report and reflections from the administration</td>
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<td>12:00 – 12:10</td>
<td>Overall reflections: Future reform priorities and plans of the administration</td>
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<td>12:10 – 12:20</td>
<td>Importance of public administration reform in the EU Enlargement Process</td>
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<td>12:30</td>
<td>End of Workshop</td>
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Introductory Remarks

- Ms Slavica Grkovska - Deputy Prime Minister, Good Governance

- Mr Admirim Aliti - Minister of Information Society and Administration

- Ms Biljana Zagar - Co-Chair, EU - North Macedonia PAR Special Group, PM Office

- Mr David Geer - Head of the EU Delegation in the Republic of North Macedonia

- Ms Michela Matuella - DG NEAR, European Commission

- Mr Gregor Virant - Head of the SIGMA Programme, OECD
Six Monitoring Reports for the Western Balkans

July 2017 - June 2021
Key highlights for the region

- Overall **steady progress** but **uneven** and at **moderate pace**
- Fastest improvements in **service delivery**, including **digitalization**
- Sound **legislation** mostly in place
- Significant weaknesses at the level of **implementation and outcomes**
- **Islands of excellence** (selected services, procurement laws)
- **Weaknesses** and room for improvement in others (accountability framework for agencies, recruitment, PIFC...)
- Improved **data availability**
Western Balkans 2021 vs 2017

From 0 (lowest) to 5 (highest)
2021 North Macedonia Monitoring Report

Mixed results compared to the Western Balkans regional average

From 0 (lowest) to 5 (highest)
The Principles and Assessment Process

- **48 Principles**, covering six key areas, setting out what good public governance entails in practice
- **52 indicators** and **340 sub-indicators**, 1,000 criteria
  - 0-5 Indicator Values - an indicative level of overall performance (5 is the highest/best)
  - Data not provided/available - marked with (*)
- PAR.IS online system. Data and information from various sources, including interviews (100+), surveys, admin data and samples
- Report was published in November, 2021 but covers the period until June 2021
- COVID-19 impact – online interviews and meetings
- Two rounds of consultations
- A team of SIGMA local and international experts
- Excellent collaboration with all institutions

Thank you!
North Macedonia has progressed in most areas since 2017, but challenges remain.
Progress in many areas

SFPAR, PDC, Accountability and SD areas have improved since 2017
Overall Country Highlights

- Complete strategic framework for PAR but slow implementation; gaps in monitoring and co-ordination
- More consistent implementation of regulatory management tools, but little progress in policy planning reforms
- Weaknesses in HR management, absence of professional top civil service
- A top performer in the region in the accountability area, despite some remaining weaknesses
- Quality of service delivery is improving, but slowly
- Management of public finances has deteriorated, delays in adoption of key laws and weak implementation of public procurement law
More Detailed Findings in Six Areas

- Strategic Framework of Public Administration Reform
- Policy Development and Co-ordination
- Accountability
- Public Service and Human Resource Management
- Service Delivery
- Public Financial Management
1. Strategic Framework of PAR (2021 MKD vs 2021 WB average)

North Macedonia above the regional average in all four SFPAR indicator areas
1. Strategic Framework of PAR (2021 MKD vs 2017 MKD)

Improvement in almost all indicators since 2017
1. Strategic Framework of PAR (2021 MKD full results)

- Strong performance compared to its neighbors in the Western Balkans region
1. SFPAR – Selected Key Findings

- PAR Strategic Framework is established; all areas covered
  - PAR Strategy 2018-2022; PFM Reform Programme 2017-2021
  - Weak PAR prioritisation, alignment with other plans
- But implementation of planned activities is slow (~50-60%).
- PAR co-ordination structures are established and functioning, but not meeting regularly enough
- Limited involvement of CSOs in the actual monitoring structures
1. SFPAR - Key Recommendations

- Stronger monitoring and reporting on reform implementation

- More regular and early preparation of the monitoring reports; finalise and use indicators framework to measure also progress towards outcomes

- Improving the quality of strategy costing and financial planning for PAR

- Renewing the new PAR and PFM reform strategies for the next period beyond 2022/23
  - Consider the results of monitoring and evaluation
Reflections from the Administration:

**SFPAR Area**

Ms Esma Adilovic  
*MISA – PAR Strategy*

Ms Ana Veljanovska  
*Ministry of Finance – PFM Reform Programme*
2. Policy Development and Co-ordination (PDC) 2021 MKD vs 2017 MKD

- Strong progress in many indicators of PDC compared to 2017
2. PDC
(2021 MKD vs 2021 WB)

• … but not so strong performance compared to the regional average.
Area average indicator has increased since 2017, from 1.8 to 2.1
2. PDC- Some of the Key Findings

• Key CoG functions are established, but weaknesses and gaps in implementation, guidance and policy co-ordination.
  ▪ New co-ordination structures/secretariats created in the PM Office- an opportunity to strengthen the CoG but this also creates risks for overlap and confusion.

• Weaknesses in the quality of government policy planning and monitoring.
  ▪ Alignment between various plans not ensured.
  ▪ No regulation and methodology in sector strategy development.
  ▪ No monitoring and reporting on government work and plans

• New EU integrations co-ordination structures not yet fully operational.
  ▪ The NPAA preparation and approval was delayed, creating a gap in EI planning.

• A more consistent application of regulatory management tools, such as regulatory impact assessment (RIA) and consultation compared to 2017
  ▪ But quality, relevant and impact on the final policy design and outcome is limited.
Selected PDC Indicators

- Share of draft laws considered and approved through shortened or extraordinary proceedings remains high in North Macedonia

Figure 4. Use of extraordinary/shortened proceedings for the adoption of government-sponsored draft laws (% of total)
Selected PDC Indicators

- A large share of newly approved laws are being amended within a year after adoption (~25%)
Selected PDC Indicators

- Businesses’ perception about the clarity and stability of policy making has improved since 2017

Figure 1. Perceived clarity and stability of government policy making by businesses, 2017-2020
2. PDC- Key Recommendations

• Improving the quality of **final CoG checks on policy packages** (e.g. coherence of policy proposals, oversight and quality control).
• Need to **clarify the roles of newly created PM Office Secretariats** in performing CoG functions (with the GS and other CoGs).
• Develop and approve a new regulatory and methodological framework for **sector strategy development** and monitoring.
• Review the procedures and criteria for approving laws through **shortened procedures** to ensure adequate preparatory time and scrutiny.
• Strengthen **monitoring and reporting on government performance** - preparing regular reports on all planning documents, including on NPAA.
• Enhance guidelines for **preparation, monitoring and reporting on NPAA**. Timely translation of EU acquis for achieving informed transposition.
• Improving the **quality and use of regulatory management tools** (RIA, public consultation) in final decision making.
• Ensure **full accessibility of all official legislation**, including consolidated versions, electronically and free of charge.
Reflections from the Administration

PDC Area

Ms Gordana Gapikj Dimitrovska
MISA
3. Public Service and HRM

Overall results

3.1.1. Adequacy of the scope of public service

3.2.1. Adequacy of the policy, legal framework and institutional set-up for professional human resource management in public service

3.3.1. Meritocracy and effectiveness of recruitment of civil servants

3.3.2. Merit-based termination of employment and demotion of civil servants

3.4.1. Merit-based recruitment and dismissal of senior civil servants

3.5.1. Fairness and competitiveness of the remuneration system for civil servants

3.6.1. Professional development and training for civil servants

3.7.1. Quality of disciplinary procedures for civil servants

3.7.2. Integrity of public servants

Regional range, 2021  △ Regional average, 2021  • North Macedonia, 2021  ○ North Macedonia, 2017
3. Public Service and HRM
2021 MKD compared to 2017 MKD

Integrity of public servants
Adequacy of the scope of public service
Quality of disciplinary procedures for...
Adequacy of the policy, legal framework...
Professional development and training...
Meritocracy and effectiveness of recruitment and dismissal...
Fairness and competitiveness of the recruitment and dismissals...
Merit-based termination of employment...
3. Public Service and HRM

2021 MKD compared to 2021 WB region

- Integrity of public servants
- Adequacy of the scope of public service
- Quality of disciplinary procedures for...
- Adequacy of the policy, legal framework...
- Professional development and training...
- Meritocracy and effectiveness of recruitment...
- Fairness and competitiveness of the recruitment and dismissal...
- Merit-based termination of employment...

○ Republic of North Macedonia, 2021
● Average, 2021
3. Public Service and HRM
Selected Key Findings

- Improvements in selected areas compared to 2017, but many challenges remain
  - Senior civil service,
  - Training
  - Disciplinary
- Scope of the civil service: some gaps
- Progresses: HR policy and Termination
- Recruitment: still not competitive enough
- Remuneration system: best in the region.
Perceived meritocracy in the public sector has improved (in the last year, after 3 years’ decline)

After three years of decline, civil servants’ perception of meritocracy in the public sector has improved, although it is still lower than in 2017.
3. Public Service and HRM Key Recommendations

**Short-term**
1. Create a Top Management System, based on merit
2. Reinforce trust in the fairness of recruitment to attract candidates
3. Put the Agency of Administration under MISA, respecting their professional autonomy
4. Create capacities to deliver horizontal training
5. Ensure transparency of salary tables and senior officials’ salaries

**Medium-term**
6. Ensure integrity policies targeted to administrative servants and other public employees
7. Design a new salary system, fair but flexible to take into account specificities of certain jobs and public bodies
8. Improve disciplinary procedures, based on feedback from court decisions
9. Develop HRMIS as a tool for strategic HR management
4. Accountability

Improvement since 2017; above the regional average
4. Accountability

2021 MKD vs 2017 MKD

- Functionality of public liability regime
- Accountability and organisation of ce...
- Fairness in handling of administrativ...
- Accessibility of public information
- Effectiveness of scrutiny of public a...
4. Accountability

2021 MKD vs 2021 WB

Functionality of public liability regime
Accountability and organisation of ce...
Fairness in handling of administratv...
Accessibility of public information
Effectiveness of scrutiny of public a...
4. Accountability - Selected Key Findings

- North Macedonia has progressed and is a top regional performer in this area
- Scrutiny by oversight institutions has deteriorated from 2017
- Unclear typology and ineffective accountability of public bodies
- Some public bodies wrongly accountable to the Parliament and not to the relevant ministry
- Better law on access to information, but low proactive disclosure
- Weak perceived independence and trust on oversight institutions
- Weak perceived independence of justice; speedy administrative courts
Average disposition time of first-instance administrative cases (days)

The average disposition time of first-instance court administrative cases has decreased further since 2016 and is now better than the Western Balkan.

Source: Data provided for the assessment by the Ministry of Justice and similar institutions in the region.
4. Accountability

Key Recommendations

• New LOOSAB should set a clear typology of public bodies
• State bodies not requiring independence from the executive should be accountable to the relevant ministries
• MISA+MoF should help creating objective –setting and accountability mechanisms
• Proactive disclosure of information is to be extended
• The SAO is to be recognised as a constitutional body
Reflections from the Administration

PSHRM and Accountability Areas

- Ms Laura Ajdini (MISA)
- Ms Ljupka Ivanovski (MISA)
- Ms Aleksandra Stojanovska (Agency for Protection of the Right to Free Information Access)
- Ms Maja Konevska (State Commission for Prevention of Corruption)
5. Service Delivery (2021 vs 2017)

- Overall improvement in the service delivery area compared to 2017
- North Macedonia overall result is above the regional average
5. Service Delivery (2021 vs 2017)
5. Service Delivery - User orientation

- User-orientation has improved, but mostly due to the improved strategic and legal framework.

- Limited progress on digitalisation of popular services

- Central co-ordination of major digitalisation efforts weak
## Level of digitisation - citizens

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Improvement since 2017 SIGMA assessment

**Notes:**
- ✔️: Above average
- ✗: Below average

**Source:** SIGMA Assessment 2023
User centricity, transparency, key enablers and cross-border mobility

Note: Biannual average 2019 and 2020.
5. Service Delivery - Enablers

- Quality management deteriorated despite legal framework and plans being in place

- Still no service standards and performance data

- New methodology for assessing the quality of institutions developed

- Key digital enablers introduced but:
  - Interoperability framework needs updating
  - E-signature available but not for free, low uptake
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**Improvement since 2017 SIGMA assessment**
5. Service Delivery - Accessibility

- Strategic and legal frameworks in place
- One-stop shops established for citizens and businesses
- No data nor evidence related to improving services for disadvantaged users
User centricity, transparency, key enablers and cross-border mobility

Note: Biannual average 2019 and 2020.
5. Service Delivery - Key Recommendations

- Strengthening MISA’s role in service delivery
- Introducing service standards and performance metrics
- Roadmap for increasing the uptake of digital services (including e-signature and interoperability)
- Integrating service redesign with the LGAP harmonisation process
- More strategic approach on improving the accessibility of services
Reflections from the Administration

Service Delivery area results

Ms Nadica Josifovski
MISA
6. Public Finance Management (2021 MKD vs 2021 WB)
6. Public Finance Management

- 6.1.1. Quality of the medium-term budgetary framework
- 6.2.1. Quality of the annual budget process and budget credibility
- 6.3.1. Reliability of budget execution and accounting practices
- 6.4.1. Quality of public debt management
- 6.5.1. Transparency and comprehensiveness of budget reporting and scrutiny
- 6.6.1. Adequacy of the operational framework for internal control
- 6.7.1. Functioning of internal control
- 6.8.1. Adequacy of the operational framework for internal audit
- 6.9.1. Functioning of internal audit
- 6.15.1. Independence of the supreme audit institution
- 6.18.1. Effectiveness of the external audit system

- Regional range, 2021
- Regional average, 2021
- North Macedonia, 2021
- North Macedonia, 2017
Overall observations

- Slightly downwards from 2.8 in 2017 to 2.6 in 2021 and is now below the regional average (3.0).
  - Out of 11 Indicators in PFM and EA are assessed:
    - No change in score: 8 indicators;
    - Lower overall score: 2 indicators;
    - Higher overall score: 1 indicator.

- Public debt is on increasing trend, but still relatively low compared to regional debt levels.

- Strong potential to improve the PFM function in the coming years:
  - New draft organic budget law;
  - New draft PIFC law;
  - New IFMIS.
6. PFM - Key Findings (2)

Budget management

• Observed improvements
  ▪ Higher credibility of both the medium-term projections and the annual estimates
  ▪ New legislation to improve budget execution of capital budget and reducing payment arrears
  ▪ Upgrading of Public Debt Management Strategy
  ▪ Further detail of budget execution per budget entity and not only in aggregates.

• However, budgeting is still mostly an annual process and not really policy-driven. Strategic role of Fiscal Statement is weakened by:
  ▪ Lack of disaggregated ceilings;
  ▪ Approval late in the budget preparation process;
  ▪ High number (100) of first level budget users;
  ▪ Fiscal rules and fiscal council not yet established.
6. PFM - Key Findings (3)

Public internal financial control

- A fairly complete legal and operational framework for internal control (IC) and internal audit (IA)
- Weakness in implementation of the IC and IA frameworks
  - Driven by the Central Harmonisation Unit (CHU) overseeing a total of 1380 public entities. No role of sectoral ministries.
  - Not all budget organisations follow legal obligations for putting in place internal control procedures and/or PIFC-related manuals.
  - Internal audit suffers from the fragmentation of budget organisations and the, consequently, small scale of IA units.

External audit

- External audit is well-established by the legal framework and the SAO has invested heavily in the quality of audit and communication.
- Nevertheless, the impact of the external audit function could be higher as reflected by the low implementation rate of SAO’s recommendations and limited attention by the Parliament.
Reflections from the Administration

PFM Area

Ms Suzana Stoimceva
Ministry of Finance
6. Public Procurement

- Strong performance in selected indicators, achieving the highest value of 5.
- Worsening of the indicator on supporting the contracting authorities and economic operators.
6. Public Procurement – key findings

- Legislation (including defence) well aligned with the EU ensuring transparency

- PPPs and concessions still to be fully harmonised

- Strong, well-functioning institutional framework (except PPPs/concessions)

- Development of the electronic procurement system

- Independent review system (SAC) aligned with the EU

- Procurement operations have not shown significant improvement

- Guidelines and training tools not fully updated to the new PPL
6. Public Procurement – Key recommendations

- New guidelines and training, and standard tender documents, addressing practical problems, developed in co-operation with practitioners
- New PPP Law fully compliant with the EU Directive
- Full institutional support for implementation of PPP projects
- SAC website increased transparency and utility
- Better co-operation between the key institutions (PPB, SAC, SAI)
Reflections from the administration

Public Procurement Area

Mr Borce Hadziev
Public Procurement Bureau
2021 SIGMA Monitoring Assessment

Overall Reflections, future reform plans and priorities

Gordana Gapikj Dimitrovska
State Advisor of Administration (MISA)
Importance of Public Administration Reforms in the EU Enlargement Process

Mr Florian Hauser
Head of the PAR Team,
DG NEAR, European Commission