

Improvements of IT-systems were made, as well as recommendations for future development.

- New IT-module for Budget and Funds Department to collect and report data of commitments and unpaid liabilities.
- Upgraded IT-module for Budget and Funds Department control of salaries. Improvements made into the Access-system in use and a report prepared for more long term recommendations.
- Recommendations for new integrated e-budget system in line with the changes introduced for medium term budgeting and program budgeting.

Under **Improved fiscal reporting** a training course was organized for fiscal reporting in accordance with EU standards and requirements. It started with general information of ESA2010 government finance statistics (GFS) methodology and continued with more specific issues of EU fiscal reporting.

- Representatives from MoF, State Statistical Office and National Bank took part in a total of 18 short training events (seminars and workshops of 2-3 hours). On average there were 10-16 participants in each event.
- Course increased the participants' knowledge of public accounting, ESA2010 GFS methodology (incl. rules of classification of sectors and revenues/expenditures), ESA2010 in fiscal reporting according to EU standards, and link between ESA2010 GFS methodology and fiscal forecasting.
- ESA2010 GFS Booklet was prepared and printed.

Project management

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- RTA Ms. Jonna Berghäll
- RTA counterparts Mr. Martin Noveski and Ms. Tanja Tripunova
- RTAA Ms. Katerina Dimovska Trajkovski
- LAA Ms. Natasha Aleksovska

Beneficiary institutions

- Ministry of Finance, Budget and Funds Department
- Ministry of Finance, other departments
- State Statistical Office
- Public Revenue Office

Contracting authority

- CFCD

Implementation period

- 1 December 2015 – 20 November 2017

Budget

- EUR 1.1 million



Twinning Project

Strengthening the medium term budgeting for effective public financial management



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The overall objective of the Project was to ensure and maintain sustainable and sound public finances by improving public financial management. The activities aimed at improving the effectiveness of medium-term budget planning, program budgeting and budget classification, as well as fiscal reporting in line with EU standards. This contributes to formulating sustainable medium-term fiscal planning and strengthening fiscal discipline and credibility.

The Ministry of Finance (MoF) and its various departments (Budget and Funds, Macroeconomic Policy, Tax and Customs Policy and Treasury Department together with Public Debt Management) were the main Beneficiaries. However, also other stakeholders were involved, such as Public Revenue Office, State Statistical Office, National Bank, Customs Administration and various Ministries and other budget users.

The Project was in full implementation 23 months and had a total of over 80 short term expert missions with some 40 different experts from Finland, Austria, Slovenia, and the Netherlands. HAUS Finnish Institute of Public Management was in charge for the Project. However, most of the experts represented the ministries of finance.

“The Project provided the MoF with useful tools and increased capacity for the future reforms in the area of public financial management” RTA Berghäll

Main achievements

Program budgeting was improved by creating a totally new 3-level program classification for the country with 14 policy areas, 49 programs and 126 sub-programs. This included also development of performance-oriented budgeting where programs are connected with objectives and indicators. Beneficiary knowledge and capacity was increased to understand the benefits of program budgeting – and to have all the knowledge to make the reform in the future.

- Draft for new 3-level program budget classification.
- Criteria and draft ideas for objectives and indicators for all the policy areas, programs and sub-programs drawn in cooperation between the project experts, MoF and budget users.
- Manual developed for program budgeting.
- Some 50 people from MoF and budget users took part in October program budget training. In addition, “learning by doing” took place with MoF and budget users while making the drafts for policy areas during the project.

Improved medium-term budgeting aimed at developing the capacity within the MoF and pilot budget users for medium term budget planning with stricter fiscal rules. During the Project medium term fiscal framework MTFE, medium term budget framework MTBF and medium term expenditure framework MTEF were designed for the country in cooperation between the project experts and MoF. The knowledge is in place within the country to really implement the reforms in practice.

- Fiscal rules, medium term budget framework and more efficient expenditure ceiling system designed for the country following the key aspects of EU budget framework directive.

- Reform for the annual budget calendar and procedures.
- Draft prepared for new Budget Law (incl. also e.g. fiscal rules) in cooperation between the project experts and MoF.
- Ideas to improve the Fiscal Strategy contents as a medium term budget framework documentation.
- Manual developed for medium term budget reform.
- Support to develop the medium term macroeconomic forecasting with improved macroeconomic model.
- Support to develop the medium term tax revenue estimations with improved tax calculation models.
- Recommendations to develop the medium term income estimation process and procedures. Testing of revenue working group methodology between the stakeholders.
- Establishment of pilot budget user network.
- Intensive 3-day training on medium term budgeting for the extended pilot budget user network organized in Struga (53 participants).
- Training for medium term budget reform (close to 100 participants in different training events from MoF, revenue estimation stakeholders, and other budget user). This included very practical piloting of new medium term budget framework.
- Three study trips with a total of 17 Beneficiary representatives to Austria, Finland and Estonia arranged to increase awareness of different kinds of budget practices within EU.