



KEY FINDINGS FROM THE SHADOW REPORT ON SECTOR WORKING GROUP ON PUBLIC FINANCE MANAGEMENT

RELEVANT SECTOR POLICIES

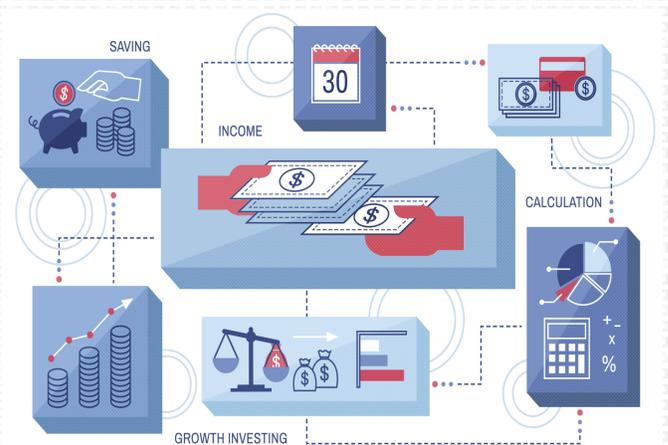
Key sector document that guides operation of this working group is the [Public Finance Management Reform Programme 2018-2021](#), adopted in December 2017. This programme covers issues such as: the country's fiscal framework; revenue mobilization, budget planning, adoption and execution; transparency and reporting; and internal financial control, i.e. state audit and parliamentary oversight.

As strategy document, the Public Finance Management Reform programme 2018-2021 is linked to several other strategy documents, such as: Country Indicative Strategy Paper for IPA 2 2014-2020, [Economic Reform Programme 2017-2019](#) (and the new [programme](#) for the period 2021-2023, adopted in January 2021), [current](#) and

[revised Fiscal Strategy 2021-2023 \(with prospects by 2025\)](#) and [Strategy on Public Administration Reform 2018-2022](#). Public Finance Management Reform Programme 2018-2021 covers several sub-reform documents (previous and new), such as: [Tax System Reform Strategy](#), [Public Internal Financial Control Policy Paper \(with Action Plan for the period 2019 - 2021\)](#), [Public Revenue Office's Strategic Plan 2019-2021](#), [State Audit Office's Development Strategy 2018-2022](#), [Customs Administration's ICT Development Strategy 2019-2023](#), etc.

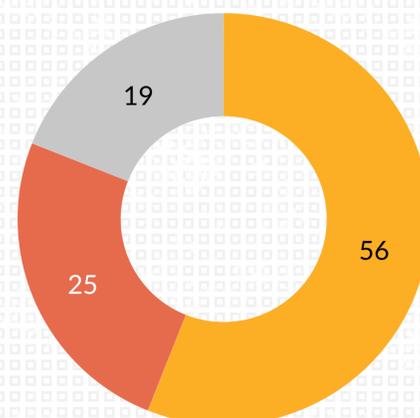
2020 was the third consecutive year and penultimate implementing years for this programme, while development and adoption of the new programme will start in 2021. In this monitoring year, [2020 Action Plan for Implementation of the Public finance Management Reform Programme](#) was adopted and serves as document that operationalizes implementation of this programme on annual level.

Several other strategy documents were also adopted in 2020. They include: new Tax System Reform Strategy 2021-2025 (December 2020), [Draft Economic Reform Programme 2021-2023](#) (January 2021), as document that outlines the country's medium-term microeconomic and fiscal framework, and sector-specific structural reforms to promote competitiveness and growth, and as document for pre-accession alignment with EU economic policies. By the end of 2020, the Proposed Law on Budgets and the Proposed Law on Public Internal Financial Control System entered parliamentary procedure, while draft laws on the Academy of Public Finance and on public-private partnerships were in the stage of public consultations and finalization.



SWG PUBLIC FINANCE MANAGEMENT

- ◆ **FORMED:** 2015
- ◆ **NUMBER OF SWG MEMBERS:** 38, state institutions x 20 members, civil society organisations x 7 members and donor community x 9 members
- ◆ **NUMBER OF MEETINGS HELD IN 2020:** two meetings, 03.07.2020 and 07.10.2020
- ◆ **SWG CHAIR:** Minister of Finance



- Members from institutions (56%)
- Observers from the donor community (25%)
- Observers from CSOs (19%)

SWG FUNCTIONALITY

- ◆ SWG is formed by **decision on establishment** that sets the sector group's objectives, structure, composition and tasks, but not the rules governing its operation and organisation of meetings.
- ◆ SWG **does not have annual plan**, and dynamics of its work is based on annual and semi-annual reports on implementation of the Public Finance Management Reform Programme.
- ◆ SWG members **are timely presented** with materials for meetings and corresponding minutes.
- ◆ Conclusions and key documents for discussion **are published** on MoF's website.

CIVIL SOCIETY PARTICIPATION

- ◆ **7 civil society organizations** participate in SWG, with the status of **observers**.
- ◆ The status of observers is justified with the special character of this group, i.e. **operational group** for implementation of the Public Finance Management Reform Programme.
- ◆ Civil society representatives **regularly attend** SWG meetings.
- ◆ It remains unknown **whether proposals from CSOs are accepted** and integrated in strategy documents and policies

CSO CAPACITY

- ◆ Civil society representatives believe they **have a more important role than the one they are assigned within the sector group**.
- ◆ CSOs believe they need to be involved in SWG work in **greater and more meaningful ways**.
- ◆ Although their SWG participation sometimes assumes a **pro-forma character**, CSOs believe their current involvement is of great importance to exert influence on important processes in the country.

EFFECTS FROM SWG WORK

- ◆ Effects from SWG work **are closely related to implementation of the programme**, as the baseline document whose realization falls within the sector group's realm, but is accessed as merely technical and operative.
- ◆ Except for programme implementation, **other issues and aspect related to public finance are not discussed** at SWG meetings, thereby **failing to utilise the potential** of the multisectoral approach that is considered as one of the best features of SWGs.

WHAT NEEDS TO CHANGE:

- ◆ Adopt **separate rules of procedure** for this SWG in cooperation with the Secretariat for European Affairs with a view to ensure coordination and synergy with other SWGs.
- ◆ In addition to regular plenary sessions, **organize meetings at operational level** and under narrow composition, depending on the subject matter discussed.
- ◆ Share and discuss **materials covered under the programme**, such as proposed laws, strategies, action plans, etc.