

SHADOW REPORT

FROM MONITORING WORK
AND EFFECTS OF
THE SECTOR WORKING
GROUP ON PUBLIC
FINANCE MANAGEMENT

January – December 2021





THROUGH
DIALOGUE **TO**
EU

SHADOW REPORT

FROM MONITORING
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THE SECTOR WORKING
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FINANCE MANAGEMENT

January – December 2021



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SHADOW REPORT FROM MONITORING WORK AND EFFECTS OF THE SECTOR WORKING GROUP ON PUBLIC FINANCE MANAGEMENT IN THE PERIOD JANUARY – DECEMBER 2021

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FOREWORD

SUMMARY ON PERFORMANCE OF SECTOR WORKING GROUPS IN 2021

Shadow Reports from Monitoring Work and Effects of Sector Working Groups in 2019, 2020 and 2021 were developed under the hypothesis that SWGs are important bodies responsible for sector policy creation and monitoring in the Republic of North Macedonia and serve as forum for coordination of donor support for policy implementation.

The sector-wide approach was indicated as comprehensive approach for IPA II, used to assess and determine the state's qualification level in terms of utilization of IPA assistance for full sector support, and was followed by formation of sector working groups over the period 2015-2020. With the start of IPA III programming for the period 2021-2027, institutions continued the sector-wide approach and operation of sector working groups.

While, in formal terms, sector working groups have potential to be policy makers in relevant sectors, SWG monitoring findings in 2021 indicate to regression in terms of their functionality, civil society participation and effects from their work. Modest improvement is noted in respect to transparency in operation, having in mind that institutions responded to more than 85% of information requests made under the instrument for free access to public information, accounting for an improvement by more than 4% compared to 2020. Openness is also noted in terms of increased communication, especially because in 2021 representatives from all 12 SWGs accepted invitations for interview with the project team that monitors their work and performance.

Based on the analysis of meetings held by SWGs, total of 251 responses made by institutions under the instrument for free access to public information, 12 interviews with

IPA coordinators and discussions with 26 civil society organizations that participate in sector groups, flagship monitoring findings on performance of SWGs in 2021 concern the following:



- In 2021, SWGs held a total of 11 plenary sessions and 8 operational meetings, representing a decrease compared to 2020 findings, when they held a total of 19 plenary sessions and 21 operational meetings.
- None from 12 SWGs has complied with the minimum number of plenary sessions on annual level stipulated in their respective rules of procedure or draft rules of procedure, while 4 sector groups¹ did not hold any plenary session during 2021.
- In the case of 5 from 12 sector groups, civil society organizations have not participated in SWG work during 2021. In the case of 4 SWGs, civil society participation was absent due to the fact that the relevant sector group has not held any meeting, while one sector group has not invited civil society organizations to participate in its work.²
- SWGs that have held plenary session and invited civil society organizations to attend these meeting did not fully update data on civil society representatives resulting in invitations being sent to erroneous or non-existing e-mail addresses, which additionally narrows the space for civil society participation.
- Although IPA III Regulation anticipates that civil society organizations should be given space for meaningful participation in IPA programming and sector policy development, in the practice there is no actual space for substantial engagement of civil society organizations during plenary sessions and involvement of civil society representatives in operational meetings organized by SWGs.
- While donor coordination is anticipated as part of activities performed by sector working groups, the monitoring tools did not observe agenda items for SWG meetings held in 2021 that focus on donor coordination matters.

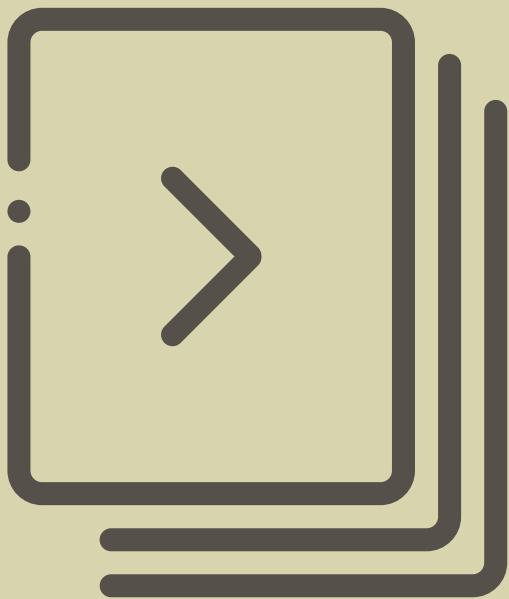
1 SWG Justice, SWG Public Administration Reform, SWF Roma Integration and SWG Home Affairs

2 SWG Competitiveness and Innovation

Based on the established state-of-play, encouraging steps have been made in 2021 towards enhanced structural dialogue. In particular, the Secretariat for European Affairs (SEA) initiated the process for amending the rules of procedures for SWGs in order to improve their overall performance and regulate civil society and donor participation. During interviews with representatives from competent institutions it was underlined that they are open to changing the rules of procedure with a view to regulate participation and role of civil society organizations in greater details. Expectations are that predictability of SWG dynamics and functionality will be improved in 2022, by creating the indicative calendar for meetings of all SWGs and by publishing information on phases for future IPA programming, as well as relevant documents for sector policies. Based on responses obtained from civil society organizations, evident is the request for their participation at the level of technical meetings that would allow them to be involved in all stages of policy development and adoption.

HOW TO MOVE FORWARD?

SEA must urgently open consultations around the new rules of procedures for SWGs, which should include provisions that improve meaningful participation of civil society organizations, primary by ensuring availability and access to materials and information of operational nature, as well as by organizing inception training for new representatives to ensure thorough understanding of sector policy processes and IPA programming. These trainings should also target civil society representatives from Sector Monitoring Committees. The new rules of procedure should regulate in details the procedure for selection and work of civil society representatives, including the method for consultations with the broader civil society. Adherent actions are needed to implement plans aimed at improving participation, work predictability and transparency of SWGs.



GENERAL INFORMATION

SECTOR WORKING GROUP ON PUBLIC FINANCE MANAGEMENT

FORMED: 2015

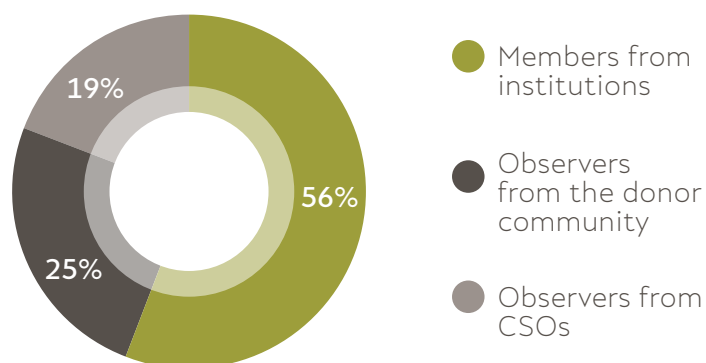
NUMBER OF SWG MEMBERS: 38, state institutions x 20 members, civil society organizations x 7 members and donor community x 9 members³

NUMBER OF MEETINGS HELD IN 2021: two plenary sessions, 19.03.2021 and 20.09.2021

SWG CHAIR: Minister of Finance

CHART 1.

Distribution of various representatives in SWG Public Finance Management



³ Representatives from civil society organizations and donor community have the status of observers in SWG Public Finance Management.



METHODOLOGY APPROACH

For the purpose of this research, the project team relied on responses to information requests submitted under the instrument for free access to public information and addressed to the Ministry of Finance as the lead institution in SWG Public Finance Management. Moreover, the report used information, documents and data available on official websites of the Ministry of Finance, Secretariat for European Affairs, Ministry of Information Society and Administration, Public Revenue Office and Customs Administration. In addition, the project team interviewed representatives from the unit for working group coordination,⁴ as well as civil society representatives with the status of observers in SWG Public Finance Management.⁵

The process for data collection, monitoring and evaluation was performed in respect to five segments:

- SWG functionality;
- civil society participation in SWG;
- CSO capacity for contribution and participation in SWG;
- effects of SWG work; and
- IPA.

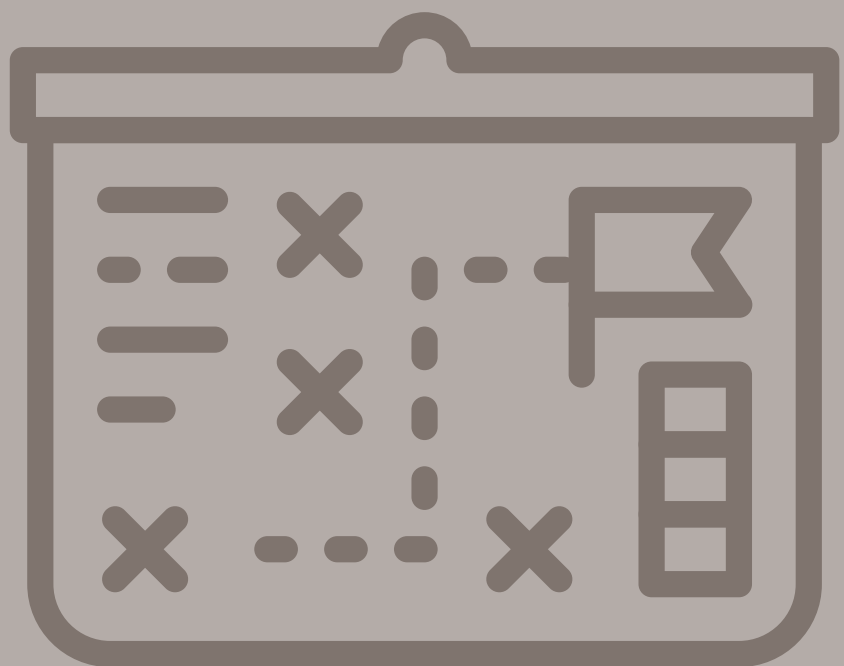
4 Interview was conducted online on 21.01.2022.

5 Interview was conducted online on 28.01.2022.



Based on the methodology for monitoring work and effects of sector working groups, performance of SWGs in all these five segments is measured against 31 standards and 21 indicators. Scores calculated for these standards (1 is the lowest and 5 is the highest) are used to assess progress in work of all 12 sector working groups at annual level.

Nevertheless, having in mind that five of twelve SWGs did not hold plenary sessions in 2021 and given that most standards are directly related to SWG meetings, unlike last year, this monitoring report does not include scores for individual segments of SWG performance. This method is applied to all SWGs, including those that have held plenary sessions in 2021, in order to maintain same approach to assessment for all 12 sector working groups.





PART 1

SECTOR POLICIES

Work of this sector group remains fully linked to implementation of the Public Finance Management Reform Programme as the key sector document. The [2018-2021 programme](#)⁶ expired in December 2021 and underway are efforts for development of new programme for the period 2022-2025.

Otherwise, it is a matter of cross-sector programme that covers issues such as: the country's fiscal framework; revenue mobilization; budget planning, adoption and execution; transparency and reporting; and internal financial control; external control, i.e. state audit, and parliamentary oversight.

The current programme and its implementation are closely linked to other strategy documents in the field of public finance: Country Indicative Strategy Paper for IPA II 2014-2020,⁷ [Economic Reform Programme 2017-2019](#)⁸ (and the new [programme](#)⁹ for the

6 Public Finance Management Reform Programme 2018-2021, available at: <https://bit.ly/2TdkOcf> [last retrieved on 07.02.2022].

7 More information on IPA planning and programming for the period 2014-2020 (IPA II) is available at: <https://bit.ly/3gsjDxN>, [last retrieved on 07.02.2022].

8 2017 Economic Reform Programme, available at: <https://bit.ly/3wf6sqH> [last retrieved on 07.02.2022].

9 Economic Reform Programme 2021-2023, available at: <https://bit.ly/3zhyfst> [last retrieved on 07.02.2022].



period 2021-2023, adopted in January 2021), **current**¹⁰ and **Revised Fiscal Strategy 2021-2023 (with prospects by 2025)**¹¹ and **Strategy on Public Administration Reform 2018-2022**.¹² The Public Finance Management Reform Programme 2018-2021 covers several sub-reform documents (previous and new), such as: **Tax System Reform Strategy**,¹³ **Public Internal Financial Control Policy Paper (with Action Plan for the period 2019 - 2021)**,¹⁴ **Public Revenue Office's Strategic Plan 2019-2021**,¹⁵ **State Audit Office's Development Strategy 2018-2022**,¹⁶ **Customs Administration's ICT Development Strategy 2019-2023**,¹⁷ etc.

Having in mind that the programme and several other key documents were valid by end of 2021, activities in this reporting period implied development and adoption of new documents, while valid documents were subject of review and extension, such as: **Fiscal Strategy of the Republic of North Macedonia 2022-2024 (with prospects by 2026)**¹⁸ (adopted by the Government on 1 June 2021), **Strategy on Public Debt Management of the Republic of North Macedonia 2022-2024 (with prospects by 2026)**¹⁹ (adopted by the Government on 1 June 2021) and its **revised edition**²⁰ from December 2021, **Plan on Fiscal Sustainability and**

10 Fiscal Strategy of the Republic of North Macedonia 2021-2023, available at: <https://bit.ly/3cyiJi6> [last retrieved on 07.02.2022].

11 Revised Fiscal Strategy of the Republic of North Macedonia 2021-2023 (with prospects by 2025), available at: <https://bit.ly/2TZabKY> [last retrieved on 07.02.2022].

12 Strategy on Public Administration Reform 2018-2022, available at: <https://bit.ly/3iwd9AT> [last retrieved on 07.02.2022].

13 Tax System Reform Strategy (2021-2025), available at: <https://bit.ly/3pHDSMm> [last retrieved on 07.02.2022].

14 Public Internal Financial Control Policy Paper (with Action Plan for the period 2019-2021), available at: <https://bit.ly/3izC72m> [last retrieved on 07.02.2022].

15 Public Revenue Office, Strategy Plan 2019-2021, available at: <https://bit.ly/3zgxSyz> [last retrieved 07.02.2022].

16 State Audit Office, Development Strategy 2018-2022, available at: <https://bit.ly/3xbYtLg> [last retrieved at 07.02.2022].

17 Customs Administration, ICT Development Strategy 2019-2023, available at: <https://bit.ly/3xeoOZ2> [last retrieved on 07.02.2022].

18 Fiscal Strategy of the Republic of North Macedonia 2022-2024 with prospects by 2026, available at: <https://finance.gov.mk/%d1%84%do%b8%d1%81%do%ba%do%bo%do%bb%do%bd%do%bo-%d1%81%d1%82%d1%80%do%bo%d1%82%do%b5%do%b3%do%b8%d1%98%do%bo/> [last retrieved on 07.02.2022].

19 Strategy on Public Debt Management 2022-2024 with prospects by 2026, available at: https://finance.gov.mk/wp-content/uploads/2021/08/%Do%A1%D1%82%D1%80%Do%Bo%D1%82%Do%B5%Do%B3%Do%B8%D1%98%Do%Bo-%Do%B7%Do%Bo-%D1%83%Do%BF%D1%80%Do%Bo%Do%B2%D1%83%Do%B2%Do%Bo%D1%9A%Do%B5-%D1%81%Do%BE-%D1%98%Do%Bo%Do%B2%Do%B5%Do%BD-%Do%B4%Do%BE%Do%BB%Do%B3-2022-2026_%Do%924-%Do%BA%Do%BE%D1%80%Do%B8%Do%B3%Do%B8%D1%80%Do%Bo%Do%BD%Do%BE-1-Copy-2.pdf [last retrieved on 07.02.2022].

20 Revised Strategy on Public Debt Management of the Republic of North Macedonia 2022-2024 with prospects by 2026, available at: https://finance.gov.mk/wp-content/uploads/2022/02/%Do%A1%D1%82%D1%80%Do%Bo%D1%82%Do%B5%Do%B3%Do%B8%D1%98%Do%Bo-%Do%B7%Do%Bo-%D1%83%Do%BF%D1%80%Do%Bo%Do%B2%D1%83%Do%B2%Do%Bo%D1%9A%Do%B5-%D1%81%Do%BE-%D1%98%Do%Bo%Do%B2%Do%B5%Do%BD-%Do%B4%Do%BE%Do%BB%Do%B3-2022-2026_FINAL-%Do%BA%Do%BE%D1%80%Do%B8%Do%B3%Do%B8%D1%80%Do%Bo%Do%BD%Do%BE.pdf

Support for Economic Growth: Policies, Recommendations, Measures and Indicators²¹ (adopted by the Government on 5 October 2021) and

Plan for Rapid Economic Growth for the period 2022-2026²² (adopted by the Government on 26 October 2021). However, civil society organizations were neither involved nor consulted in the process for development of these sector policies and strategy documents. Consultations were organized only with representatives from involved state institutions.

By the end of 2021, the Ministry of Finance initiated development of the new Public Finance Management Reform Programme 2022-2025, which is expected to be adopted in March 2022. The new programme will include non-implemented activities from the previous programme and will be complemented with new activities in the field of public finance management.

Several key laws in the field of public finance were not adopted in 2021. These include the new Law on Budgets and the Law on Public Internal Financial Control, both pending adoption by MPs in the Assembly of RNM since the end of 2020. Moreover, legal solutions are not adopted for the Public Finance Academy and for public-private partnership and concessions, although they were under development in 2021.

21 Plan on Fiscal Sustainability and Support for Economic Growth: Policies, Recommendations, Measures and Indicators, available at: <https://finance.gov.mk/wp-content/uploads/2021/10/%D0%A4%D0%B8%D1%81%D0%BA%D0%B0%D0%BB%D0%BD%D0%B0-%D0%BA%D0%BE%D0%BD%D1%81%D0%BE%D0%BB%D0%B8%D0%B4%D0%B0%D1%86%D0%B8%D1%98%D0%B0.pdf> [last retrieved on 07.02.2022].

22 The plan is not available on the Ministry of Finance's websites, but the presentation is published on the Agency for Foreign Investment and Export Promotion (Invest in Macedonia)'s website: <https://investnorthmacedonia.gov.mk/stored/2021/10/Prezentacija-Vlada.pdf> [last retrieved on 07.02.2022].



PART 2

SWG FUNCTIONALITY

2.1 RULES OF PROCEDURE

This sector group does not have own rules of procedure. In particular, SWG Public Finance Management was established and operates on the basis of the decision for its formation which defines the working group's objectives, structure, composition and tasks. Moreover, the decision enlists names of SWG chair and deputy chair, employees from the unit for working group coordination at the Ministry of Finance, coordinators per priority area from institutions involved, and other SWG members. This practice imposes the need for frequent changes to the decision on formation of the sector group, at least with every change of the finance minister who serves as SWG chair.

Civil society organizations and donor community have the status of observers in SWG Public Finance Management and the relevant decision enlists only names of organizations and institutions represented, but not individual names of their representatives.

While representatives from the unit for working group coordination find it acceptable for this sector group to have separate rules of procedure, they still perceive it as purely technical working group that is closely linked to implementation of the Public Finance



Management Reform Programme, whereby the absence of separate rules of procedure does not, in any way or form, negatively affect efficiency of its work.

Be that as it may, by the end of 2021, this unit was presented with draft rules of procedure by the Secretariat for European Affairs and has submitted comments and proposals on the draft text, currently waiting for possible compilation of the final version. In their opinion, significant adjustments are needed for the rules of procedure to reflect the special character of this sector working group.

In addition to the chair, i.e. the finance minister and his/her deputy (state advisor on issues related to international finances and harmonization with the EU and decentralized management of EU funds), SWG members include three other representatives from the Ministry of Finance that form the unit for working group coordination, 32 coordinators per priority area, i.e. holders of relevant reform measures (pursuant to priority areas and measures defined in the Public Finance Management Reform Programme), 20 members representing nine institutions involved in implementation of this programme, 7 representatives from civil society organizations with the status of observers, and 9 representatives from the donor community, also with the status of observers.

The decision for formation of SWG Public Finance Management does not outline any rules that govern its work or methods for organization of SWG meetings and participation in its work by SWG members, observers and other persons and institutions involved.

In practice, however, this sector group operates by ensuring timely distribution of materials for scheduling and holding SWG sessions (invitations, agendas, plans and reports) to all members, including minutes from SWG meetings. Communication is mainly pursued in electronic form, including submission of inputs and feedback from persons involved, after these have been presented in person at SWG meetings. Inputs are then reconsidered within the unit for working group coordination, but are not shared with other members and persons involved in the sector working group.

Such practice of regular and timely sharing of SWG materials concerns only those that have been discussed at SWG meetings (action plans for programme implementation, semi-annual and annual reports from monitoring implementation of action plans), but not other materials in this field (for example, strategies, programmes, plans, etc.). These materials are not shared with members and persons involved in SWG

work, which is in line with the coordinators' understanding of this sector working group as being of mainly technical nature and focused on implementation of the Public Finance Management Reform Programme 2018-2021.

Conclusions taken at SWG meetings, including key documents discussed, are integrally published on the Ministry of Finance's website.²³ With that exception, there is no complete and comprehensive information dissemination to the public on work and performance of the sector group in the sense of press releases, organization of press conferences or other methods for public information.

2.2 ANNUAL WORK PLAN

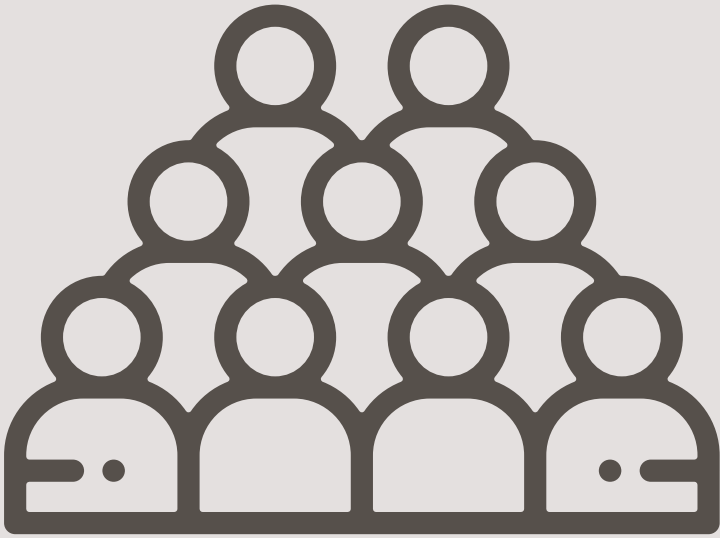
Having in mind that SWG Public Finance Management does not have own rules of procedure, there is no stipulated obligation for this sector group to develop and implement annual work plans and to develop and publish annual reports on implementation of such plans.

Instead, the sector group develops and is guided by the annual action plan for implementation of the Public Finance Management Reform Programme 2018-2021 and semi-annual and annual reports from monitoring implementation of such plans. This practice arises from the fact that the sector group is fully committed to implementation of the Public Finance Management Reform Programme.

Nevertheless, this sector working group has rather strict work pattern and dynamics. Under regular circumstances, it holds at least two meetings per year, usually in the first and third quarter of the year.

Having in mind the above, SWG performance is assessed in terms of quality of implementation in respect to several tasks that are pursued under the cross-sector approach that overlaps with the character of the relevant programme 2018-2021. Based on the fact that, in 2021, the sector group has developed, presented and discussed the 2021 draft action plan, 2020 draft annual report, and semi-annual report for the first half of 2021, the coordinators expressed satisfaction with performance of ongoing tasks and overall performance of this sector group.

²³ SWG materials are published on the Ministry of Finance's website <https://bit.ly/3gebKNT> [last retrieved on 07.02.2022].



PART 3

CIVIL SOCIETY PARTICIPATION

There are no significant changes in respect to civil society participation in SWG Public Finance Management from the situation observed in 2019 and 2020 shadow reports.

Civil society and donor community members in this sector working group have the status of observers and represented civil society organizations and donor institutions are enlisted in the decision for its formation. At the moment, seven CSOs represented in SWG Public Finance Management are:

- Center for Economic Analyses;
- Association of Young Analysts and Researchers;
- Finance Think – Institute for Economic Research and Policy;
- Analytica;
- Eurothink – Center for European Strategies;
- Center for Civil Communications;
- Center for Research and Policy Making.



Moreover, the sector working group includes representatives from nine donor community organizations and institutions.

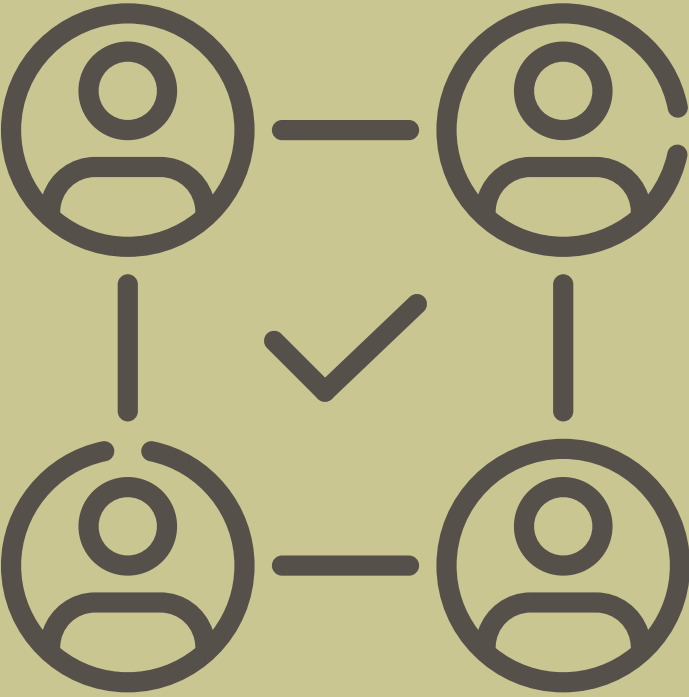
The status of observers instead of SWG members is explained with the sector group's specific character. Namely, representatives from the unit for working group coordination elaborate that this had been done on recommendation from the Secretariat for European Affairs at the time when this sector working group was formed, primarily because it was initially envisaged as operational group for implementation of the Public Finance Management Reform Programme, with specific tasks for individual group members. Later, it was decided for the group to be extended with inclusion of other actors that are given the status of observers because they are not directly involved in programme implementation.

Individual members of the academic community are invited to attend SWG meetings depending on topics discussed, but formally these are neither members nor observers.

Civil society representatives regularly attend SWG meetings for which they receive timely invitations and materials to be discussed. Moreover, SWG meetings leave adequate portion of time for discussion and inputs from civil society organizations, which are later submitted in written or electronic form to the unit for working group coordination.

SWG members provided individual response or views on comments and proposals made by civil society organizations at these meetings, although only small portion of these inputs are accepted and integrated in strategy documents and policies. Beyond the sector group, CSOs that participate in SWG Public Finance Management engage in consultations on particular issues through other channels and methods (for example, ENER, public debates, policy briefs, etc.)





PART 4

CSO CAPACITY

Civil society representatives involved in work of SWG Public Finance Management assess their participation therein as more formal than meaningful. In their opinion, SWG work has been reduced to “verification of activities performed”, without engagement in meaningful discussion about priority areas and issues. Hence, they underlined the need for SWG discussions to also include quality achievements and implementation of activities instead of giving account in purely technical, formal and quantitative terms. In that regard, they have assessed that other SWG members perceive civil society participation in this sector group to be of purely technical and formal character.

Representatives from more active civil society organizations with status of SWG observers indicated that, on the account of this constellation of relations, they are slowly losing enthusiasm and refuse to accept such role. In their opinion, non-participation and inactivity on the part of civil society organizations would lead to much worse performance of this sector working group.

They demand civil society involvement at more operational level, discussions on quality and essence of activities implemented under the Public Finance Management Reform Programme, but also discussions on other documents and policies in the field of public finance.

Proposals made in that regard concern the fact that inputs and comments made by civil society representatives should receive proper feedback by the sector group in terms of being accepted or rejected, including elaboration of reasons thereof. Such feedback would serve as adequate indicator on the attitude towards civil society participation in SWG work.

Moreover, civil society representatives requested SWG to distribute materials that serve as baseline for discussions, not only reports on programme implementation. In that respect, they stressed the danger of creating an impression that important documents are developed or adopted in consultation with civil society organization solely on the basis of their participation and attendance at SWG meetings, but without meaningful discussion and consultations.



PART 5

EFFECTS FROM SWG WORK

Although the Public Finance Management Reform Programme clearly designates that the working group shall meet at least once every three months, dynamics of SWG meetings is determined by the semi-annual calendar for development of reports on implementation of the programme's action plans.

In 2021, this sector working group held two meetings, on 19.03.2021 and 20.09.2021. As was the case in 2020, both meetings were held online as preventive measure against coronavirus infections. In the period leading to SWG meetings and after submission of materials, members and observers were invited to submit comments and remarks in electronic form.

The first meeting in 2021 was held together with the public finance management policy dialogue (organized with the EU), while the second meeting was focused only on issues related to this sector working group.

Effects from work of SWG Public Finance Management and general performance of this sector group are closely linked to implementation of the eponymous programme that defines its mandate.

For that purpose, instead of annual plans and annual work reports, this sector group develops annual action plans for programme implementation, with effects and implementation of such action plans being assessed as part of semi-annual and annual reports.



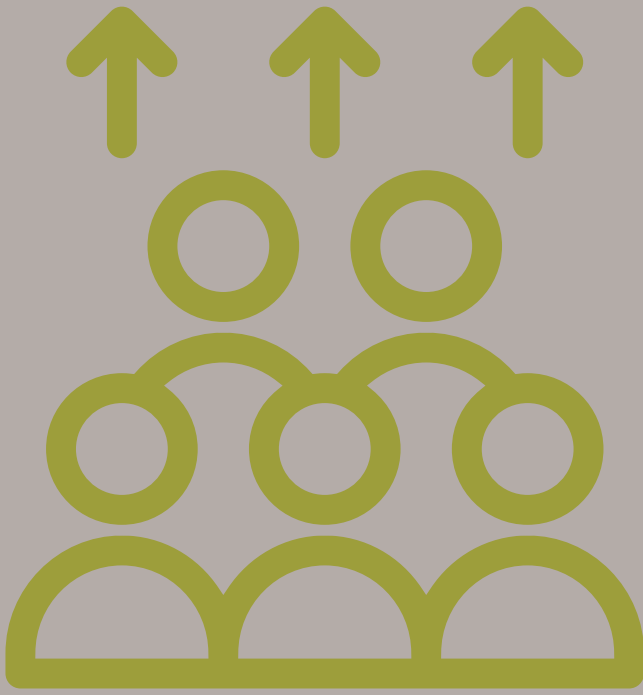
The Public Finance Management Reform Programme defines seven priority areas, each further defined in terms of objectives and expected outcomes, including indicators to measure progress. Priority areas are accompanied by measures and activities that should be implemented. Progress is measured on the basis of indicators, referring to implementation, derogations, reasons thereof and new objectives or timeframe for implementation.

Hence, it is not a matter of assessing SWG performance, but rather assessment of the programme's implementation at technical and operational level. SWG representatives reported daily communication between the Ministry of Finance and other institutions involved in programme implementation at operational level.

By the mere fact that this sector group is closely linked to implementation of the eponymous programme and that SWG meetings do not feature discussions on other important issues and aspects pertaining to public finance, it seems that the sector group insufficiently utilizes the cross-sector approach which, on the other hand, is assessed as its great advantage.

Civil society organizations with status of SWG observers are of the opinion that the sector group's attitude, dynamics and work method are significantly changed with every appointment of new finance minister who serves as SWG chair.





PART 6

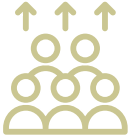
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE IPA III (2021-2027)

The Instrument for Pre-accession Assistance (IPA III) concerns the programming period 2021 - 2027. The European Commission introduced this instrument together with the new EU multiannual financial framework. IPA III was introduced with adoption of the Regulation on Establishing the Instrument for Pre-accession Assistance and the Regulation on Implementing Rules and Principles for IPA III²⁴ by the European Union, and is coherent with other funds, programmes and instruments of the Union, primarily the Neighbourhood Development and International Cooperation Instrument.

According to its structure, IPA III is organized around five thematic priorities, i.e. windows:

1. Rule of Law, Fundamental Rights and Democracy;
2. Good Governance, Acquis Alignment, Good Neighbourly Relations and Strategic Communication;
3. Green Agenda and Sustainable Connectivity;

²⁴ Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III) COM/2018/465 final



4. Competitiveness and Inclusive Growth;
5. Territorial and Cross-Border Cooperation.

For more information on IPA III programming (2021-2027) see the report [IPA: Cross-Cutting Issue.](#)

6.1 IPA III PROGRAMMING (2021-2027) IN THE SECTOR ON PUBLIC FINANCE MANAGEMENT

IPA III funds anticipated for the sector on public finance management are part of WINDOW 2: Good Governance, Acquis Alignment, Good Neighbourly Relations and Strategic Communication, thematic priority 1: Good Governance. However, no activities are planned in this sector for 2021 and 2022 as programme years. Action fiches are still not elaborated for the action “EU for Modern Public Finance Management”, anticipated for implementation in 2023 and 2024, which means that these are strategic indicators in the earliest stage of development and they can be changed in the future.

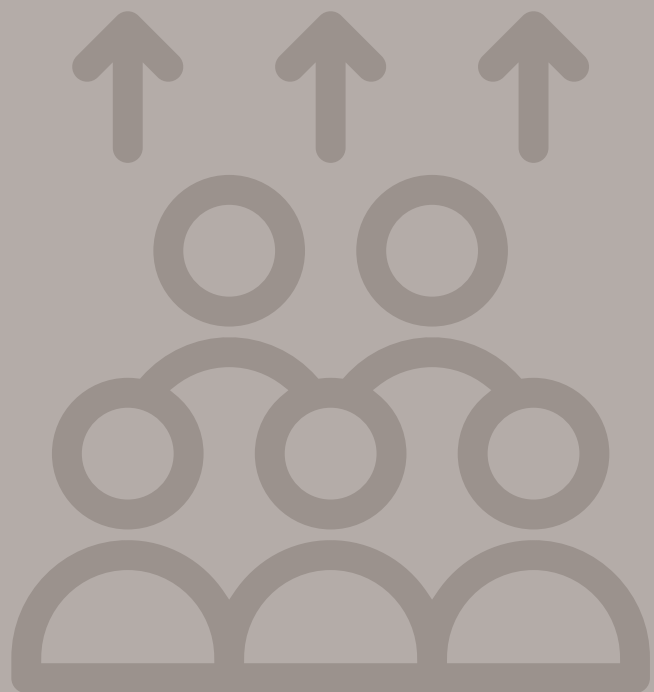
TABLE 1.
IPA III programming (2021-2027) in the sector on public finance management

WINDOW 2:
GOOD GOVERNANCE, ACQUIS ALIGNMENT, GOOD NEIGHBOURLY RELATIONS AND STRATEGIC COMMUNICATION

Thematic priority 1: Good Governance

Implementation period: 2023 and 2024

Action	Estimated total budget (million EUR)	Requested contribution from IPA (million EUR)	Implementation plan/arrangement
<u>EU for Modern Public Finance Management</u>	18,0	18,0	Project-based intervention, including procurements (contracts for goods and services) and grants (twinning).



PART 7

GENDER MAINSTREAMING IN SECTOR WORKING GROUPS

Gender mainstreaming is a process for systematic consideration of implications on women and men from a planned action, including legislation, policy or program, in any area and at all levels.²⁵ In that, the ultimate goal is to achieved gender equality. Within the national legislation of the Republic of North Macedonia, gender mainstreaming is defined under the Law on Equal Opportunities for Women and Men²⁶ and represents an obligation for all state bodies and institutions. Failure to incorporate the gender perspective implies adoption of gender-neutral or gender-blind policies that are unable to address existing inequalities and could contribute to deepened gender gaps.

Gender equality is among core values of the European Union.²⁷ At the same time, EU membership is conditioned with respect

25 European Institute for Gender Equality (EIGE), Glossary and Thesaurus, A-Z Index, available at: <https://eige.europa.eu/thesaurus/terms/1185?lang=mk>

26 Article 4, paragraph (1), item 10) of the Law on Equal Opportunities for Women and Men, “Official Gazette of the Republic of Macedonia” no. 6/12, 30/13, 166/14, 150/15 and “Official Gazette of the Republic of North Macedonia” no. 53/21.

27 Article 2 of the consolidated version of the Treaty on the European Union, available at: <https://bit.ly/3s4gjjR>



and promotion of fundamental European values.²⁸ The Instrument for Pre-accession Assistance in the period 2021-2027 (IPA III) stipulates that implementation of IPA III should be led by the principles of gender equality and enhanced rights of women and girls,²⁹ in line with and aimed at attaining the minimum standards established under the EU's new Gender Action Plan 2021-2025 (GAP III) titled "An Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action".³⁰ GAP III is organized into five pillars and the third pillar anticipates activities in six key areas of engagement.³¹ Moreover, GAP III reflects goals and objectives defined under the EU Gender Equality Strategy 2020-2025.³² On the other hand, IPA III defines gender equality as specific objective, but also thematic priority eligible for support.³³ In that, it is stressed that gender equality is a cross-cutting issue that should be adequately reflected and integrated in the overall implementation process.³⁴ Goals of IPA III assistance under the thematic priority on gender equality fully correspond to six areas of engagement from GAP III, which provides an additional indicator for the need for these two documents to be linked. On that account, work within sector groups - that represent forums for interdepartmental cooperation and are competent for creating and implementing national policies and programming, monitoring and evaluating foreign aid - should be guided by and aligned with GAP III. Finally, due consideration should be made of the EU's commitment that, by 2025, at least 85% of all new external actions should include gender equality as important or general goal.³⁵

²⁸ Ibid. Article 49, paragraph (1)

²⁹ Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III), available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1529&qid=1643627286827&from=en>

³⁰ EU Gender Action Plan (GAP) III – An Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action, available at: https://ec.europa.eu/international-partnerships/system/files/join_2020_17_en_final.pdf

³¹ Ibid. GAP III anticipates activities grouped into six thematic areas: ensuring freedom from all forms of gender-based violence; promoting sexual and reproductive health and rights; strengthening economic and social rights and empowerment of girls and women; advancing equal participation and leadership; implementing the women, peace and security agenda; addressing challenges and harnessing opportunities offered by the green transition and the digital transformation.

³² A Union of Equality: Gender Equality Strategy 2020-2025, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0152>

³³ Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III), available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1529&qid=1643627286827&from=en>

³⁴ Ibid.

³⁵ EU Gender Action Plan (GAP) III – An Ambitious Agenda for Gender Equality and Women's Empowerment in EU External Action, available at: https://ec.europa.eu/international-partnerships/system/files/join_2020_17_en_final.pdf

An important element of the sector approach to gender mainstreaming is building and enhancing technical competences of all stakeholders involved in implementation of sector policies.³⁶ Hence, equal importance is assigned to capacity building on gender mainstreaming among policy makers, but also among people involved in policy implementation.

For more information, see [Shadow Report on Gender Mainstreaming in Sector Working Groups](#).

7.1 GENDER MAINSTREAMING IN SWG PUBLIC FINANCE MANAGEMENT

Both meetings held by SWG Public Finance Management in 2021 did not include discussion on gender equality policy impact.³⁷ As the lead institution in this sector working group, in 2021, the Ministry of Finance (MoF) did not organize training on gender-sensitive work to enhance capacity of its staff members. Moreover, the ministry has not developed or used gender analyses for creation of policies falling within its competences. At the same time, SWG work did not include experts on gender equality or civil society organizations that work on promoting gender equality or women organizations. Finally, SWG Public Finance Management has not developed any action documents for IPA III programmes that include the gender perspective.

³⁶ EIGE, Glossary and Thesaurus, A-Z Index, available at: <https://eige.europa.eu/thesaurus/terms/1359?lang=mk>

³⁷ Interview with IPA coordinator, 2022.







FINAL CONCLUSIONS AND RECOMMENDATIONS

1. Operation of SWG Public Finance Management is closely linked to implementation of the Public Finance Management Reform Programme as document that covers many aspects and includes several institutions in the field of public finance. Hence, SWG composition reflects its cross-sector approach and includes members from nine institutions. By the effect of his/her public office, the finance minister chairs this sector working group, while its operation is coordinated by a separate unit within the Ministry of Finance. This sector group does not have own rules of procedure and operates on the basis of the decision for its formation., Hence, there are no rules of operation in place, including those that regulate the method for organization of meetings and participation of SWG members, observers and other actors and institutions involved in its work. Moreover, the sector working group does not develop annual plans and annual work reports. Work of this sector group is guided by implementation dynamics of the Public Finance Management Reform Programme 2018-2021 and often implies organization of two meetings per year, focused on reconsideration of annual action plans for programme implementation and semi-annual and annual reports on implementation of such action plans. By the end of 2021, SWG coordinators were presented with draft rules of procedures by the Secretariat for European Affairs and have submitted comments and proposals on the draft rules of procedure, which should be followed by possible definition of the final version. In their opinion, significant adjustments are needed in order to reflect the specific character of this sector working group.

2. Civil society organizations participate in this sector working group with the status of observers. Such status is justified with the fact that civil society organizations are not directly involved in implementation of the Public Finance Management Reform Programme as the basic document for this sector group. Nevertheless, civil society representatives regularly attend SWG meetings, for which they are timely invited and presented with materials to be discussed. SWG meetings regularly allocate adequate portion of time for discussion and inputs from civil society organizations, which are later submitted



to the unit for working group coordination in electronic form. Civil society representatives that participate in this sector group assess their participation as more formal than meaningful. In their opinion, SWG work is reduced to “verification of activities implemented” without meaningful discussion on priority areas and issues covered. Hence, they underlined the need to discuss quality of achievements and implementation of activities, instead of giving account in purely technical, formal and quantitative terms.

3. The Ministry of Finance’s website hosts key documents related to SWG work, i.e. the Public Finance Management Reform Programme and Actions Plans, reports from monitoring programme implementation and minutes from SWG meetings. However, it seems there are no activities for broader information dissemination on the sector group’s work, which gives rise to the recommendation for specific activities for targeted and more intensive communication and information to the general public (directly and in the media) on SWG work, decisions made and results achieved.

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